

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

An agreement between:

**Department of Health Chief Executive Officer**

And

**PathWest Laboratory Medicine WA**

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 PathWest Laboratory Medicine WA (PathWest) and the health services PathWest 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 PathWest 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**

Angela Kelly  
A/Director General  
Department of Health

Date: 10/02/20

Signed: Angela Kelly

The Common Seal of the  
PathWest Laboratory Medicine WA  
was hereunto affixed in the presence of: )  
)  
)



Mr Joseph Boyle  
Chief Executive  
The PathWest Laboratory Medicine WA

Date: 2-2-20

Signed: Joseph Boyle

## Annexure 1

### B: PathWest Summary of Activity and Funding

	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
OBM Service	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	228,539	223,232	225,124	230,748	229,190	228,298
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 (GCM)	(17,112)	(12,416)	(12,416)	(13,006)	(13,013)	(13,013)
Health Allocation Adjustments (HAA)	107,752	110,631	109,690	112,698	115,952	119,447
<b>Total</b>	<b>319,179</b>	<b>321,447</b>	<b>322,398</b>	<b>330,440</b>	<b>332,130</b>	<b>334,733</b>

#### 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 and HSS-Resources Received Free of Charge (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.