

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

An agreement between:

Department of Health Chief Executive Officer

And

North Metropolitan 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 North Metropolitan Health Service (NMHS) and the health services NMHS 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 NMHS 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 24 of the Service Agreement is amended. This amendment is attached hereto and marked as Annexure 1.
- (b) The Schedule E: Dental Health Service Summary of Activity and Funding table at page 38 of the Service Agreement is amended. This amendment is attached hereto and marked as Annexure 11.

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

Angela Kelly
A/Director General
Department of Health

Date: 6/02/20

Signed: Angela Kelly

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



Mr Jim McGinty AM
Board Chair
North Metropolitan Health Service

Date: Jim McGinty

Signed: 3.02.2020

Dr Robyn Lawrence
Chief Executive
North Metropolitan Health Service

Date: 4.2.2020

Signed: RL

Annexure 1

B: NMHS 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	
	WALUs	\$'000	WALUs	\$'000	WALUs	\$'000	WALUs	\$'000	WALUs	\$'000	WALUs	\$'000
01 Public Hospital Admitted Services	182,236	1,233,972	173,193	1,176,094	173,930	1,187,212	177,103	1,202,864	181,743	1,238,305	185,871	1,274,365
02 Public Hospital Emergency Services	26,281	171,962	26,753	176,770	26,753	177,371	27,314	180,969	27,789	184,764	28,224	188,674
03 Public Hospital Non-Admitted Services	37,564	257,536	35,486	246,841	35,486	248,310	35,948	249,700	36,519	254,874	37,034	260,512
04 Mental Health Services	25,928	254,020	25,950	256,216	26,267	258,757	26,267	170,584	26,267	172,117	26,267	174,087
05 Aged and Continuing Care Services	—	21,832	—	21,945	—	22,031	—	17,120	0	17,274	—	16,382
06 Public and Community Health Services	—	98,444	—	93,993	—	92,686	—	90,778	—	89,471	—	88,883
07 Pathology Services	—	—	—	—	—	—	—	—	—	—	—	—
08 Community Dental Health Services	—	—	—	—	—	—	—	—	—	—	—	—
09 Small Rural Hospital Services	—	405	—	416	—	416	—	426	—	426	—	425
10 Health System Management - Policy and Corporate Services	—	—	—	—	—	—	—	—	—	—	—	—
11 Health Support Services	—	—	—	—	—	—	—	—	—	—	—	—
Government Corrective Measures (GCM)	—	(53,013)	—	(54,336)	—	(54,342)	—	(55,348)	—	(55,075)	—	(55,068)
Health Allocation Adjustments (HAA)	—	124,482	—	114,632	—	128,171	—	122,140	—	84,615	—	75,984
Total	272,009	2,109,641	261,382	2,032,571	262,436	2,060,612	266,632	1,979,232	272,318	1,986,772	277,396	2,024,245

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.

Annexure 11

E: Dental Health Service 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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
01 Public Hospital Admitted Services	—	—	—	—	—	—
02 Public Hospital Emergency Services	—	—	—	—	—	—
03 Public Hospital Non-Admitted Services	—	—	—	—	—	—
04 Mental Health Services	—	—	—	—	—	—
05 Aged and Continuing Care Services	—	—	—	—	—	—
06 Public and Community Health Services	—	—	—	—	—	—
07 Pathology Services	—	—	—	—	—	—
08 Community Dental Health Services	103,447	107,109	106,921	89,830	90,736	88,713
09 Small Rural Hospital Services	—	—	—	—	—	—
10 Health System Management - Policy and Corporate Services	—	—	—	—	—	—
11 Health Support Services	—	—	—	—	—	—
Government Corrective Measures (GCM)	(8,031)	(5,420)	(5,425)	(5,239)	(6,127)	(6,121)
Health Allocation Adjustments (HAA)	110	(649)	(599)	(585)	(577)	(512)
Total	95,525	101,040	100,898	84,006	84,032	82,080

NMHS 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	162,227	43.1	359,375,147
Admitted Mental Health	5,134	21,864	37.0	41,527,017
Sub-Acute	5,134	15,944	34.5	28,273,900
Emergency Department	5,134	24,082	40.5	50,085,267
Non Admitted	5,134	32,795	52.7	88,774,770
ABF Total	5,134	256,912	43.1	568,036,101

Non-ABF Service group	Total Contribution (\$)	Commonwealth		State Contribution (\$)
		Contribution (\$)	Funding Rate (%)	
Non Admitted Mental Health	81,459,095	25,231,283	31.0	56,227,812
Non Admitted CAMHS	1,088,106	102,464	9.4	985,643
Non Admitted Home Ventilation	—	—	—	—
Rural CSO sites	—	—	—	—
Teaching, Training and Research	87,195,539	33,579,725	38.5	53,615,814
Total Block Funding	169,742,740	58,913,472	34.7	110,829,269

Note:

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