

Service Agreement Deed of Amendment (Abridged)

An agreement between:

Department of Health Chief Executive Officer

And

North Metropolitan Health Service

for the period

1 July 2017 – 30 June 2018

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BACKGROUND

- A. On 1 July 2017, pursuant to section 46 of the Act the Parties entered into the 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 and the health services the North Metropolitan Health Service will deliver during the 2017-18 financial year.
- C. The State election in Western Australia delayed the delivery of the 2017-18 State budget. The State budget delivered in September 2017 changes the funding set out in the Service Agreement and an amendment to the Service Agreement is required.
- 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.
- E. This Deed is executed in accordance with section 50 of the Act.

DEFINED TERMS

In this Deed:

1. **Act** means the *Health Services Act 2016*.
2. **Deed** means this Deed of Amendment
3. **Parties** means the parties to the Service Agreement and to the Deed and “Party” means any one of them.
4. **Policy Framework** means a policy framework issued under section 26 of the Act.
5. **Service Agreement** means the North Metropolitan Health Service Service Agreement 2017–18 between the Parties and as amended from time-to-time including all schedules and annexures
6. **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, 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) Reference to the “Office of the Attorney General” in clause 9.4 is deleted and replaced with the words “Office of the Auditor General”.
- (b) The existing Outcome Based Resource Allocation table at page 17 of the Service Agreement is amended to reflect changes to WA State Government goals. This amendment is attached hereto and marked as Annexure 1.
- (c) The existing schedule A: NMHS Summary of Activity and Funding table at page 18 of the Service Agreement is amended. This amendment is attached hereto and marked as Annexure 2.
- (d) The existing schedule C: Dental Health Services Summary of Activity and Funding table at page 30 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

Dr David J Russell-Weisz
Director General
Department of Health

Date: 24/11/17

Signed: [Signature]

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



Professor Bryant Stokes AM
Board Chair
North Metropolitan Health Service

Date: 8.11.17

Signed: [Signature: Bryant Stokes]

~~Mr Philip Aylward~~
~~Mr Wayne Salvage~~
A Chief Executive
North Metropolitan Health Service

Date: 8.11.17

Signed: [Signature]

Annexure 1

Outcome Based Resource Allocation

Government Goal	WA Health System Agency Goal	Desired Outcome	Services	
Strong Communities: Safe communities and supported families.	Delivery of safe, quality, financially sustainable and accountable healthcare for all Western Australians	Outcome 1: Public hospital based services that enable effective treatment and restorative health care for Western Australians	1. Public Hospital Admitted Services	
			2. Public Hospital Emergency Services	
			3. Public Hospital Non-Admitted Services	
			4. Mental Health Services	
			Outcome 2: Prevention, health promotion and aged and continuing care services that help Western Australians to live healthy and safe lives	5. Aged and Continuing Care Services
				6. Public and Community Health Services
				7. Community Dental Health Services
				8. Small Rural Hospital Services
Sustainable Finances: Responsible financial management and better service delivery		Outcome 3: Strategic leadership, planning and support services that enable a safe, high quality and sustainable WA health system.	9. Health System Management - Policy and Corporate Services	
			10. Health Support Services	

Annexure 2

A: NMHS Summary of Activity and Funding

OBM Service	2016-17		2017-18		2017-18		2018-19		2019-20		2020-21	
	Final Position		Service Agreement		Deed of Amendment		Forward Estimate		Forward Estimate		Forward Estimate	
	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000
1 Public Hospital Admitted Services	174,741	1,130,164	176,060	1,141,295	176,060	1,179,208	180,507	1,214,151	183,227	1,236,494	186,697	1,225,453
2 Public Hospital Emergency Services	25,810	159,598	26,342	163,539	26,342	169,265	27,441	177,436	28,535	185,396	29,630	193,890
3 Public Hospital Non-Admitted Services	37,995	239,458	35,949	227,372	35,949	235,253	36,511	239,863	37,152	244,431	37,836	249,340
4 Mental Health Services	25,847	246,999	26,260	252,395	26,260	251,904	25,979	168,244	25,949	170,469	26,012	169,081
5 Aged and Continuing Care Services	—	16,688	—	15,775	—	15,846	—	12,599	—	12,933	—	12,631
6 Public and Community Health Services	—	115,212	—	90,884	—	95,351	—	78,766	—	79,996	—	9,955
7 Community Dental Health Services	—	1,778	—	—	—	—	—	—	—	—	—	—
8 Small Rural Hospital Services	—	139	—	—	—	—	—	—	—	—	—	—
9 Health System Management - Policy and Corporate Services	—	—	—	—	—	—	—	—	—	—	—	—
10 Health Support Services	—	—	—	—	—	—	—	—	—	—	—	—
System Manager Initiatives	—	110,424	—	65,304	—	28,566	—	12,980	—	16,108	—	12,748
<i>Expense Transfer</i>	—	2,180	—	—	—	—	—	—	—	—	—	—
<i>Carry-over</i>	—	—	—	—	—	—	—	—	—	—	—	—
Total Expense Limit	264,393	2,022,641	264,611	1,956,563	264,611	1,975,393	270,438	1,904,040	274,863	1,945,829	280,175	1,873,098

Notes

- The figures in all schedules include an allocation for Financial Products and HSS Resources Received Free of Charge. These may be subject to change due to changes in the budget.
- Refer to Schedule C Dental Health Services Summary of Activity and Funding.
- The 2016-17 allocation for *OBM 8 Small Rural Hospital Services* is a result of a budget transfer from WACHS on 19 May 2017 related to Telehealth.

Annexure 3

C: Dental Health Services Summary of Activity and Funding

OBM Service	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
	Final Position \$'000	Service Agreement \$'000	Deed of Amendment \$'000	Forward Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000
1 Public Hospital Admitted Services	—	—	—	—	—	—
2 Public Hospital Emergency Services	—	—	—	—	—	—
3 Public Hospital Non-Admitted Services	—	—	—	—	—	—
4 Mental Health Services	—	—	—	—	—	—
5 Aged and Continuing Care Services	—	—	—	—	—	—
6 Public and Community Health Services	—	—	—	—	—	—
7 Community Dental Health Services	100,511	92,130	92,124	92,939	92,920	88,435
8 Small Rural Hospital Services	—	—	—	—	—	—
9 Health System Management - Policy and Corporate Services	—	—	—	—	—	—
10 Health Support Services	—	—	—	—	—	—
System Manager Initiatives	(777)	(3,684)	(5,945)	(6,159)	(3,637)	(3,026)
Expense Transfer	—	—	—	—	—	—
Carry-over	—	—	—	—	—	—
Total Expense Limit	99,734	88,446	86,179	86,780	89,283	85,409

Notes

- a. The figures in all schedules include an allocation for Financial Products and HSS Resources Received Free of Charge. These may be subject to change due to changes in the budget.

NMHS Commonwealth Specific Purpose Payment Activity and Funding

ABF Service group	National Efficient Price (NEP\$) (as set by IHPA)	Total expected NWAU(#)	Commonwealth	
			Funding Rate (%)	Contribution (\$)
Acute Admitted	4,910	154,078	43.1	326,200,395
Admitted Mental Health	4,910	22,746	38.3	42,723,661
Sub-Acute	4,910	12,492	35.6	21,812,828
Emergency Department	4,910	24,203	42.4	50,394,071
Non Admitted	4,910	32,284	51.4	81,478,080
ABF Total	4,910	245,803	43.3	522,609,036

Non-ABF Service group	Total	Commonwealth		State
	Contribution (\$)	Contribution (\$)	Funding Rate (%)	Contribution (\$)
Non Admitted Mental Health	81,355,652	23,721,737	29.2	57,633,915
Other 'In Scope' Program Services	—	—		—
Rural CSO sites	—	—		—
Teaching, Training and Research	87,705,315	33,430,697	38.1	54,274,618
Total Block Funding	169,060,967	57,152,434	33.8	111,908,533

Note:

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