

# **Service Agreement End-of-year Final Allocations (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 undertook to purchase from the PathWest Laboratory Medicine WA (PathWest) and the health services PathWest undertook to deliver during the 2019-20 financial year.
- C. The State Mid-Year Review handed down on 18 December 2019 changed the funding set out in the Service Agreement and an amendment to these was executed through a Mid-year Review Deed of Amendment.
- D. Since the State Mid-year Review and up to 30 June 2020 changes to the funding set out in the Mid-year Review Deed of Amendment have occurred and an amendment to these is required.
- E. This document is not required to be executed in accordance with section 41 of the Act as all amendments have been approved through other processes.

## DEFINED TERMS

In this Deed:

1. **EOY** means End-of-year and refers to the 2019-20 Financial year
2. **EOY Final Allocations** means this document
3. **MYR Deed** means the Health Service Provider Mid-Year Review Deed of Amendment 2019-20 between the Parties

## **1. OPERATION OF AMENDMENTS**

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

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

## **2. ENTIRE AGREEMENT**

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

## **3. AMENDMENTS TO SERVICE AGREEMENT**

With effect from the date of this EOY Final Allocations 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 MYR 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 EOY Final Allocations on the WA health system internet site, in accordance with Schedule D9 of the National Health Reform Agreement.

## Annexure 1

### B: PathWest Summary of Activity and Funding

OBM Service	2019-20	2019-20	2019-20	2019-20	2019-20
	Executed Service Agreement	Changes from SA to MYR DOA	Mid-Year Review Deed of Amendment	Changes MYR DOA to EOY Final Alloc.	End-of-Year Final Allocations
	\$'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	224,402	1,892	226,294	3,454	229,748
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	(13,586)	—	(13,586)	—	(13,586)
Health Allocation Adjustments	110,631	(940)	109,690	10,523	120,213
<b>Total</b>	<b>321,447</b>	<b>952</b>	<b>322,398</b>	<b>13,977</b>	<b>336,375</b>

#### Notes

- For the 2019-20 EOY Final Allocations, Government Corrective Measures (GCM) and Health Allocation Adjustments (HAA) are shown separately. Therefore, the figures in schedules 01-11 exclude GCM and HAA.
- For the 2019–20 EOY Final Allocations, 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 was corrected in the 2019-20 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 adjustments to OBM 01-11 and HAA (also reflected in OBM and HAA Schedules). These changes did not affect the expense limit of the 2019-20 Service Agreement.