

NATIONAL PARTNERSHIP ON TRANSFER OF THE MERSEY COMMUNITY HOSPITAL

An agreement between

- the Commonwealth of Australia and
- Tasmania.

This Agreement will facilitate the transfer of the Mersey Community Hospital to the Tasmanian Government, and delivery of rehabilitation services and palliative care services in Tasmania.

National Partnership on Transfer of the Mersey Community Hospital

OVERVIEW

1. This National Partnership (the Agreement) is created subject to the provisions of the Intergovernmental Agreement on Federal Financial Relations (IGA FFR) and should be read in conjunction with that Agreement and its Schedules, which provide information in relation to performance reporting and payment arrangements under the IGA FFR.

Purpose

2. This Agreement is a funding agreement to facilitate the transfer of the Mersey Community Hospital to the Tasmanian Government, and the delivery of rehabilitation services and palliative care services in Tasmania.
3. Transfer of ownership of the property of the Mersey Community Hospital will occur under a separate deed which is the legal instrument for the purposes of the transfer. This Agreement and the transfer deed should be read in conjunction with each other.

Reporting Arrangements

4. Tasmania will report annually during the operation of the Agreement, as set out in Part 4 – Performance Monitoring and Reporting.

Financial Arrangements

5. The Commonwealth will provide a total financial contribution to Tasmania of \$736.6million (GST exclusive) in respect of this Agreement, as set out in Part 5 – Financial Arrangements.

PART 1 – FORMALITIES

Parties to this Agreement

6. This Agreement is between the Commonwealth of Australia (the Commonwealth) and Tasmania.

Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and Tasmania sign it and will expire on 30 June 2027 or on final performance reporting.

PART 2 – OBJECTIVES, OUTCOMES AND OUTPUTS

Objectives

8. The objective of this Agreement is to consolidate ownership of Tasmanian public hospitals with the Tasmanian Government.

Outcomes

9. This Agreement will facilitate achievement of the following outcomes:
 - (a) ownership of the Mersey Community Hospital by the Tasmanian Government;
 - (b) support for drug and alcohol residential rehabilitation treatment services; and
 - (c) support for palliative care services.

Outputs

10. The objectives and outcomes of this Agreement will be achieved by:
 - (a) transfer of the Mersey Community Hospital from 1 July 2017;
 - (b) provision of public hospital services in accordance with this Agreement;
 - (c) delivery of residential rehabilitation services by Launceston City Mission at the Missiondale Recovery Centre over the 2017-18 to 2020-21 period; and
 - (d) support for Palliative Care Tasmania and The District Nurses for palliative care services over the 2017-18 to 2019-20 period.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

11. To realise the objectives and commitments in this Agreement, each Party has specific roles and responsibilities, as outlined below.

Role of the Commonwealth

12. The Commonwealth agrees to be responsible for:
 - (a) providing a financial contribution to Tasmania to support the implementation of this Agreement;
 - (b) transferring ownership of the Mersey Community Hospital to Tasmania from 1 July 2017; and
 - (c) monitoring and assessing the performance in the delivery of services under this Agreement to ensure that outputs are delivered and outcomes are achieved within the agreed timeframe.

Role of Tasmania

13. Tasmania is responsible for:
 - (a) resuming ownership of the Mersey Community Hospital from 1 July 2017;
 - (b) delivering on outcomes and outputs assigned to Tasmania for implementation; and
 - (c) reporting on the delivery of services as set out in Part 4 – Performance Monitoring and Reporting.

PART 4 – PERFORMANCE MONITORING AND REPORTING

Activity

14. To ensure that Tasmania does not receive double funding for public hospital services, for the period of 2017-18 to 2026-27 inclusive, Tasmania will not be entitled to receive Activity Based Funding under the National Health Reform Agreement (NHRA), or any subsequent agreement, for the agreed activity level under this Agreement. This will apply whether the agreed activity profile is provided at the Mersey Community Hospital or elsewhere.
 - (a) The agreed activity profile has been converted to an agreed funding profile based on the Commonwealth contribution rate under the NHRA, as shown in Table 1.
 - (b) This funding profile will be used by the Administrator of the National Health Funding Pool in applying clause A6 of the NHRA.

Table 1: Activity funding profile

| Year | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|------------|------------|------------|------------|------------|-------------|
| \$ | 26,235,689 | 26,978,922 | 27,744,915 | 28,534,355 | 29,347,948 |
| 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | Total |
| 30,186,420 | 31,050,521 | 31,941,023 | 32,858,722 | 33,804,436 | 298,682,951 |

15. For the avoidance of doubt, Tasmania will be eligible for activity based funding under the NHRA for activity delivered above the agreed funding profile under this Agreement.
16. From 2027-28 onwards, Tasmanian public hospital services will be funded under the NHRA or any subsequent agreement with no further adjustment being made for the activity funding profile under this Agreement. However, national public hospital funding arrangements for 2027-28 have not yet been settled and any future funding arrangements may affect the treatment of activity funded under this Agreement upon its expiry. To ensure that Tasmania is not disadvantaged the Parties agree:
 - (a) that Tasmania will receive Commonwealth funding for the Mersey Community Hospital in line with other public hospitals in Tasmania from 2027-28 onwards; and
 - (b) to work together to take account of public hospital activity funded by the Commonwealth under this Agreement in negotiating the national public hospital funding arrangements covering 2027-28, with jurisdictions.

Reporting arrangements

17. During the operation of this Agreement, Tasmania will:
- (a) in relation to public hospital activity, incur no additional reporting burden, but will be required to meet existing reporting obligations including under intergovernmental agreements and the NHRA; and
 - (b) in relation to rehabilitation and palliative care services, provide a statement to the Commonwealth on how funding for the Missiondale Recovery Centre and palliative care services under this Agreement has been distributed.
 - (i) A statement under clause 17(b) is only required for financial years in which funds have been distributed to the Missiondale Recovery Centre or for palliative care services under this Agreement. Such statements should be provided within 30 days of the end of the relevant financial year.

PART 5 – FINANCIAL ARRANGEMENTS

Financial contributions

18. The Commonwealth will provide a total financial contribution to Tasmania of \$736.6 million in respect of this Agreement on transfer of ownership of the property of the Mersey Community Hospital. All payments are exclusive of GST.
19. The Commonwealth's financial contributions to the operation of this Agreement, including through National Partnership payments to the States paid in accordance with *Schedule D – Payment Arrangements* of the IGA FFR, are shown in Table 1.

Table 1: Financial contributions

| (\$ million) | 2016-17 | Total |
|--|--------------|--------------|
| <i>Estimated</i> total budget (1) | 736.6 | 736.6 |
| <i>Estimated</i> National Partnership payment (2) | 736.6 | 736.6 |
| Mersey Community Hospital Transfer | 730.4 | 730.4 |
| Missiondale Recovery Centre | 3.2 | 3.2 |
| Palliative Care Tasmania | 1.5 | 1.5 |
| The District Nurses | 1.5 | 1.5 |
| Commonwealth own purpose expense (3) | 0.0 | 0.0 |
| Total Commonwealth contribution (4) = (2) + (3) | 736.6 | 736.6 |
| Balance of non-Commonwealth contributions (5) = (1) – (4) | 0.0 | 0.0 |

Financial risk management

20. Having regard to the agreed costs of projects or reforms under this Agreement, Tasmania will not be required to pay a refund to the Commonwealth if the actual cost is less than the agreed cost. Similarly, Tasmania bears all risk should the costs exceed the agreed costs. The Parties acknowledge that this arrangement provides the maximum incentive for Tasmania to deliver projects cost effectively and efficiently.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

21. The Parties do not intend any of the provisions of this Agreement to be legally enforceable. However, this does not lessen the Parties' commitment to this Agreement. In accordance with clause 3 of this Agreement, transfer of the property of the Mersey Community Hospital will occur under a separate deed which is the legal instrument for the purposes of the transfer.

Variation of the Agreement

22. The Agreement may be amended at any time by agreement in writing by both Parties.

Delegations

23. The Commonwealth Minister may delegate the authorisation of payments to senior Commonwealth officials, having regard to the financial and policy risks associated with those payments.

Dispute resolution

24. Either Party may give notice to the other Party of a dispute under this Agreement.
25. Officials of both Parties will attempt to resolve any dispute in the first instance.
26. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers.

Interpretation

For the purposes of this Agreement:

National Weighted Activity Units means the 'national weighted activity units' in the 'national pricing model technical specifications' published by the Independent Hospital Pricing Authority from time to time.

The Parties have confirmed their commitment to this agreement as follows:

Signed for and on behalf of the Commonwealth
of Australia by

~~The Honourable Greg Hunt MP~~

~~Commonwealth Health Minister~~

[Day] [Month] [Year]

15/6/17

Signed for and on behalf of the
State of Tasmania by

~~The Honourable Michael Ferguson MP~~

~~Tasmanian Minister for Health~~

[Day] [Month] [Year]

19 June 2017