



Government of Western Australia  
Department of Health

# Child and Adolescent Health Service Service Agreement 2015-16

improving care | managing resources | delivering quality



**© Department of Health, State of Western Australia (2015)**

Copyright to this material produced by the Western Australian Department of Health belongs to the State of Western Australia, under the provisions of the *Copyright Act 1968* (Cwlth Australia). Apart from any fair dealing for personal, academic, research or non-commercial use, no part may be reproduced without written permission of the Purchasing and System Performance Division, Western Australian Department of Health. The Department of Health is under no obligation to grant this permission. Please acknowledge the WA Department of Health when reproducing or quoting material from this source.

**Important Disclaimer**

All information and content in this Material is provided in good faith by the WA Department of Health, and is based on sources believed to be reliable and accurate at the time of development. The State of Western Australia, the WA Department of Health and their respective officers, employees and agents, do not accept legal liability or responsibility for the Material, or any consequences arising from its use.

## Contents

<b>1. Health Service Provider Delivery Commitment .....</b>	<b>1</b>	<b>6. Key Outcomes and Priorities.....</b>	<b>9</b>
<b>2. Background.....</b>	<b>2</b>	<b>7. Health Services Management.....</b>	<b>12</b>
WA Health Strategic Intent 2015-2020.....	2	Bilateral Discussions .....	12
WA Health Vision.....	2	Performance Management .....	12
WA Health Service Delivery Structure.....	3	Performance Objectives .....	12
Roles and Responsibilities.....	4	Review of the Service Agreement.....	12
<b>3. Budget &amp; Resource Allocation (B&amp;RA) Process for 2015-16.....</b>	<b>5</b>	Key Financial Management Considerations.....	12
Setting and Distribution of WA Health Budget.....	5	<b>8. MASTER SCHEDULE.....</b>	<b>13</b>
Method for Distributing the WA Health Budget.....	5	<b>9. Service Activity Schedules .....</b>	<b>14</b>
Health Service Providers .....	5	Commonwealth Specific Purpose Payment Activity and Funding .....	14
State-wide Support Service .....	6	Performance Management .....	15
Mental Health Services .....	6	Financial Management Standard.....	17
<b>4. Child and Adolescent Health Service.....</b>	<b>7</b>		
<b>5. Scope of Work .....</b>	<b>7</b>		

# 1. Health Service Provider Delivery Commitment

This Agreement sets out the shared intention to work in partnership to improve health outcomes for all Western Australians and ensure the sustainability of the Western Australian public health system.

The Parties agree that the Department of Health (the Department) and the Health Service Provider will work in partnership to:

1. improve patient access to services and public hospital efficiency
2. improve standards of clinical care
3. improve system performance
4. improve system transparency
5. improve accountability for financial and service performance.

This Agreement is in accordance with enabling Western Australian (WA) Legislation. This Health Service is established under Sections 15 and 16 of the *Hospitals and Health Services Act 1927*. The Minister for Health is incorporated as the Metropolitan Health Service under Section 7 of the *Hospitals and Health Services Act 1927*, and has delegated all of the powers and duties as such to the Director General of Health.

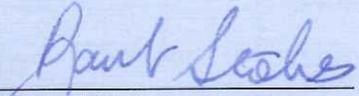
The Agreement is also in accordance with the *National Health Reform Agreement (2011)*. The Department, through the Director General, will retain responsibility for system-wide coordination and policy; resource acquisition, allocation and stewardship; purchasing and regulation. This agreement is to be read in conjunction with the WA Health Funding and Purchasing Policy Guidelines 2015-16 (the Guidelines).

The Parties hereby confirm their commitment to this Service Agreement. The Director General of Health agrees to provide funding and other support to the Health Service Provider as outlined under 'Role of the System Manager' in the Guidelines.

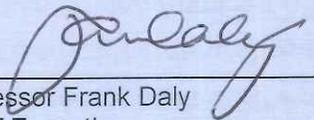
The Health Service Provider agrees to meet the service obligations and performance requirements outlined under 'Role of the Health Service Provider' in the Service Agreement.

The Director General of Health will continue to emphasise, as a priority, the importance of state and national safety and quality standards across the State's health system. This Service Agreement recognises the priority commitment that the Health Service Provider has in delivering improvements in safety and quality health service provision - consistent with the level of care consumers would expect from WA health services.

## Signed Acceptance:

  
 \_\_\_\_\_  
 Professor Bryant Stokes  
 Acting Director General  
 Department of Health

Date: 29.6.15

  
 \_\_\_\_\_  
 Professor Frank Daly  
 Chief Executive  
 Child and Adolescent Health Service

Date: 29/06/2015

## 2. Background

This Service Agreement is between the Director General of Health as the delegated 'Board' (herein referred to as 'WA Health') and the specified Health Service Provider. Both parties acknowledge that this Service Agreement follows policy, planning and performance frameworks as outlined below:

- WA Health Strategic Intent 2015-2020
- Clinical Services Framework (CSF) 2014-2024
- Clinical Governance Guidelines
- Annual Performance Management Framework 2015-16.

The Agreement:

1. Applies from 1 July 2015 to 30 June 2016. The Agreement does not override existing laws, agreements, public sector codes, statutes, government policies or contracts.
2. Integrates organisational objectives and the work of the Health Service Provider.

The performance evaluation of this Service Agreement is to be undertaken as prescribed in the Annual Performance Management Framework 2015-16.

The Health Service Provider will ensure that structures and processes are in place to comply with this Service Agreement and fulfil its statutory obligations and to ensure good corporate governance, as outlined in relevant legislation, WA Health operational directives, policy and procedure manuals and technical bulletins.

### WA Health Strategic Intent 2015-2020

The Strategic Intent defines WA Health's overarching vision, values and priorities. It outlines a vision of *delivering a safe, high quality, sustainable health system for all Western Australians*.

WA Health's Code of Conduct identifies the values that are fundamental in how employees perform their work and describes how these values translate into action. The six values are; *Quality Care, Respect, Excellence, Integrity, Teamwork and Leadership*.

WA Health's strategic priorities are focused on a continuum of care to support and guide health care through integrated service delivery from prevention and health promotion, early intervention, primary care through to diagnosis, treatment, rehabilitation and palliation.

Ensuring people in Western Australia receive safe, high quality and accessible health services underpins the strategic priorities. This includes delivering health services that are patient-centred, based on evidence and within a culture of continuous improvement

### WA Health Vision

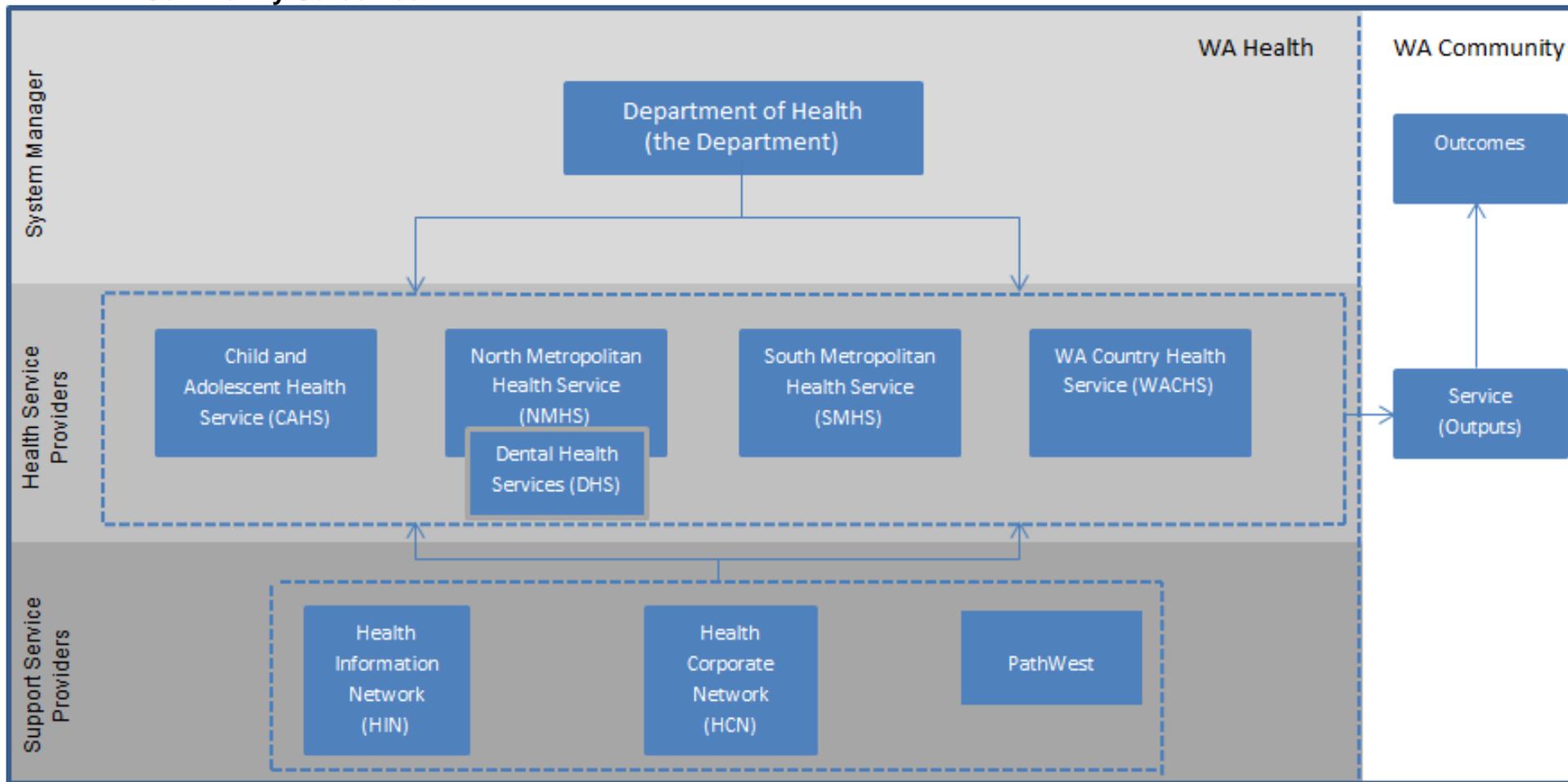
Delivering a safe, high quality, sustainable health system for all Western Australians.

### WA Health Service Delivery Structure

For the purposes of this Service Agreement, the WA Health Organisational Structure comprises of the Department, Health Service Providers and Support Service Providers operating as separate legal entities, as outlined in *Figure 1*.

All public hospitals and services within Western Australia are accountable through, and report on the delivery of health services provided and outcomes achieved.

**FIGURE 1: Link Between the Department and Organisational Units, with Health Service Provider Outputs and Community Outcomes**



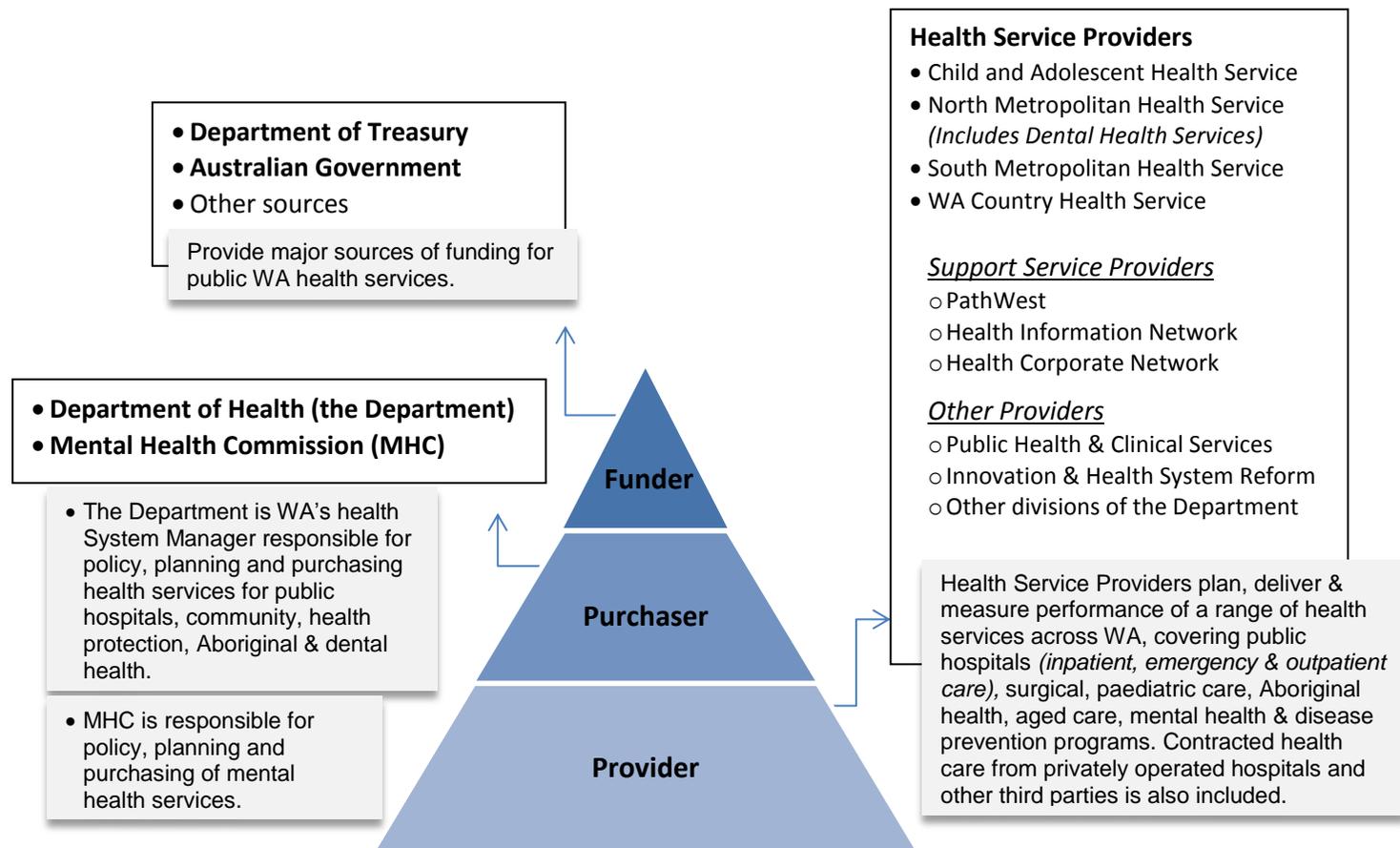
## Roles and Responsibilities

[The Guidelines](#) more comprehensively delineate the roles and responsibilities for the relevant organisations within WA Health that are accountable under the Service Agreement.

Figure 2 provides an overview of the roles and responsibilities relating to the delivery of health services within WA. This is designed to support the development of an operationally autonomous health system as per the Budget and Resource Allocation (B&RA) Process.

### FIGURE 2: Roles and Responsibilities aligned with the Budget and Resource Allocation (B&RA) Process

Further information on the *Funder, Purchaser and Provider Roles and Responsibilities* is available in [section 2](#) of [the Guidelines](#).



### 3. Budget & Resource Allocation (B&RA) Process for 2015-16

#### Setting and Distribution of WA Health Budget

For 2015-16, WA Health's total approved expense limit for the WA public health system is \$8.15 billion, accounting for over a quarter of the State's total expenditure for general government services. This represents a 1.28% increase over the estimated out-turn for 2014-15.

As part of the 2015-16 budget submission, WA Health provided the State Government with advice as to the likely volume of weighted inpatient activity, Emergency Department (ED) activity, hospital based outpatient activity and block services expected for 2015-16 and for each year of the forward estimates. This approach allows the State Government to make informed decisions through the annual budget process about the quantum of activity to be delivered by WA Health within the available State resources.

#### Method for Distributing the WA Health Budget

For 2015-16, the Department will continue to use an activity based allocation methodology for Health Service Providers. In broad terms, this methodology includes:

- activity based allocations based on the Independent Hospital Pricing Authority (IHPA) 2015-16 model with adjustments applied to suit WA Health specific funding requirements.
- activity based allocations for 2016-17 onwards are based on the established growth outlined in the CSF and its demand and capacity modelling.
- adjustments for circumstances such as budget constraints as well as contracted privately-provided public hospital services, post-CSF arrangements, and/or other relevant factors.

Block funded services are cost escalated and grown by an expected population growth factor.

#### Health Service Providers

The base Activity Based Funding (ABF) allocation for WA Health Service Providers is determined by multiplying the Projected Average Cost (PAC) by the targeted volume of activity, expressed as WAUs. The budget is built by describing volume in Weighted Activity Unit's (WAUs) by the Health Service Providers' PAC which is \$5,122 for 2015-16.

Health Service Providers allocate budgets to their respective hospitals based on a model that reflects their expected activity and a price per WAU that includes a Community Service Subsidy (CSS) to the base PAC price. This adjusted price is called Health Service Allocation Price (HSAP). Under the WA ABF Operating Model, the funding allocation to Health Service Providers is based on targeted activity levels (expressed as WAUs) for each service stream of their respective Health Services multiplied by their respective HSAP.

**FIGURE 3: ABF funding allocation for Health Service Providers**



Further information on Health Service Provider Resource Allocation is available at *section 6.2.2 of [the Guidelines](#)*.

## State-wide Support Service

The State-wide Support Service comprises the following entities:

- PathWest
- Dental Health Services
- Queen Elizabeth II Medical Centre Trust
- Quadriplegic Centre

For 2015-16, the Statewide Services were funded on a budget-to-budget methodology. Cost growth of 2.25% was flowed through to all Statewide Services budget holders. Budget Holders are funded for financial products including Riskcover premium payments for 2015-16.

## Mental Health Services

The Department and the Mental Health Commission (MHC) have developed a joint purchasing framework for mental health services provided by WA Health. The *Mental Health Services Purchasing Framework* for WA was delivered in October 2012 and subsequently endorsed by both the Department and MHC. It sets out the strategic purchasing intentions for public mental health services across WA.

Annual Service Agreements between the MHC and the Department are developed for the purchase of four funding categories of mental health services, namely inpatient services, non-admitted services, teaching training and research and other

miscellaneous services from the State's public Health Service Providers'. The Department, the Office of Mental Health, and the MHC work closely to ensure alignment of relevant Service Agreements and associated schedules. The continual development of clear processes and schedules will allow for more transparent funding allocations and monitoring at Health Service Provider level in 2015-16 and subsequent financial years.

As outlined in *Section 3.2 Purchaser Policy* of [the Guidelines](#), a *Western Australia Mental Health and Alcohol and Other Drug Services Plan 2015-2025* was released for consultation in late 2014. The above plan outlines the strategic direction for the State's public mental health services and key areas for future reform. A revised version of the plan is expected to be endorsed by Cabinet by June 2015. Starting in 2015-16, the MHC intends to undertake targeted purchasing services from the Department, in accordance to the plan directives.

A significant change for 2015-16 is the introduction of WA's new *Mental Health Act 2014*. The new legislation is a key element in the government's mental health reform agenda and places individuals and families at the centre of mental health treatment and care.

## 4. Child and Adolescent Health Service

**TABLE 1: List of WA Health ABF Hospitals operating under Child and Adolescent Health Service (CAHS)**

Child and Adolescent Health Service (CAHS) ABF Hospitals
<ul style="list-style-type: none"> <li>• Princess Margaret Hospital</li> <li>• Perth Children’s Hospital</li> </ul>

## 5. Scope of Work

The Health Service Provider is comprised of a number of services including

1. Princess Margaret Hospital (PMH) for Children
2. Child and Adolescent Mental Health Services (CAMHS)
3. Child and Adolescent Community Health (CACH)
4. the Perth Children’s Hospital (PCH) Project, refer to Key Outcomes and Priorities.

The Health Service Provider operates the following hospitals and services:

### 1. Princess Margaret Hospital (PMH) for Children

PMH is currently the State’s dedicated 250 bed paediatric hospital. It provides specialised paediatric medical and surgical services, as well as child and adolescent mental health, rehabilitation, intensive care and emergency services. PMH provides secondary services to those children that reside within its local catchment area.

PMH provides emergency, inpatient, outpatient and ambulatory care services, encompassing medical, surgical and allied health areas.

### PMH Services include:

- 24 hour emergency department
- Allied health services
- Anaesthesia
- Ambulatory care
- Child protection unit
- Diagnostic imaging
- Outpatients
- Neonatology critical care unit
- Nutrition and Dietetics
- Occupational Therapy
- Paediatric intensive care unit
- Palliative Care
- Physiotherapy
- Rehabilitation
- Rural paediatric service
- Speech Pathology
- Surgical day procedure unit

### Specialist paediatric medical services:

- Cardiology
- Dermatology
- Endocrinology and diabetes
- Gastroenterology
- General medicine
- Haematology and oncology
- Immunology

- infectious diseases and refugee health
- Metabolic medicine
- Nephrology
- Neurology
- Respiratory and sleep medicine
- Rheumatology

Specialist Surgical Services:

- Burns
- Cardiothoracic surgery
- Cleft lip and palate and craniofacial
- Ear, nose and throat
- General paediatric surgery and urology
- Ophthalmology
- Orthopaedics
- Plastic and reconstructive surgery

Specialist Mental Health Services:

- high acuity mental health ward

**2. Child and Adolescent Mental Health Service (CAMHS)**

CAMHS provides community, acute and specialised mental health services to infants, children and adolescents across the Perth metropolitan area, with the majority of children and young people being seen at community clinics. Intensive intervention programs include Pathways (for under 13 year olds), Multi Systemic Therapy, and programs for children and young people with eating disorders and complex attention and hyperactivity disorders. Emergency services are provided by the Acute Community Intervention Team and the Acute Response Team.

CAMHS provides inpatient services for children and adolescents of WA through provision of ward services at PMH and Bentley Adolescent Unit.

**3. Child and Adolescent Community Health (CACH)**

This service provides a comprehensive range of health promotion and early identification and intervention community-based services to children, adolescents and families, including:

- a focus on the growth and development in the early years and promoting wellbeing during childhood and adolescence.
- particular attention given to groups at risk of poorer health outcomes, such as Aboriginal people and newly arrived refugees.

CACH delivers a range of services from 150 sites across the metropolitan area.

Services include:

- Child Development Services area delivered from 11 main intake sites and 15 satellite sites across the metropolitan area
- Child Health Centres providing services such as child health and development assessment, and immunisation
- Aboriginal Health Team
- Humanitarian Health Team
- School Health Services including all government and non-government primary schools, all government high schools and education support schools
- At-Risk Services
- Policy, service analysis and performance reporting services.

## 6. Key Outcomes and Priorities

In the next year the key priorities for the CAHS include:

- delivering health care services to ensure a comprehensive continuum of care from early childhood through to transition to adult services
- working with the Office of Mental Health and the Mental Health Commission to ensure the ongoing development of mental health services for children and young people
- working with other agencies and non-government organisations to provide a wide range of service delivery options
- working with the Aboriginal community to improve the health of Aboriginal children in WA.

### **Paediatric Reconfiguration - Paediatric Implementation Plan (PIP)**

Paediatric reconfiguration refers to the safe transition of secondary paediatric activity and services from the State's tertiary paediatric hospital, PMH, to the appropriate metropolitan hospital with a paediatric role designated and corresponding infrastructure.

The aim of reconfiguration is to develop sustainable paediatric service units at all hospital sites where paediatric activity is specified in the Clinical Services Framework, addressing two key reform principles: care closer to home and economic service efficiency. Paediatric reconfiguration will ensure the future activity for the PCH will be tertiary and quaternary care and only local catchment secondary care.

### **Perth's Children's Hospital (PCH)**

- development of a \$1.2 billion, 298-bed replacement hospital, co-located with adult services at Queen Elizabeth II (QEII) Medical Centre
- construction commenced January 2012, with the transition anticipated to occur within the first half of 2016. As a vital part of the teaching and research hub at QEII Medical Centre, there will be opportunities to host major paediatric research initiatives led by the Telethon Kids Institute and the University of Western Australia.

### **Safety Quality and Performance**

- patient safety and quality improvement programs are aligned to WA Health policy and the work of the Australian Commission of Safety & Quality in Health Care
- all services work to ensure that patients, families and carers are involved in the planning and provision of health care.

### **Aboriginal Health**

A number of key initiatives are underway to improve Aboriginal health including:

- CAHS Aboriginal Cultural Learning Plan
- CAHS Aboriginal Health Action and Advisory Committee
- CAHS Aboriginal Leadership Group
- CAHS Aboriginal Workforce Plan.

### **Research**

CAHS works closely with universities and independent research institutes, including the Telethon Kids Institute, to conduct research into various areas of child health.

### **Non-Government Organisations (NGO)**

- PMH has received funding from Telethon since 1983. During that time, Telethon has provided grants to PMH for the acquisition of state-of-the-art medical equipment, specialist facilities and research
- the PMH Foundation is the official fundraising body for PMH. The charity provides funding for medical equipment, specialist services, research, capital projects, education and training
- CAHS partners with a number of NGOs for the provision of a range of services for children and their families.

### **Improving Access to Emergency Care**

- PMH continues to meet the National Emergency Access Target (NEAT) which requires that 90 per cent of all patients presenting to an eligible reporting ED to be seen, admitted, referred to another hospital for treatment, or discharged within four hours where it is clinically appropriate to do so.

### **Output Classes and Statement of Forecast Service Performance**

One of the functions of this Service Agreement is to show how the Health Service Provider will evaluate and assess what services and products are delivered in 2015-16. For each output area outlined in the relevant Schedules there are agreed performance measures and targets, some of which are aligned to national reporting requirements.

These measures and targets will be subject to an annual audit carried out by the State Government's Office of the Auditor General.

The performance measures are specified in the Annual [Performance Management Framework](#).

*Table 2* demonstrates the linkages between the WA Health outcomes, output classes and outputs.

**TABLE 2: WA Health Outcomes, Output Classes and Outputs**

<b>OUTCOMES</b>			
Restoration of patients' health, provision of maternity care to women and newborns and support for patients and families during terminal illness		Enhanced health and well-being of Western Australians through health promotion, illness and injury prevention and appropriate continuing care	
<b>Output Classes</b>	<b>Outputs</b>	<b>Output Classes</b>	<b>Outputs</b>
Public Hospital Admitted Patients	Acute Services Elective Services Subacute Services Rehabilitation Services Diagnostic Services Pharmacist Services	Prevention, Promotion and Protection	Health Promotion Screening Programs Chronic Disease Management
Home-based Hospital Programs	HITH RITH	Mental Health	Community Services
Palliative Care	Inpatient and Community Care		
Emergency Care	Acute Services Diagnostic Services Pharmacist Services		
Public Hospital Non-admitted Patients	Allied Health Medical Nursing		
Mental Health	Acute Services		

## 7. Health Services Management

### Bilateral Discussions

Throughout the course of 2015-16, regular engagement discussions will be held between the Director General of Health and each of the Chief Executives (or equivalent) from the Health Service Providers and Support Service Providers. These discussions will focus on financial performance and progress towards achievement of key outputs and milestones within the Health Service Providers/Support Service Providers area of responsibility.

### Performance Management

In 2015-16, the Purchasing and System Performance Division will convene regular Performance Management Meetings with Health Services. The purpose of the meetings is to review performance reports and agree on action(s) to be taken by Health Service Provider to improve performance.

### Performance Objectives

The Health Service Provider seeks to provide and fund health services on a basis that is equitable, accessible, integrated and sustainable for the population in their catchment area.

The purchasing priorities are:

- to put the patient first and provide appropriate care close to where people live
- to increase the emphasis on more cost-effective primary and community care to reduce the demand for hospital services
- to deliver quality and accessible services within available resources
- to achieve targets for emergency, inpatient, outpatient, ambulatory and elective surgery performance

- for Health Service Providers to be clinically and financially sustainable.

### Review of the Service Agreement

The review of this Agreement and performance against targets will be undertaken at the end of each financial year (or earlier if required). The aim of the review is to strengthen and improve process and practices which lead to improvements in WA Health performance. The findings of the review may be submitted to the Minister for Health for consideration.

### Key Financial Management Considerations

[The Guidelines](#) captures key financial considerations in [Section 6.2.7](#). This section is designed to highlight the financial policy outcomes that impact on the 2015-16 B&RA Process for Health Services.

Key modifications include Own Source Revenue (OSR) Targets and Revenue Reform, as well as Savings and Corrective Measures (e.g. Efficiency Dividends, Procurement Savings, Targeted Separation Scheme and Workforce Renewal Policy).

## 8.MASTER SCHEDULE

### Total Expenditure View

	2015-16 Budget		Forward Estimates					
	WAOs (#)	Budget (\$)	2016-17		2017-18		2018-19	
			WAOs (#)	Budget (\$)	WAOs (#)	Budget (\$)	WAOs (#)	Budget (\$)
<b>Child and Adolescent Health Service</b>	<b>52,170</b>	<b>574,789,248</b>	<b>52,303</b>	<b>572,543,004</b>	<b>52,966</b>	<b>573,070,984</b>	<b>54,104</b>	<b>587,914,182</b>
<b>ACTIVITY BASED SERVICES</b>	<b>52,170</b>	<b>280,866,395</b>	<b>52,303</b>	<b>286,060,667</b>	<b>52,966</b>	<b>293,652,358</b>	<b>54,104</b>	<b>303,621,087</b>
Schedule A - Inpatient	32,386	174,355,596	32,704	178,866,349	33,161	183,848,783	34,066	191,171,510
Schedule B - Emergency Department	8,167	43,968,018	7,737	42,314,430	7,697	42,671,739	7,677	43,081,928
Schedule C - Non Admitted	11,617	62,542,781	11,863	64,879,889	12,108	67,131,836	12,361	69,367,649
Schedule C1 - Non Admitted - Aggregate	—	—	—	—	—	—	—	—
<b>NON-ACTIVITY BASED SERVICES</b>		<b>293,922,853</b>		<b>286,482,337</b>		<b>279,418,626</b>		<b>284,293,095</b>
Schedule D1 - Non Admitted Mental Health		41,867,000		43,155,831		45,419,527		47,886,171
Schedule D2 - Small Rural Hospitals		—		—		—		—
Schedule E - Public Health & Ambulatory Care		104,188,595		106,820,994		109,491,518		112,228,806
Schedule F - Teaching, Training and Research		20,191,701		20,845,156		21,740,733		22,871,743
Schedule G - Special Purpose Funding		45,442,252		26,665,214		9,797,220		8,546,550
Schedule H - National Partnership Funding		208,977		214,201		219,556		225,045
Schedule I - Financial Products		81,701,199		91,764,940		96,369,071		95,808,779
Schedule I2 - Savings and Corrective Measures		323,129		(2,984,000)		(3,619,000)		(3,274,000)

The Schedule outlines the Activity as Weighted Activity Units (WAUs) and associated budget allocation by category for all hospitals in the Health Service Provider's catchment area.

The Annual Performance Management Framework 2015-16 specifies the performance management plan, targets and performance thresholds for Activity.

## 9. Service Activity Schedules

### Commonwealth Specific Purpose Payment Activity and Funding

ABF Service group	National Efficient Price (NEP\$) (as set by IHPA)	Total expected NWAU (#) (modified for IHPA adjustments)	Commonwealth	
			Funding rate (%)	Contribution (\$)
<b>Total activity funded</b>	<b>47,833</b>	<b>4,971</b>	<b>40.2%</b>	<b>95,692,983</b>
Acute Admitted	28,292	4,971	40.2%	56,582,068
Admitted Mental Health ( <i>includes MHC</i> )	1,679	4,971	36.1%	3,014,035
Sub-Acute ( <i>includes MHC</i> )	121	4,971	38.9%	233,900
Emergency Department	7,686	4,971	37.7%	14,418,352
Non Admitted	10,055	4,971	42.9%	21,444,628

ABF Service group	Total Contribution (\$)	Commonwealth		State Contribution (\$)
		Contribution (\$)	Funding rate (%)	
<b>Total block funding</b>	<b>31,462,446</b>	<b>10,791,130</b>	<b>34.3%</b>	<b>20,671,316</b>
Non Admitted Mental Health	11,270,745	3,204,732	28.4%	8,066,013
Other 'In Scope' Program Services	—	—	—	—
Rural CSO sites	—	—	—	—
Teaching, Training and Research ( <i>includes MHC</i> )	20,191,701	7,586,399	37.6%	12,605,302

## Performance Management

### Key Performance Indicators and the Performance Management Framework

The PMF was introduced in 2010-11 for ABF funded hospitals<sup>1</sup> in WA and consolidates performance reporting, monitoring, evaluation, management and intervention. The PMF has matured to become a system wide performance management framework focussed on enabling WA Health to achieve key priority areas as well as ensuring the WA health system is sustainable into the future and continues to deliver safe, high quality care for all Western Australians.

The PMF 2015-16 continues to be aligned to State and National strategic priorities. The PMF 2015-16 should be read in conjunction with other Department documents and publications including the following:

- [ABF/ABM Annual Performance Management Framework 2014-15](#)
- [WA Strategic Plan for Safety and Quality in Health Care 2013-2017](#)
- [Health Service Performance Report Performance Indicator Definitions Manuals 2015-16](#)
- [ABF/M Performance Management Strategic Directions 2014-15 and Beyond Consultation Framework](#)
- [Performance Reporting and Data Quality within the Performance Management Framework](#)

---

<sup>1</sup> Note: ABF funded hospitals include the metropolitan hospitals and the WA Country Health Service regional resource centres and integrated district health centres.

### 1.1 Performance Reporting, Monitoring, Evaluating and Management

The PMF involves a system of reporting performance against specified Key Performance Indicators (KPIs) for each Service Provider. Reporting on the performance of Service Providers against the KPIs occurs on a regular basis, with the level of performance assessed against an agreed target.

The PMF 2015-16 is monitored through the monthly Health Service Performance Report (HSPR) 2015-16. The HSPR 2015-16 has a strong focus on performance in key priority areas and is aligned to the WA Health Strategic Intent 2015-20. The HSPR provides targeted and timely information and analysis to assist in managing performance.

The HSP enables Service Providers to understand their performance against system management obligations.

#### Departmental Assessment of Performance

The performance of Service Providers is monitored regularly against the KPIs, targets and thresholds specified in the HSPR. Performance review meetings are held monthly between the DOH Health, as the System Manager, and each Health Service, as the Service Provider. The performance review meeting is held as part of the monthly Board meetings. Sustained high performance may lead to less frequent performance review meetings. More frequent meetings are held where there are emerging performance deterioration or significant, continuous under performance.

Standard Monitoring and Assistance Required are the two proposed intervention levels in the 2015-16 financial year. The level of intervention dictates the action required by the Service Providers and/or the DOH. The Director General has the discretion to escalate or de-escalate concerns to higher or lower levels based on an assessment of progress with the recovery plan.

#### Actions Arising from Performance Assessments

The Department will also determine the subsequent actions required to monitor performance or correct any performance concerns – standard monitoring or assistance required.

The level of intervention will be based on:

- the seriousness of performance concerns
- the likelihood of rapid deterioration
- the level of support required to sustain health service operations or manage risks
- progress towards existing recovery plans
- persistent and emerging financial risk
- and other demonstrated performance deficits.

#### Standard Monitoring

Performance review meetings are held monthly between the Department and the Health Service Providers. Sustained high performance may lead to less frequent performance review meetings. The basis of discussion will be the information and analysis provided in the Health Service Management Report.

The meetings aim to assist health services to proactively manage issues, with appropriate support to achieve performance targets and avoid the need for further action. The discussion will be interactive and enable health services to raise relevant issues. The meeting will cover previously agreed actions, flag potential or emerging performance issues, and identify risks affecting future performance. Actions and requirements of health services and the Department will be clearly recorded.

#### Assistance Required

If the Department determines an assessment of *Assistance Required* a range of responses maybe applied, including:

- more frequent meetings between the Department and the health service
- development of recovery plans by the health service to address performance concerns, including analysis of the drivers of poor performance, mitigation strategies and implementation plans
- appointment of external resources, parties and expertise to assist the health service to address performance concerns
- implementing a peer collaboration model whereby health services assist each other in regards to addressing performance concerns
- a requirement to undergo a department-sanctioned audit
- independent reviews, the scope of which is determined as appropriate to address the performance concerns, but which may include a review of the health service's management capability.

### **1.2 Service Agreements**

The PMF forms the Health Services Provider Service Agreement (SA) between the Director General of Health as the delegated 'Board' and the Health Services. The SAs, in turn, form the basis of the Personal Performance Agreements between the Director General of Health, Health Service Chief Executives and Executive Directors, who have a direct accountability for delivery of health services.

Service Providers operate in an environment of delivering the services set out in the SA. The SA is informed by the WA CSF 2010-2020, specifying the scope of services and target levels of activity for a facility. The SAs ensure that the Government's policy objectives on service delivery are clearly set out and provide the basis for both payment and evaluation of performance. The performance management of the SAs is undertaken as prescribed in the PMF.

## Financial Management Standard

It is essential to improve financial management and accountability in the WA Health sector. To assist in this improvement the following Financial Management Standard (the Standard) outlines the criteria for better practice and guides Health Service Providers in improving their financial management. It focuses Health Service Providers on the internal organisational procedures and processes to support and improve financial management practice and accountability.

The principles of the Standard are consistent with Government expectations for public sector agencies.

The Standard contains twelve criteria for improved financial management and accountability:

- Criterion 1 – The financial objectives for the organisation are clearly defined, approved by the Chief Executive and are consistent with Department and Government expectations.
- Criterion 2 – The Chief Executive’s responsibility for financial management is clearly defined and is supported by documented lines of financial accountability throughout the organisation.
- Criterion 3 – A finance and audit committee is established as oversight for the financial aspects of governance.
- Criterion 4 – Standing financial instructions with regard to Treasurer’s Instructions and AAS are updated to reflect current requirements, and these have been formally adopted by the Chief Executive, disseminated and implemented throughout the organisation.
- Criterion 5 – Financial risk management processes exist throughout the organisation.
- Criterion 6 – There is an effective and documented system of internal control for all financial management systems.
- Criterion 7 – There is an adequate resourced, training and competent finance function.
- Criterion 8 – Staff including managers and the Chief Executive are provided with adequate information, instructions and training on financial management.
- Criterion 9 – The Chief Executive reviews the effectiveness of its system of internal control for financial management at least annually.
- Criterion 10 – The Chief Executive receives regular reports on financial performance and activity, and is made aware of significant risks, determines and takes appropriate action.
- Criterion 11 – The Executive Director of Finance (or equivalent) provides an annual assurance to the finance and audit committee on the effectiveness of the organisation’s financial arrangements based on this standard.
- Criterion 12 – The organisation can demonstrate that it has done its reasonable best to meet its key financial objectives.



**This document can be made available in alternative formats  
on request for a person with a disability.**

© Department of Health 2015

Copyright to this material is vested in the State of Western Australia unless otherwise indicated. Apart from any fair dealing for the purposes of private study, research, criticism or review, as permitted under the provisions of the *Copyright Act 1968*, no part may be reproduced or re-used for any purposes whatsoever without written permission of the State of Western Australia.