

AMENDMENTS TO THE SERVICE AGREEMENT

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An amendment for the purposes of the Agreement is a change in provision of services, funding, deliverables or to other requirements contained within the Agreement.

The Agreement may also be varied by the Department for Health and Wellbeing (DHW) Chief Executive or the Minister for Health and Wellbeing in exercise of their general powers under the *Health Care Act 2008*, including determination of the role, functions and activities of the Local Health Network (LHN).

Either Party may submit an amendment proposal at any time during the term of the Agreement and a formal negotiation and finalisation process will occur.

Amendment Proposal

Should either Party wish to amend the terms of the Agreement, the Party requesting the amendment must provide 14 days written notice to the other Party of the proposed amendment. The responding Party should endeavour to respond in a timely manner.

A Party requesting an amendment proposal must provide the other Party with the following information:

- a) The reasons for the proposed amendment.
- b) The precise drafting of the proposed amendment.
- c) Any information and documents relevant to the proposed amendment.
- d) Details and explanation of any financial, activity or service delivery impact of the amendment.

If the Chief Executive at any time:

- a) Considers that an amendment agreed with the LHN may or will have associated impacts on other LHNs, and/or
- b) Considers it appropriate for any other reasons

Then the Chief Executive may:

- a) Propose further amendments to the LHNs affected, and/or
- b) Address the amendment and/or associated impacts of the amendment in other ways, including through the exercise of any statutory powers and/or statutory directions under the *Health Care Act 2008*

Amendment proposals that are resolved will be formally documented into the Agreement and executed by the Chief Executive.

Commencement of a new Service

As outlined within the 2021-22 Service Agreement, in the event that either Party wishes to commence a new service, the requesting Party will notify the other Party in writing prior to any commencement or change in service (services in addition to those already delivered, and/or where new funding is required). The correspondence must clearly articulate details of the proposed service, any activity and/or funding implications and intended benefits/outcomes.

The non-requesting Party will provide a formal, written response to the requesting Party regarding any proposed new service, including any amendments of KPIs (new or revised targets), and will negotiate with the other Party regarding funding associated with any new service.

With many high priority areas and a limited budget, any proposed new service must meet the strategic needs of the DHW. This strategic alignment will be a determining factor for the DHW when deciding whether to support any proposed new service and provide funding on either a recurrent or non-recurrent basis. Should the LHN proceed with a new service without formal DHW support, the LHN must identify and take responsibility for the financial risk, and formally acknowledge the associated potential cost pressure.

Cessation of a Service

As outlined within the 2021-22 Service Agreement, DHW and the LHN may terminate or temporarily suspend a service by mutual agreement. This must be made in writing and detail the patient needs, workforce implications, relevant Government policy and LHN sustainability considerations. The Parties will agree to a notice period. Any changes to service provision must maintain delivery of care and minimise disruption to patients.

DHW may choose to not support the proposed service cessation and may request the LHN to maintain the service. In the event that the service cessation is agreed to, existing funding and activity will be reallocated.

Adjustments

Adjustments are changes to the funding levels and targets that do not alter the Chief Executive's commissioning intentions. Adjustments are intended to provide a formal mechanism to transact funding or activity variations in response to emerging priorities.

The Agreement Value may be adjusted to allow for funding variances that:

- Occur on a periodic basis.
- Are referenced in the Agreement.
- Are based on a clearly articulated formula.

End of Year Financial Adjustments

End of year financial adjustments may be determined after the financial year. The scope will be defined by the DHW.

The DHW will provide the LHN with a reconciliation of all funding and commissioned activity for the prior financial year. This will reflect the agreed position between the Parties following conclusion of the end of year financial adjustments process.

The impact of end of year financial adjustments on subsequent year funding and activity will be incorporated into the Agreement for the following year.

For more information

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