

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 2020 – 30 June 2021

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BACKGROUND

- A. With effect from 1 July 2020, pursuant to section 46 of the *Health Services Act 2016* (the Act) the Parties entered into a Service Agreement (Interim). Section 46(4) of the Act provides that the Service Agreement is binding on the Parties.
- B. This Service Agreement was interim in its nature to reflect the delay in the 2020-21 State budget due to the COVID-19 pandemic.
- C. 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 2020-21 financial year.
- D. The State Budget handed down on 8 October 2020 changed the funding set out in the Service Agreement and an amendment was executed through a Budget Deed of Amendment.
- E. The State Mid-year Review published on 14 December 2020 further changes the funding set out in the Service Agreement and Budget Deed of Amendment and a Mid-year Review amendment is therefore required to reflect these and other WA health system allocation adjustments.
- F. 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 written notice was provided to WACHS on 15 January 2021.
- G. This Deed is executed in accordance with section 41 of the Act.

DEFINED TERMS

In this Deed:

1. **Budget Deed** means the Health Service Provider Budget Deed of Amendment.
2. **Mid-year Review Deed** means the Health Service Provider Mid-year Review Deed of Amendment.

1. OPERATION OF AMENDMENTS

The Service Agreement including amendments contained in the Budget Deed, 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 and Budget Deed, 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, including amendments contained in the Budget Deed, 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, as amended by the Budget 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 Deed on the WA Health 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.

9. FUNDING AND PURCHASED ACTIVITY TO DELIVER HEALTH SERVICES

9.1 Funding

The Department CEO will fund the WACHS to meet its service delivery obligations under this Agreement in accordance with the schedules to this Agreement. A summary of the funding to be paid to the WACHS is set out in the Schedule B: WACHS Summary of Activity and Funding.

The WACHS is to use the funding provided by the Department only for the delivery of health services specified under this Agreement. The funding will include direct service costs and the cost of overheads that the Department considers inherent in the delivery of the health services.

Additional budget allocations for COVID-19 related costs, excluding activity-based allocations (e.g. outpatient COVID clinics), are identified separately in the Schedule D: Health Allocation Adjustments (HAA). These COVID-19 allocations are provided specifically for the purpose of meeting COVID-19 costs and the budget amounts are to be quarantined for this purpose only. Included is an allocation for costs associated with PathWest services and this amount is to only be used to pay for PathWest's COVID-19 related services.

Parties to the Agreement:

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

Parties to the Agreement:

Department CEO

Dr David J Russell-Weisz
Director General
Department of Health

Date: 28/3/21

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: 25/2/2021

Signed: 

Mr Jeffrey Moffet
Chief Executive
WA Country Health Service

Date: 25/2/2021

Signed: 

Annexure 1

B: WACHS Summary of Activity and Funding

OBM Service	2019-20		2020-21		2020-21		2021-22		2022-23		2023-24	
	End-of-year Final Allocations		Budget Deed of Amendment		Mid-year Review Deed of Amendment		Forward Estimate		Forward Estimate		Forward Estimate	
	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000
01 Public Hospital Admitted Services	110,058	714,107	112,210	747,832	112,210	748,868	114,104	762,988	116,586	785,810	119,121	807,699
02 Public Hospital Emergency Services	39,984	258,707	40,796	268,726	40,796	269,129	41,683	275,662	42,589	283,886	43,515	291,945
03 Public Hospital Non-Admitted Services	19,473	119,215	20,742	136,775	20,742	136,984	21,193	140,314	21,654	144,496	22,125	148,606
04 Mental Health Services	5,551	122,920	5,831	128,281	5,831	128,618	5,958	41,326	6,088	42,519	6,220	43,816
05 Aged and Continuing Care Services	—	114,231	—	104,307	—	112,823	—	103,141	—	48,080	—	43,696
06 Public and Community Health Services	—	305,316	—	315,012	—	316,452	—	312,445	—	305,052	—	229,712
07 Pathology Services	—	—	—	—	—	—	—	—	—	—	—	—
08 Community Dental Health Services	—	—	—	—	—	—	—	—	—	—	—	—
09 Small Rural Hospital Services	—	293,143	—	300,954	—	300,910	—	303,812	—	314,370	—	379,268
10 Health System Management - Policy and Corporate Services	—	—	—	—	—	—	—	—	—	—	—	—
11 Health Support Services	—	—	—	—	—	—	—	—	—	—	—	—
Government Corrective Measures	—	(29,504)	—	(32,233)	—	(32,233)	—	(28,512)	—	(28,468)	—	(25,284)
Health Allocation Adjustments	—	7,198	—	13,692	—	20,478	—	6,590	—	(5,381)	—	(5,170)
Total	175,066	1,905,333	179,579	1,983,345	179,579	2,002,030	182,938	1,917,766	186,917	1,890,363	190,981	1,914,287
Less Income	—	(744,588)	—	(738,975)	—	(739,967)	—	(689,558)	—	(685,892)	—	(713,181)
Net—Activity and Funding	175,066	1,160,745	179,579	1,244,370	179,579	1,262,063	182,938	1,228,208	186,917	1,204,472	190,981	1,201,105

Notes

- 2019-20 WAUs are presented in the 2020-21 Framework. Under the 2019-20 Framework the target is 170,797 WAUs.
- “Less income” is the estimated value of revenue from sources other than State Appropriations.

WACHS—Commonwealth and State contributions to the National Health Funding Pool

	National Efficient Price (as per IHPA)	Total Expected NWAUs	Total Contribution	Commonwealth		State
				Contribution	Funding Rate	Contribution
ABF Service group	(NEP \$)	(#)	(NEP \$)	(NEP \$)	(%)	(NEP \$)
Acute Admitted	5,320	95,236	506,655,520	214,424,314	42.3	292,231,206
Admitted Mental Health	5,320	5,386	28,653,520	12,126,605	42.3	16,526,915
Sub-Acute	5,320	7,307	38,873,240	16,451,746	42.3	22,421,494
Emergency Department	5,320	37,254	198,191,280	83,877,561	42.3	114,313,719
Non Admitted	5,320	18,144	96,526,080	40,851,304	42.3	55,674,776
Total ABF	5,320	163,327	868,899,640	367,731,529	42.3	501,168,111
Non-ABF Service group			(\$)	(\$)	(%)	(\$)
Non Admitted Mental Health			61,189,884	19,232,189	31.4	41,957,695
Non Admitted CAMHS			15,633,693	1,661,063	10.6	13,972,629
Non Admitted Home Ventilation			—	—	—	—
Rural CSO sites			245,471,850	109,957,646	44.8	135,514,204
Teaching, Training and Research			29,613,896	11,475,487	38.8	18,138,409
Total Block Funding			351,909,323	142,326,385	40.4	209,582,938

Note:

This schedule relates to Commonwealth "in-scope" activity only and is a subset of the Summary of Activity and Funding Schedule WA funds nine (9) Rural CSO sites via ABF although the Commonwealth funds these same hospitals as block.