



NSW Health  
Correspondence  
Secretary

S24/49

## St Vincent's Health Network 2024-25 Service Agreement

<b>Writer</b>	Paul McClintock AO, Chair, St Vincent's Health Australia
<b>Analysis</b>	<p>On 19 February 2024, St Vincent's Health Network (SVHN) requested \$60 million in financial support from the Ministry of Health (the Ministry). The Ministry provided a one-off additional subsidy of \$30 million, with a corresponding amount to be - recouped by the Ministry across 2024-25 from the 2024-25 Service Agreement (<b>TAB A</b>).</p> <p>SVHN has raised concerns regarding the parameters of the current Service Agreement with the Ministry. SVHN would like to commence discussions to address a different approach to the partnership with the Ministry.</p> <p>The process of negotiating the 2024-25 Service Agreement with SVHN has commenced, with the Purchasing Roadshow held on 19 March 2024. The next meeting to discuss purchasing with SVHN is on 9 May 2024. It is proposed that the meeting be extended to facilitate the discussion sought by SVHN.</p>

### Key issues

#### **SVHN seeks to enter formal discussions on the funding model in their Service Agreement**

SVHN advises it will not be able to execute the 2024-25 Service Agreement under current funding parameters and without a shared position of the role of SVHN within the NSW Health system.

Concerns include capital funding, operating sustainability of SVHN, the strategic sustainability of the St Vincent's Sydney Health Innovation Precinct. SVHN is also concerned about the impact of the Ministry recouping the \$30 million subsidy across 2024-25.

SVHN cites unprecedented financial constraints across the State healthcare system, impacting both public and private operators.

#### **The purchasing discussion is the appropriate forum to discuss SVHN's concerns**

The 2024-25 Service Agreement and purchasing process is underway, with the next meeting with SVHN on 9 May 2024. The financial position and desire to discuss the structure of their Service Agreement was raised at their Purchasing Roadshow on 19 March 2024.

It is appropriate that the meeting on 9 May be extended to facilitate the discussion SVHN is seeking. System Purchasing Branch will engage with SVHN in the lead up to the meeting to ensure that the agenda and topics for discussion are known and promote a productive discussion.

### Context

#### **St Vincent's Health Network is part of NSW Health and part of SVHA Group**

SVHN is part of St Vincent's Health Australia (SVHA), a not-for-profit organisation that provides care to the poor and vulnerable comprising operating divisions of Private Hospitals, Aged Care, Public NSW (SVHN) and Public Victoria (St Vincent's Hospital Melbourne).

SVHN is an Affiliated Health Organisation under Schedule 3 of the *Health Services Act 1997* and is one of the health system's designated Networks.

SVHN's 2023-24 Service Agreement Initial Budget Allocation is \$450.988 million. This increased by 1.1% from 2022-23 noting funding and activity was transferred out of St Vincent's to Western Sydney Local Health District for the transition of St Joseph's Hospital services which impacts this comparison (notional comparison in Service Agreement indicates 3.8%).

## Contact

Name	Position	Mobile and email
Matthew Schroder-Shorten	Principal Policy Officer, Purchasing, System Purchasing Branch, System Sustainability and Performance	[REDACTED] [ HYPERLINK "mailto:[REDACTED]"

## Approval

Name	Position	Date
Matthew Daly	Deputy Secretary, System Sustainability and Performance	02/05/2024
Michael Mekhail	A/Executive Director, System Financial Performance and Deputy Chief Financial Officer	01/05/2024
Sharon Smith	Executive Director, System Information and Analytics	30/04/2024
Joe Portelli	Executive Director, System Purchasing	18/04/2024
Annette Marley	Directory, Purchasing and Performance, System Purchasing	18/04/2024

## Attachments

Tab	Title
A	HA-2024-0000655 Approved brief - SVHN request for funding to implement savings initiatives

NSW Health



Ref: S24/49

Mr Paul McClintock AO  
Chair  
St Vincent's Health Australia  
[ HYPERLINK "mailto:[REDACTED]" ]

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**2024-25 Service Agreement with St Vincent's Hospital Sydney**[ TITLE \\* MERGEFORMAT ][ TITLE \\* MERGEFORMAT ]

Dear Mr McClintock

Thank you for writing about the 2024-25 Service Agreement between St Vincent's Hospital Sydney Limited (St Vincent's Health Network - SVHN) and the Ministry of Health (the Ministry).

I am advised that on 19 March 2024, executives from the Ministry and SVHN met to start discussions on the 2024-25 Service Agreement. A key outcome of this was an agreement to discuss a sustainable level and mix of services for SVHN.

A further meeting is scheduled for 9 May 2024 and I have asked that the duration of the meeting be extended to ensure the issues you have raised can be adequately addressed.

It would be appreciated if your representative contacts **Joe Portelli, Executive Director, System Purchasing Branch**, ahead of that meeting to ensure that both the Ministry and SVHN are fully aware of the issues to be discussed and can prepare for the meeting accordingly.

Thank you again for writing. For more information, please contact Mr Portelli at [ HYPERLINK "mailto:[REDACTED]" ] or on [REDACTED]

Yours sincerely

**Susan Pearce AM**  
Secretary, NSW Health

CC: Anna McFadgen, Chief Executive Officer, St Vincent's Health Network Sydney, [ HYPERLINK "mailto:[REDACTED]" ]