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Memorandum of Understanding

The Minister for Health of the State of New South Wales
South Eastern Sydney Area Health Service
St Vincent's Hospital Sydney Limited
Sacred Heart Hospice Limited

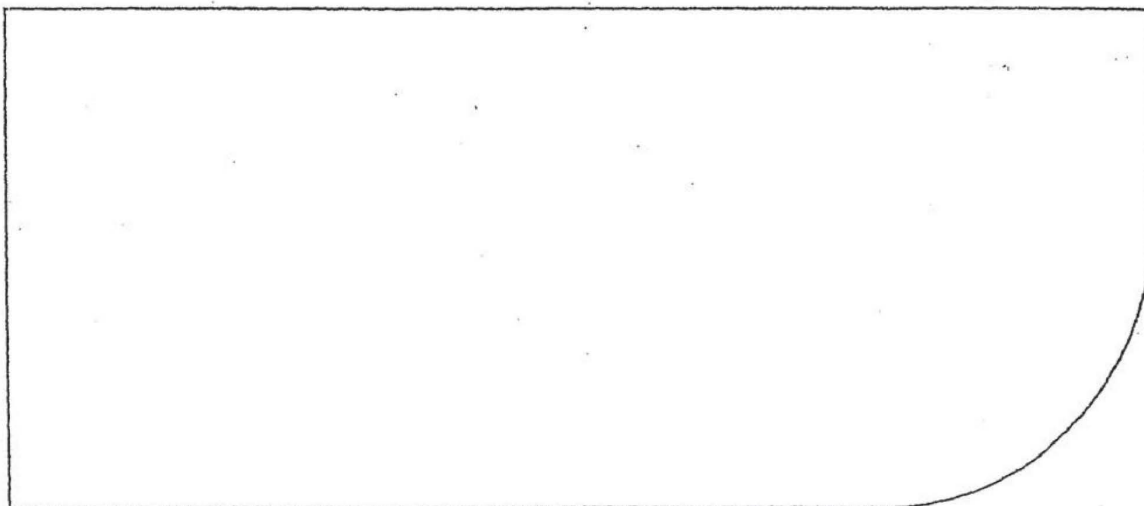


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Parties

The Minister for Health of the State of New South Wales of 1 Farrer Place, Sydney NSW 2000

South Eastern Sydney Area Health Service a body corporate incorporated by the Health Services Act 1997 of Russell Avenue, Dolls Point, New South Wales, 2219

St Vincent's Hospital Sydney Limited ACN 054 033 872 of Victoria Street, Darlinghurst, New South Wales, 2010

Sacred Heart Hospice Limited ACN 053 439 820 of 170 Darlinghurst Road, Darlinghurst New South Wales, 2010

Background

- A The Hospital and the Hospice are incorporated under the Corporations Act 2001.
- B The Hospital and the Hospice are 'affiliated health organisations' as defined under the Health Services Act 1997 and operate recognised establishments listed in the Third Schedule to the Act as St Vincent's Hospital, Darlinghurst and the Sacred Heart Hospice.
- C The Area is an Area Health Service established under the Act and is required to act within its functions and objectives, as set out in that Act.
- D Recurrent Grants are provided to the Hospital and the Hospice by the Minister through the Area under the terms of the Act for the purpose of operating the recognised establishments.
- E Subject to the Minister's powers, authorities, duties and functions under relevant legislation and any annual appropriation of funds by Parliament the Minister is committed to maintaining the role of the Hospital as a principal referral hospital servicing the people of the Area and NSW and other persons referred to the Hospital and one of the pre-eminent teaching hospitals in NSW, and the Parties have agreed to enter into this Memorandum of Understanding in order to give expression to the Minister's intent.
- F The Minister is also committed to the Hospital and the Hospice remaining 'affiliated health organisations' as defined under the Act or any subsequent Act and recognises that their recognised establishments operate under the vision, mission and health care philosophy of the Sisters of Charity.
- G The Minister and the Area recognise the emergency case load borne by the Hospital as part of the NSW Health System in keeping with its role as a principal referral hospital continuing to service the people of the Area and NSW in the context of Area and statewide planning.

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- H The Minister and the Area also recognise the role of the Hospital as a major medical research organisation and the importance of its links to the Victor Chang Cardiac Research Institute, the Garvan Institute of Medical Research and the tertiary education sector.
- I The Minister and the Area further recognise the role of the Hospice in the provision of subacute care including palliative care and rehabilitation, and as a location for cancer services.
- J The Parties acknowledge that the amount of the Recurrent Grant to be paid to the Hospital and the Hospice in any one financial year is ultimately a matter for determination in accordance with the discretions established by section 127 of the Act and appropriation by Parliament.
- K The Parties acknowledge that the terms and principles of this Memorandum of Understanding are both based on and represent a further development of the Memorandums of Understanding signed on 3 March 1995 and 10 September 1997 and are designed to recognise clinical service, funding and administrative changes within the NSW Public Health System since 1997, including the establishment of St Vincents & Mater Health Sydney, completion of new facilities at the Hospital, introduction of three-year budget allocations and new financial policy such as episode funding for acute care, more targeted funding for specific services and direct program funding for other services.
- L The Department, Area and the Hospital have discussed the financial position of the Hospital and have agreed on a process to address the underlying financial issues, and the Parties acknowledge that this Memorandum of Understanding sets out the principles that will guide the implementation of this agreed process.
- M This Memorandum of Understanding is entered into to express the Parties' joint intention but does not and is not intended to give rise to any contractual relations.

Operative provisions

1 Acknowledgments

1997 Memorandum of Understanding

- 1.1 The Parties agree that this MOU supersedes the 1997 MOU in all respects except to the extent that where any of the capital works listed in Schedule 2 to the 1997 MOU or approved under clause 5.4.2 of the 1997 MOU have not been completed, any obligations, rights or duties owed by any of the parties in respect of those capital works will remain on foot until such time as those capital works are completed.

Purpose of Memorandum of Understanding

- 1.2 The Parties agree the MOU is intended to set out, subject to the overriding requirements and discretions imposed by the Act and other legislation, the principles and conditions for recurrent funding of the Organisations over the Term

and relationships between the Organisations, the Department and the Area with the objective of ensuring a comprehensive range of clinically appropriate services, including designated statewide services, meeting the needs of the community with a critical mass that maintains the viability of the patient care, teaching and research roles of the Organisations.

- 1.3 The Parties further acknowledge that this MOU is entered into to provide, subject to statutory obligations and discretions, and in accordance with the terms and conditions of this MOU, for the funding of the Organisations by the Area and for the adjustment of the recurrent funding of the Hospital in accordance with the Schedules to this MOU to reflect the implementation of the agreed savings program over the Term.

- cant even if we don't get reports!

Statutory governance and compliance obligations of Organisations

- 1.4 The Minister and the Area acknowledge that as the Hospital and the Hospice are incorporated under the Corporations Act 2001 the Directors and Officers of each have statutory governance and compliance obligations under that legislation to act in the best interests of each Organisation.
- 1.5 The Minister and the Area further acknowledge that the Directors and Officers of the Organisations have a duty to ensure that the Organisations do not become or trade while insolvent.
- 1.6 The Minister and the Area acknowledge that the Organisations and their Directors and Officers rely (in part) upon this Memorandum of Understanding for the purposes of discharging their duties under the Corporations Act 2001.

Hospitals form part of integrated health service

- 1.7 The Minister and the Area acknowledge that the Organisations form part of the Sisters of Charity Health Service and that the Sisters of Charity Health Service is committed to achieving best practice operational efficiencies within the Sisters of Charity Health Service across Australia in the interests of high quality, efficient and cost effective health services, teaching and research.
- 1.8 The Minister and the Area acknowledge that the Organisations also form part of St Vincents & Mater Health, Sydney and that the Organisations are integrated operationally within St Vincents & Mater Health to promote the provision of high quality, efficient and cost effective health services.
- 1.9 Subject to the Organisations ensuring transparency of cost allocation between the Hospital, the Hospice and other facilities and services forming part of St Vincents & Mater Health, Sydney and compliance with the Act, the Minister and Area agree that the Organisations may enter into agreements with other facilities and services forming part of St Vincents & Mater Health, Sydney for the provision of services to the Organisations and the receipt of services from the Organisations.
- 1.10 The Hospital and the Hospice acknowledge that as affiliated health organisations they have certain obligations and responsibilities under the Act, and agree that they will ensure that the relationships described in clauses 1.7 and 1.8 and the arrangements covered by clause 1.9 will not result in a breach of these

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obligations, and where requested by the Department, the Organisations will substantiate the appropriateness of the cost allocation for services received or provided under clause 1.9.

Co-operative relationship between Area and Organisations

- 1.11 The Area and the Organisations acknowledge and agree on the importance of maintaining an ongoing consultation on the range and level of health services provided by the Organisations, including cost effective and appropriate access for persons seeking to use public health services within the Area.
- 1.12 The Organisations will, subject to applicable Government and Departmental conditions, policies and procedures as issued from time to time, work to develop and enhance the linkages across the Campus Facilities and with other facilities within the Area and community health providers to achieve improved service integration and patient care.

Hospital to be treated consistently

- 1.13 The Parties agree that the Hospital will be treated in a manner consistent with other principal referral hospitals.

All parties to act fairly and reasonably

- 1.14 The Parties acknowledge and agree that in exercising any right, obligation or function or in giving any consent or deciding whether or not to agree to any proposed course of action set out in this MOU, they will act reasonably in good faith and give fair and equitable consideration to any request and in accordance with their powers, obligations, functions and duties to act fairly imposed on them under the Health Services Act (1997) as amended or the Health Administration Act (1982) as amended.

Management of MOU

- 1.15 The Parties agree the provisions of this MOU will be managed by the Area and to assist in the proper management of the MOU:
 - 1.15.1 The Organisations and the Area agree to meet regularly to address any issues arising under the terms of this MOU or the Performance Agreement;
 - 1.15.2 The Organisations and the Area will each nominate a contact officer for issues arising under this MOU or Performance Agreement made under this MOU and to act as the primary contact in relation to the notification and implementation of policies and procedures under clause 1.16.

Compliance with Government and Department policies

- 1.16 Subject to this MOU, the Organisations agree to comply with requirements of applicable Government and Departmental conditions, policies and procedures relevant to principal referral hospitals and notified by the Department through the Area from time to time, provided such conditions, policies and procedures are also applicable to affiliated health organisations.
- eg monthly financial reports*

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- 1.17 Where the Organisations consider a particular condition, policy or procedure notified to the Organisation by the Area is not applicable to affiliated health organisations, they will notify the Area, and will provide reasons to outline why the condition, policy or procedure is not so applicable.
- 1.18 Where notified under clause 1.17, the Area, the Organisations and where relevant the Department will work together to seek to resolve outstanding issues, if any.

2 Recurrent Grants - Hospital

Recurrent Funding

- 2.1 Subject to Parliamentary appropriation of funds and the Minister's powers and discretions in relation to funding under section 127 of the Act and to the Hospital complying with any conditions placed on those Recurrent Grants pursuant to section 127(4) of the Act, the Minister intends in each year of the Term, to pay the Recurrent Grants through the Area to the Hospital on the terms and conditions set out in this MOU and in compliance with applicable Departmental policies and procedures.
- 2.2 The Hospital undertakes that subject to this MOU and the provision of recurrent funding in accordance with the principles set out in clause 2.3, and the terms of the annual Performance Agreement, the Hospital will operate on budget and pay its employees, contractors and suppliers within timeframes required by industrial awards and contracts.

General Principles for Funding

- 2.3 The Parties agree that, subject to the Act and this MOU the specifics of the recurrent funding for each year of the Term will be addressed in the annual Performance Agreement, but further agree that the recurrent funding and the Performance Agreement will be governed by the following general principles:
- 2.3.1 The advance of the Recurrent Grants is subject to Parliamentary appropriation of funds and the Minister's discretions in relation to payment of subsidy and allocations of monies under section 127 of the Act;
- 2.3.2 The intention of the Parties to adjust the Recurrent Grant to the Hospital in each year of the Term as set out in Column 3 of Schedule 1 to this MOU to reflect the implementation of the savings program as set out in Schedule 2;
- 2.3.3 The intention of the Parties to work together to achieve such savings in the Hospital's operation as are both reasonable and practicable in the circumstances, to enable where possible the compression of the timetable for the adjustment in the Recurrent Grant to the Hospital provided for in Column 3 of Schedule 1;
- 2.3.4 The Hospital will be treated in a manner consistent with other principal referral hospitals in relation to funding of industrial award increases and

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determinations made by the Health Administration Corporation, indexation of base funding, growth funding, enhancement funding and other funding initiatives;

- 2.3.5 The recurrent funding will be varied in line with adjustments made to other public hospitals across the State for each financial year to take into account any increased costs as a result of any change to any law, official directive, or request by a governmental, semi-governmental or judicial entity or authority which has the effect that the Organisations lose an exemption from or becomes liable to any tax, levy, import deduction, charge, rate or duty levied or imposed by a governmental or semi-governmental authority.

Budget and variations to Schedule 1

- 2.4 The Parties agree that subject to Parliamentary appropriation, the discretions established under the Act and the terms of this MOU:
 - 2.4.1 Column 1 of Schedule 1 establishes the baseline funding for the Hospital which, subject to variance in accordance with the provisions of clause 2, will be the guaranteed base funding to be used in calculating recurrent funding in 2003/2004 and onwards during the Term;
 - 2.4.2 Column 2 of Schedule 1 establishes the amounts agreed, as at the date of this MOU, as the Recurrent Grants to be provided to the Hospital annually for the Term of this MOU;
 - 2.4.3 Column 3 of Schedule 1 establishes the amounts agreed, as at the date of this MOU as the adjustments to be made to the base funding in Column 1 to achieve the amount of the Recurrent Grants in Column 2 of Schedule 1.
- 2.5 The Parties agree that the amount and timing of the reduction in the Recurrent Funding to the Hospital set out in Column 3 of Schedule 1, will be renegotiated as part of the relevant Performance Agreement in the event that:
 - 2.5.1 the Clinical Streaming savings as set out in Schedule 2 do not proceed as intended; and/or
 - 2.5.2 delays in achieving the savings set out in Schedule 2 occur due to directions of the Department or the Commonwealth Department of Health and Ageing.
- 2.6 The Organisations will be provided with at least three months notice of any reduction in the recurrent grant in any particular financial year.

Compliance with Policies

- 2.7 The Organisations will, in relation to financial records and financial management of the Recurrent Grants under this MOU, comply with the Accounts and Audit Determination and related financial management policy applicable to affiliated health organisations issued by the Department from time to time.

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Savings

- 2.8 The Organisations undertake to co-operate in working with the Area to achieve the benchmark cost level for NSW principal referral hospitals, and to this end will co-operate in benchmarking, networking and corporate savings initiatives of the Department and/or the Area, and in particular will:
- 2.8.1 participate in savings programs listed in Schedule 2, with any savings made to be used to facilitate the adjustment of the Recurrent Grant as set out in Column 3 of Schedule 1 and the compression of the timeframe for these adjustments as set out in clause 2.3.3;
 - 2.8.2 comply with programs or financial management policies issued by the Department applying to affiliated health organisations and principal referral hospitals, as they relate to matters such as episode funding, revenue, capital charging, statewide services, budget holding and support services and other relevant policy, with any savings to be made, to be used:
 - (a) to compress the timeframe for the adjustment of the Recurrent Grant as set out in Column 3 of Schedule 1, or if the final adjustment has been achieved;
 - (b) in a manner agreed by the Area and the Organisations in the annual Performance Agreement.

3 Performance Agreement

- 3.1 The Organisations and the Area will, by 30 April in each year of the Term, enter an annual Performance Agreement for the ensuing financial year.
- 3.2 The Department will advise the Area of the underlying budget assumptions for the following financial year in sufficient time to enable the Area to commence discussions with the Organisations on the proposed Performance Agreement for that financial year.
- 3.3 Each annual Performance Agreement will include, for the following financial year:
- 3.3.1 the recurrent funding;
 - 3.3.2 clinical service targets;
 - 3.3.3 a project plan to implement agreed savings; and
 - 3.3.4 Schedules 1 and 2, as revised in accordance with the terms of this MOU and, where necessary, clause 3.4.
- 3.4 The Organisations and the Area acknowledge that the Department may need to revise the underlying budget assumptions advised to the Area prior to 30 April following the Commonwealth and State Budget announcements and agree that the Performance Agreement and schedules thereto may be amended to reflect

the agreed impact of revised budget assumptions advised to the Area by the Department, provided that any such amendments will be finalised by no later than 31 July unless otherwise agreed by the Organisations and the Area.

- 3.5 The first Performance Agreement made under this MOU will be for the financial year commencing 1 July 2003.

4 Recurrent Grants – Hospice

- 4.1 Subject to Parliamentary appropriation of funds and the Minister's powers and discretions in relation to funding under section 127 of the Act and to the Hospice complying with any conditions placed on those Recurrent Grants pursuant to section 127(4) of the Act, the Minister intends in each year of the Term, to pay the Recurrent Grants through the Area to the Hospice, on the terms and conditions set out in this MOU and in compliance with applicable Departmental policies and procedures.

- 4.2 The Parties agree that subject to Parliamentary appropriation, the discretions under the Act and the terms of this MOU, Schedule 3 establishes:

4.2.1 the amounts agreed, as at the date of this MOU, as the Recurrent Grants to be provided to the Hospice annually for the Term of this MOU;

4.2.2 the baseline funding for the Hospice, which, subject to the variance in accordance with the provisions of clause 2 applicable to the Hospice, will be the base funding to be used in calculating recurrent funding in 2003/2004 and onwards during the Term.

- 4.3 The Parties further agree that the requirements for the annual Performance Agreement in clause 3 will also apply mutatis mutandis to the Hospice.

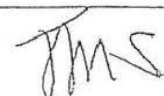
5 Capital works

- 5.1 The Parties agree that in respect of any capital works proposed by the Hospital or the Hospice over the term of the MOU which involve the expenditure of public funds:

5.1.1 the terms of the NSW Department of Health Design Series Process of the Facility Planning Manual DS1 will apply mutatis mutandis as if its references to health services were references to an affiliated health organisation except to the extent that from time to time the Department notifies in writing; and

5.1.2 the relevant Organisation will enter into an agreement for repayment of such funds under section 128 of the Act.

- 5.2 Subject to the Act and Government policy, the Department and the Organisations may agree to exempt a capital works project that is not materially funded by public funds from the requirements of clause 5.1.



- 5.3 The Parties agree that nothing in this MOU will prevent the Organisations accessing capital funding for specific projects, in accordance with normal Area and Departmental processes.
- 5.4 The Area and the Organisations agree to consult and work together to develop their respect asset plans.
- 5.5 The Parties acknowledge that the Organisations continue to have capital development goals, which may extend beyond the Term of this MOU, to further improve the services provided by the Organisations, including provision of appropriate mental health service facilities and addressing the longer term facility mix on the north eastern campus of the Hospital.
- 5.6 The Parties further acknowledge that in the event public monies are sought for any capital works proposals, they will be considered on the merits of the respective projects and in consideration of other statewide priorities.

6 Miscellaneous

Clinical Service Plan

- 6.1 The Area and the Organisations agree to consult and co-operate in the development of their respective clinical services plans.
- 6.2 The Area will develop clinical services plans :
 - 6.2.1 in recognition of the needs of the resident population of the Area;
 - 6.2.2 in conjunction with the Organisations' clinical services plan; and
 - 6.2.3 taking into account the continuing role of the Hospital and the Hospice in the Area as set out in clause 1.2, within available resource allocation.
- 6.3 The Organisations will develop a clinical services plan :
 - 6.3.1 consistent and compatible with the Hospital remaining a principal referral hospital and one of the pre-eminent teaching hospitals servicing the people of Area, NSW and persons referred to the Hospital;
 - 6.3.2 consistent with the vision, mission and health care philosophy of the Sisters of Charity;
 - 6.3.3 consistent and compatible with the clinical services plans of the Area and clinical networking within the Area; and
 - 6.3.4 recognising the Minister's and Area's commitment to the long term viability of the Hospital and the Hospice.

Access to other funds

- 6.4 Nothing in this MOU limits or prevents the Organisations from accessing additional funds from other programs available to other public hospitals in NSW.

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Compliance with Legal Responsibilities

- 6.5 Nothing in this MOU derogates from the Organisations' responsibility to comply with the requirements of the law including the Act or any Regulation made thereunder or any lawful direction made thereunder or under the Corporations Act 2001 or under any other law.

Co-operation Between Parties

- 6.6 The parties will co-operate with each other in order to achieve the objectives of this Understanding and the performance by each of the parties of their respective commitments abovementioned.

7 Definitions and interpretation

Definitions

- 7.1 In this document the following definitions apply:

Act means the Health Services Act 1997 as amended;

Area means the South Eastern Sydney Area Health Service;

Campus Facilities means, at the date of this Memorandum of Understanding, the St Vincent's Hospital, St Vincent's Private Hospital, Sacred Heart Hospice, St Vincent's Clinic, Victor Chang Cardiac Research Institute, the Garvan Institute of Medical Research;

Clinical Services Plan means a plan which incorporates the service profile and role delineation levels of health facilities and establishes linkages between health facilities to provide services determined to be required by the Area's geographical catchment, relevant local and referral patient populations, and agreed statewide services;

Department means the NSW Department of Health;

Hospice means the Sacred Heart Hospice an affiliated health organisation as defined under the Act and referred to in the Third Schedule of the Act;

Hospital means St Vincent's Hospital, Darlinghurst an affiliated health organisation as defined under the Act and referred to in the Third Schedule of the Act;

Minister means the Minister from time to time administering the Act;

MOU means Memorandum of Understanding;

Organisations means the Hospital and the Hospice;

Performance Agreement means the Agreement under section 130 of the Act as provided for under clause 3 of this Memorandum of Understanding;

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Recurrent Grant means the amount determined by the Minister under section 127 of the Act for the purposes of operating the Hospital and the Hospice;

Sisters of Charity means the religious congregation known as the Sisters of Charity Australia;

St Vincents & Mater Health, Sydney means St Vincent's Hospital, St Vincent's Private Hospital, Sacred Heart Hospice, and Mater Hospital, North Sydney;

Term means the period from 1 March 2003 to 30 June 2012;

1997 MOU means the Memorandum of Understanding signed by the Minister, the Area, the Hospital and the Sisters of Charity on 10 September 1997.

Interpretation

7.2 In the interpretation of this document, the following provisions apply unless the context otherwise requires:

7.2.1 headings are inserted for convenience only and do not affect the interpretation of this document;

7.2.2 a reference in this document to dollars or \$ means Australian dollars and all amounts payable under this document are payable in Australian dollars;

7.2.3 a reference in this document to any law, legislation or legislative provision includes any statutory modification, amendment or re-enactment, and any subordinate legislation or regulations issued under that legislation or legislative provision;

7.2.4 a reference in this document to any agreement or document is to that agreement or document as amended, novated, supplemented or replaced;

7.2.5 a reference to a clause, part, schedule or attachment is a reference to a clause, part, schedule or attachment of or to this document;

7.2.6 an expression importing a natural person includes any company, trust, partnership, joint venture, association, body corporate or governmental agency;

7.2.7 where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning;

7.2.8 a word which denotes the singular denotes the plural, a word which denotes the plural denotes the singular;

7.2.9 references to the word 'include' or 'including' are to be construed without limitation;

-
- 7.2.10 a reference to this document includes the agreement recorded in this document;
 - 7.2.11 any organisations, associations, societies, groups or bodies shall in the event that any of them ceases to exist or is reconstituted renamed or replaced or that the powers or functions of any of them are transferred to any other entity, body or group refer respectively to any such entity, body or group established or constituted in lieu thereof or succeeding to similar powers or functions;
 - 7.2.12 any schedules and attachments form part of this document.

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Execution and date

Executed as a Memorandum of Understanding

Date: 11 MARCH 2003

Signed by The Minister for Health on behalf of the State of New South Wales [including the Department of Health] but not so as to incur personal liability in the presence of

Mary Pas
.....
Signature of witness

[Signature] 21/02
.....
Signature of The Hon Craig Knowles, MP

MARY PAS
.....
Name of witness (print)

The Official Seal of South Eastern Sydney Area Health Service was hereunto affixed by authority of the Board and in accordance with its by-laws in the presence of:



[Signature]
.....
Signature of Chief Executive Officer
DEBORAH GREEN
.....
Name (print)

[Signature]
.....
Signature of Board Member
ISORIMES CHAIR
.....
Name (print)
[Signature]
.....
Signature of Board Member
Joanne Spinks
.....
Name (print) Deputy Chair

Executed by St Vincent's Hospital Sydney Limited acting by the following persons or, if the seal is affixed, witnessed by the following persons:

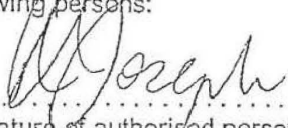
[Signature]
.....
Signature of authorised person
CHAIRMAN
.....
Office held

[Signature]
.....
Signature of authorised person
COMPANY SECRETARY
.....
Office held

PETER JOSEPH
.....
Name of authorised person (print)

MARY FOLEY
.....
Name of authorised person (print)

Executed by Sacred Heart Hospice
Limited acting by the following persons
or, if the seal is affixed, witnessed by the
following persons:


.....
Signature of authorised person

.....
CHAIRMAN
.....
Office held

.....
PETER JOSEPH
.....
Name of authorised person (print)


.....
Signature of authorised person

.....
COMPANY SECRETARY
.....
Office held

.....
MARY FOLEY
.....
Name of authorised person (print)

Schedule 1

St.Vincent's Hospital

| Financial Year | Column 1 | Column 2 | Column 3 |
|----------------|--------------|------------------|--|
| | Base Funding | Recurrent Grants | Recurrent Grant Adjustment (included in Column 2) |
| 2002/03 | 146,179,000 | 149,369,000 | 3,190,000 |
| 2003/04 | 150,633,000 | 153,123,000 | 2,490,000 |
| 2004/05 | 150,633,000 | 151,423,000 | 790,000 |
| 2005/06 | 150,633,000 | 150,423,000 | -210,000 |
| 2006/07 | 150,633,000 | 149,923,000 | -710,000 |
| 2007/08 | 150,633,000 | 149,923,000 | -710,000 |
| 2008/09 | 150,633,000 | 149,423,000 | -1,210,000 |
| 2009/10 | 150,633,000 | 149,423,000 | -1,210,000 |
| 2010/11 | 150,633,000 | 149,423,000 | -1,210,000 |
| 2011/12 | 150,633,000 | 149,423,000 | -1,210,000 |
| 2012/13 | 150,633,000 | 150,633,000 | 0 |

Capital funding will be provided for the Radiotherapy project (\$1.5M) and other projects as agreed from time to time.

Amounts shown in Australian Dollars and are expressed in February 2003 terms.

The recurrent grants detailed above include:

- All recurrent monies received up to January 2003.
- An amount of \$4.31M due in respect of the full reversal of the previous MOU.
- In line with the Department of Health Reporting System, the figures for the financial year 2003/04 and beyond include the annualised effect of the January 2003 Salary Award increases

The recurrent grants detailed above do not include:

- Funds for High Cost Drugs as provided by the Commonwealth.
- Funds for external research that are received outside of the Department of Health Reporting System.
- Funds for HIV/AIDS and National Campaign Against Drug Abuse (NCDA).
- Funds for Home and Community Care (HACC).
- Base Superannuation as required to be paid in accordance with legislation.
- Amounts for both the EMU or the REAT projects in the Emergency Department.
- Funding for the July 2003 Salary Award increases.
- Payments under Column 2 to the Hospital shall be reduced by the budgeted level of General Funds revenue. This level may be varied from time to time in accordance with normal Departmental policy and in line with adjustments made to other public hospitals around the State.

Schedule 2

| | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|---|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 1. SVH lower end of savings range | | | | | | | | | | |
| Adjusted Total Cost Pressures (following DoH Reviews) | 13,150 | 11,900 | 11,900 | 11,900 | 11,900 | 11,900 | 11,900 | 11,900 | 11,900 | 11,900 |
| Less: St. Vincent's Saving Strategies | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 |
| | 9,550 | 8,300 | 8,300 | 8,300 | 8,300 | 8,300 | 8,300 | 8,300 | 8,300 | 8,300 |
| Full Year Projection prior to December'02 | 9,200 | | | | | | | | | |
| A Latest Full Year Projection - Current Funding | 8,500 | 8,300 | 8,300 | 8,300 | 8,300 | 8,300 | 8,300 | 8,300 | 8,300 | 8,300 |
| <u>Additional Funding</u> | | | | | | | | | | |
| Reversal of MOU Reductions / Fair Share of Growth Monies | 4,310 | 4,310 | 4,310 | 4,310 | 4,310 | 4,310 | 4,310 | 4,310 | 4,310 | 4,310 |
| B Revised Deficit | 4,190 | 3,990 | 3,990 | 3,990 | 3,990 | 3,990 | 3,990 | 3,990 | 3,990 | 3,990 |
| <u>Additional Saving Strategies</u> | | | | | | | | | | |
| - Recovery of costs from SHH / Commonwealth programs | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 |
| - Increased Facility Fees | 200 | 200 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| - Increased Patient Revenue and Medical Imaging | 200 | 300 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| - Salary Packaging benefits | 300 | 700 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| - Clinical Streaming - Efficiency Savings ⁽¹⁾ | 0 | 0 | 1,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| - Further Savings yet to be identified | | | | | 500 | 500 | 1,000 | 1,000 | 1,000 | 1,000 |
| Total Additional Savings Strategies | 1,000 | 1,500 | 3,200 | 4,200 | 4,700 | 4,700 | 5,200 | 5,200 | 5,200 | 5,200 |
| C Deficit/(Surplus) | Annual | 3,190 | 2,490 | 790 | -210 | -710 | -710 | -1,210 | -1,210 | -1,210 |
| - Funded through DoH Advances | Cumulative | 3,190 | 5,680 | 6,470 | 6,260 | 5,550 | 4,840 | 3,630 | 2,420 | 1,210 |
| | | | | | | | | | | 0 |
| 2. SVH upper end of savings range | | | | | | | | | | |
| - Activity savings that may accrue if SVH do not meet target (Jan-Jun'03) | 500 | | | | | | | | | |
| - Further Revenue Growth - if possible | | 500 | 500 | 500 | | | -500 | -500 | -500 | -500 |
| Total additional 'upper end' savings | 500 | 500 | 500 | 500 | 0 | 0 | -500 | -500 | -500 | -500 |
| A Deficit/(Surplus) | Annual | 2,690 | 1,990 | 290 | -710 | -710 | -710 | -710 | -710 | -710 |
| - Funded through DoH Advances | Cumulative | 2,690 | 4,680 | 4,970 | 4,260 | 3,550 | 2,840 | 2,130 | 1,420 | 710 |
| | | | | | | | | | | 0 |

⁽¹⁾ Savings annual estimate is \$3M. \$2M estimate in this Schedule allows for movement.

Schedule 3

Sacred Heart Hospice

| Financial Year | Base Funding |
|----------------|--------------|
| 2002/03 | 11,729,467 |
| 2003/04 | 12,100,534 |
| 2004/05 | 12,100,534 |
| 2005/06 | 12,100,534 |
| 2006/07 | 12,100,534 |
| 2007/08 | 12,100,534 |
| 2008/09 | 12,100,534 |
| 2009/10 | 12,100,534 |
| 2010/11 | 12,100,534 |
| 2011/12 | 12,100,534 |
| 2012/13 | 12,100,534 |

Amounts shown in Australian Dollars and are expressed in February 2003 terms.

The recurrent grants detailed above include:

- All recurrent monies received up to January 2003.
- In line with the Department of Health Reporting System, the figures for the financial year 2003/04 and beyond include the annualised effect of the January 2003 Salary Award increases

The recurrent grants detailed above do not include:

- Base Superannuation as required to be paid in accordance with legislation.
 - Commonwealth Funding received by Sacred Heart Hospice.
 - Funding for the July 2003 Salary Award increases.
 - Payments to the Hospice shall be reduced by the budgeted level of General Funds revenue.
- This level may be varied from time to time in accordance with normal Departmental policy and in line with adjustments made to other public hospitals around the State.

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