

Ref: H23/67994

Mr Paul McClintock AO  
Board Chair  
St Vincent's Health Network  
By email: [svhn.ceo@svha.org.au](mailto:svhn.ceo@svha.org.au)

## 2023-24 Service Agreement

Dear Mr McClintock *Paul*

Attached is a copy of the 2023-24 Service Agreement for the period 1 July 2023 to 30 June 2024 for St Vincent's Health Network. This agreement supersedes the interim schedules distributed 30 June 2023.

The Service Agreement reflects the strategic priorities as set out in the Future Health Strategic Framework. It sets out performance accountabilities for health services measured through key performance indicators against which the organisations performance will be monitored by the Ministry of Health.

## NSW Health Budget

For 2023-24 the NSW Government budget for health is \$34.3 billion. The expense budget will be \$31.0 billion. This represents an underlying increase of \$1.7 billion or 6.4%. Growth funding is largely tied to commitments in place and incurring expenditure within the health system from 1 July 2023, such as wages escalation and continuation of 1,112 nurses and midwives that were previously temporarily funded.

Time limited initiatives that also form part of the Service Agreement, will be articulated in the September 2023 Consolidated Budget Supplementation Letter.

## Activity delivery as revenue

From 2023-24, the Commonwealth contributions for National Health Reform Agreement (NHRA) activity based and block-funded services will be considered as own source of revenue. This will be a transition year where mechanisms will be developed to address variances including incentives, penalties, and any recall methodologies.

## NSW Health State Efficient Price

The NSW State Efficient Price for 2023-24 of \$5,207 per NWAU23, has been informed by the Cost per NWAU data of the 2021-22 District and Network Returns (DNR Clinical Costing Study).

## Comprehensive Expenditure Review

To ensure our resources are managed sustainably and to support Government priorities:

- Comprehensive Expenditure Review (CER) approved 2023-24 savings measures total \$162m. This includes \$120m under the Savings Leadership Programme (Procurement) and \$42m in Effectiveness Measures.
- Whole of Government (WoG) savings (encompassing advertising, consultants, labour hire/contractors, legal and travel expenses) of \$46m have been allocated to the Ministry,

Shared Services, Districts, Networks, Ambulance and other Health Entities and each service has received a letter indicating quantum of defined budget.

These measures are being rolled out across the system and transparency on progress and outcomes will be critical to success and accountability.

In response to your input to the CER, the bulk of budgets will be issued now and by end of December 2023 to provide greater financial certainty and opportunity to implement program objectives.

In a challenging financial landscape that assumes reprioritising and realignment of existing resources, financial stability over core operations is critical and will require strong financial controls including affordable FTE levels and achieving Efficiency Improvement Plans. Returning to pre-COVID productivity and optimising reporting of NWAU are important levers for our long-term financial success with amendments to KPIs, governance and reporting for 2023-24 support this objective.

### Action timeframes

Please note the following requirements with respect to the transparency of performance obligations and budgets:

- The Auditor General reports to Parliament the delays on the execution of annual Service Agreements. As such you are required to review your Agreement and return the signed document no later than 28 October 2023.
- Budgets and forecasts are to be loaded into the SMRT reporting system no later than 11 November 2023.
- The executed 2023-24 Service Agreement must be displayed in a prominent and easily accessible location on your internet website, by no later than 11 November 2023.
- Explanatory Notes for Section 4 - Budget, and the Service Agreement Data Supplement are to be accessible at the same website location as the Service Agreement document.
- Service and facility-level budgets (including staffing and activity levels) should be published on your website as soon as practicable following Board deliberations, but no later than 30 November 2023. The generic template is attached for local modification.
- A summary of each facility and District or Network-wide service total expense budget (all programs) is also to be prepared and made available in a prominent location on your internet site, no later than 30 November 2023. The template is attached.
- All Districts and Networks are required to identify the value of Productivity, Revenue and Expenses strategies required to achieve on budget performance in 2023-24, and to document those Efficiency Improvement Plan strategies as Roadmaps, by 31 October 2023 at the latest.

Please forward the website link and confirmation of the date that information was published on your internet to the Executive Director, System Purchasing Branch, at MOH-ServiceAgreementSPB@health.nsw.gov.au.

Should you require further information or have specific questions about the Service Agreement please contact Joe Portelli, Executive Director, System Purchasing Branch on 0413 325 778 or Joe.Portelli@health.nsw.gov.au.

Yours sincerely



**Susan Pearce AM**  
Secretary, NSW Health

19/9/23

CC: Chief Executive, St Vincent's Health Network