

HEALTH SERVICES AMENDMENT (LOCAL HEALTH DISTRICTS AND BOARDS) BILL 2011

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Second Reading

The Hon. MELINDA PAVEY (Parliamentary Secretary) [5.00 p.m.], on behalf of the Hon. Michael Gallacher: I move:

That this bill be now read a second time.

As the newly appointed Parliamentary Secretary for Regional Health I am pleased to bring before the House, as the first piece of health-related legislation from the O'Farrell Government, the Health Services Amendment (Local Health Districts and Boards) Bill 2011. The bill paves the way for giving effect to one of our key election promises—devolution of responsibility and accountability in the health system and a return of decision-making closer to our patients and our local communities.

A key problem of the former New South Wales Labor Government's management of the public health system was its policy of over-centralisation, added layers of bureaucratic red tape and remote decision-making. That is not a decision that we came to alone. It is an observation that was made by Peter Garling, SC, in his report on the review of acute hospital care. In his report Peter Garling warned that NSW Health was "on the brink". The Garling report focused on the "disconnect" between clinicians, local communities and the administrators who make decisions about hospitals and health services.

The New South Wales Liberals and Nationals believe that those closest to the patient are best equipped to make the best decisions about improving health care. We believe that we need to ensure that local clinicians and the local community have a real say in decision-making at their local hospital or health service, and that there is access to transparent information to make those decisions. That is why we committed to removing the huge, inefficient area health services and creating a flatter administrative structure based on districts that cover hospitals and other health services in a particular region.

We said that health districts would facilitate the development of partnerships to provide seamless health care to people who need them, whether that involves hospital treatment or community-based health care services provided by general practitioners, pharmacists or other allied health professionals. We announced that board members would be appointed on merit, to include people who have medical expertise, financial and risk management skills, and are in good standing in local communities. We committed to further develop clinical networks that link medical experts across the system. We pointed out that certain back-office corporate support functions would continue to be provided as a centralised service.

Our 2009 policy entitled "Making it Work" was about devolution. It was about a flatter management structure, with devolution of responsibility to health district boards and with hospital general managers and doctors and nurses in charge of units and wards having a say in running their services—the need to wait for approvals from distant administrators should be reduced. That policy was released in March 2009, and what was the response of the former New South Wales Labor Government? It took every opportunity—in Parliament, through the media and in speeches—to run down the policy, belittle it, question it, and not take it seriously. It did this relentlessly until the day former Prime Minister Kevin Rudd stood up at the National Press Club and announced his Council of Australian Governments [COAG] reforms which were based on giving greater control of health care to local communities. He, like us, listened to the words of Peter Garling, SC, and he listened to the communities right across Australia, not just in New South Wales, that wanted a local voice back in the running of their health networks.

So New South Wales Labor had to eat its words and get rid of the dysfunctional area health services and create local health networks. The problem is that it did not go far enough. It did not give real control to the networks and the governing councils that were established. That is the basis for the bill that the Minister for Health in the other place introduced to Parliament as her first major piece of legislation as Minister for Health. I take this opportunity to place on record, after reading the speeches in the other House and after working closely with the Minister for Health, Jillian Skinner, over many years, that her tenacity and her ability to be across all sections of the Health portfolio has come through incredibly strongly, not only in the lead-up to the election but also during the election campaign. She has now hit the ground running, with legislation and with knowledge that is well regarded, I think, by all sides of the Chamber. I am proud that in the second sitting week of the new Liberal and Nationals Government I am introducing legislation that we promised.

The key changes in the bill are to provide for local health districts and district health boards in lieu of the 15 existing geographic local health networks and their governing councils. I am trusting that the Parliament will support this legislation to give local clinicians and local communities a greater say in how their local health services are run—and it will be another election commitment kept. These revised structures will allow us, in an orderly process and fashion, to transfer greater degrees of responsibility and accountability to locally based decision-makers where the interests and involvement of patients and communities can find a more immediate expression and response.

As previously indicated, changes were made to the structure of New South Wales public health system at the end of 2010, including abolition of the area health services. The focus of these changes was to bring the New South Wales governance structure in line with the April 2010 COAG Agreement on Health Reform. Now, a revised emphasis on local responsibility and accountability will be built, in part, upon two changes being made by this bill. It is important that The Greens listen to this, because I have read with some concern that they think this is just window-dressing. It is substantial change from the 2010 legislation because it is about where the decisions are being made. First, item [1] of schedule 1 replaces the geographic local health networks with local health districts. The districts will retain the primary purpose of public health and hospital services, the purpose of which is to provide relief to sick and injured persons through the provision of care and treatment.

There will be a clear identification of each local health district with a particular geographically defined region, reflecting the broad remit of local health districts for the overall health of their communities. These districts will be responsible for the delivery of safe, high-quality and appropriate clinical services to their local communities, as well as facilitating access to clinical services outside their districts where necessary and appropriate. At this stage the Government is not planning any major revision in the existing geographic boundaries, although the Minister for Health has indicated to the chairs of the current local health districts that minor variations may be contemplated at some time in the future. However, it is important to stress that none of these minor variations would be undertaken without a transparent process of local consultation, design and discussion.

The second change set out in item [2] of schedule 1 to the bill concerns the governance of the local health districts and specialty health networks. The term "governing council" directly reflected the provisions of the National Hospitals and Health Network Agreement, and the Government intends sticking to the localism provisions that the agreement dictated. It is the policy of this Government, however, to ensure that these governing bodies function as, and undertake, the core accountabilities of boards of statutory corporations with significant public responsibilities and accountability. It is therefore proposed to reflect this through greater statutory recognition by replacing the governing councils with district health boards and specialty network boards. The latter are non-geographic health providers such as the Forensic

Mental Health Network, which provides mental health services to people in custodial care, and the Children's Hospital Network.

The role of the boards will be focused on leading, directing and monitoring the activities of their services in a way that is responsive to their local patients, clinicians and communities. These functions are set out in the Act and include: ensuring that effective clinical and corporate governance frameworks are established and approving those frameworks; approving systems that support the efficient and economic operation of the district, to ensure the network manages its budget, to ensure performance targets are met, and to ensure that resources are applied equitably to meet the needs of the local community; ensuring that strategic plans to guide the delivery of services are developed, and approving those plans; conferring with the chief executive in connection with the operational performance targets and performance measures to be negotiated in the service agreement for the network and approving the service agreement; providing strategic oversight of financial and operational performance in accordance with the statewide performance framework; seeking the views of providers and consumers of health services and the local community on policies, plans and initiatives— [*Quorum called for.*]

[The bells having been rung and a quorum having formed, business resumed.]

The functions of the boards as set out in the Act include also providing information on the district's policies, plans and initiatives to the community; liaising with other districts and specialty networks on both local and statewide initiatives for the provision of health services; and approving the annual report. The chief executives of each health organisation will be responsible for controlling and managing the day-to-day operations and performance of their district or specialty network, in line with the Government's policies on local needs or priorities identified by the board. The chief executive is accountable to his or her board for the way in which he or she undertakes these functions. The board has the power to recommend the appointment or the removal of the chief executive. No board can be effective unless the central responsibility lies clearly with it. Devolving this responsibility to the boards is the clearest possible indication of how serious this Government is about enhancing local responsibility and accountability.

The boards will comprise six to 13 members, who will be appointed by the Minister for Health and who will have an appropriate mix of skills and expertise to oversee and provide the guidance necessary for a complex health organisation, as well as ensure local community and clinician representation. The current selection criteria for membership will be retained. It is critical that the boards and members of the boards have the necessary skills in health management, business and financial management, and expertise and experience in the provision of clinical and other health services, research activities and Indigenous health. The devolution of new responsibilities and accountabilities to boards will, in some instances, require that those boards have greater expertise around the board table in matters such as financial planning and strategic asset management or legal services. At the same time I draw attention to the specific retained requirement that boards also have members with special knowledge in the area of Indigenous health as this Government is determined to work to close the gap in the continuing and unacceptable lower level of health outcomes for our Indigenous people.

The Minister for Health has indicated also that in her capacity as Minister for Medical Research she is determined that board membership will include people qualified to provide guidance and leadership in this field, which is a priority area of the O'Farrell-Stoner Government. The Minister for Health will be responsible also for the appointment of board

chairs, although she has already indicated that where a particular board wishes to appoint a deputy chair she will leave that decision and the choice of such person up to them. Most importantly, knowledge and understanding of the community served by a local health district is essential to ensure that local health districts are responsive to their local patient and community needs. It will also be the Government's intention to ensure that the different communities and their health service providers and hospitals within the districts are fairly represented on boards.

The bill makes amendments also in relation to certain statutory health corporations. Items 3 and 4 of schedule 1 amend the Health Services Act to provide for specialty health networks and specialty network boards in lieu of the current non-geographic local health networks and their governing councils. Currently there are two non-geographic-based local health networks: the Sydney Children's Hospitals network and the forensic mental health network. They will now be established as specialty health networks to better recognise the specialist nature of the services they provide. Item 5 of schedule 1 completes the changes by applying the local health district board governance structure to these bodies. For the sake of completeness, I note that the changes are not at this stage being made in arrangements that cover the operations of Justice Health, nor for the so-called pillars established as a result of the Garling Review of 2008, the Agency for Clinical Innovation, the Bureau of Health Information, the Clinical Education and Training Institute or the Clinical Excellence Commission.

Schedule 2 to the current Act identifies also three health reform transitional organisations or cluster services. The Minister for Health has already announced that the Government intends to abolish these clusters as being an unnecessary level of bureaucracy within the health system and thus incompatible with our commitment to devolution. The Minister is currently in discussion with the Director General of the Department of Health to determine where the existing responsibilities of these clusters should be located and which of those responsibilities are appropriate for delegation to the new districts. It is anticipated that these new arrangements will be in place, subject to parliamentary approval of this legislation, by 1 July 2011. In the meantime I wish to emphasise that until these formal changes are made all existing arrangements, appointments and responsibilities remain in place exactly as they are at present.

Bylaws and instruments of delegation will continue to progress the devolution of accountability for decision-making and performance to the districts and specialty networks. It is the Government's hope that over time, as the expertise and experience of boards increase, so too will the pace of devolution. The primary instrument of accountability will be the annual service and performance agreement between the State and the district specialty network. The boards and their chief executives will be accountable for meeting a clear set of financial and service key performance indicators set out in the agreements. I wish to emphasise that these amendments merely mark the beginning of a process for change. We are nowhere near the end. We are sending a clear message to the community about the Government's commitment to increasing local decision-making and local accountability and to honouring its election commitments in health, but more work will need to be done.

There will be incremental devolution of decision-making to the front line as the boards and their executive team settle into their roles and develop their own expertise and capacities. At the same time we need to ensure that all local health districts and specialty networks receive equitable access to expert support. In a recent address the Minister for Health gave to the chairs of existing and governing councils, she assured them of this support. She advised them also that they could call upon the expertise of the department in managing this challenging

transitional phase. As set out in the Government's policy Making it Work, there are functions that will need to continue to operate at a statewide level or be coordinated between districts.

We need to maintain a robust performance management framework for our system. We also need to support and retain the clinical networks that link medical experts across the Health system. These and other similar functions will need to operate through statewide structures such as the various statutory health corporations and the Health Administration Corporation shared services program. The Minister for Health has therefore asked the Director General of the Department of Health to undertake a more general governance review of the health system. The outcome of this review will involve further administrative changes to redefine how different functions will be undertaken, all with the aim of supporting a system that has the patient at the front and centre of everything we do.

Furthermore, the Government is well aware that the transition to the 15 existing networks—soon to be districts—has not yet itself been completed. While the Minister is determined that we move swiftly on the necessary changes, she recognises there is a need for stability in the delivery of health services. The work of the transition will continue and, as I have already indicated, the health reform transition organisations that were established to support the transition will continue this role but only until the necessary administrative changes have been achieved. Policy and administrative changes such as those proposed in this bill do not occur in a vacuum or without an underlying rationale.

As this is the first piece of health-related legislation to come before the new Parliament, it is appropriate that I give greater detail about the policy environment in which the New South Wales health system will be nurtured and developed by the O'Farrell-Stoner Government. First, the Government requires that everything that is done and everyone who is employed in the New South Wales health system has as the principal focus the welfare of patients. Every outcome must have a patient focus and every proposal must include a patient-centred justification. Patient access to timely and quality health care must be improved. The Government is determined to bring about the enhancement of health care at all levels.

Second, best medical practice and simple common sense indicate that our primary activity focus should be on preventative health measures. Keeping people out of hospital in a way consistent with their best medical interests is vital. That is why the Government has a separate Minister for Healthy Lifestyles. Third, in order to allow patients to make better informed decisions about their own health care and that of their families, there needs to be greater transparency and access to information across the system. The Bureau of Health Information will have a vital role to play in this regard. The Minister for Health has spoken already with the bureau to encourage it to undertake more research and publication of health data and information, upon which both the Government and individuals can rely to make better decisions and choices. That is a welcome initiative, particularly in relation to infection-control data. The more we know, the better we can improve procedures and standards. No-one should fear truth or transparency. The era in which both were actively discouraged and notoriously absent from the New South Wales health system is over.

Fourth, the entire tenor of this bill is to encourage and promote devolution in decision-making and accountability. New South Wales has some of the best and most qualified health professionals available, but under Labor's policies the system has become too centralised and unresponsive, especially to the needs of patients and the advice of clinicians, and initiative is not rewarded or encouraged. Devolution and discussion will be the hallmarks of the new O'Farrell Government. Fifth, clearly, no health system can be truly effective if there is not a culture of service. The Minister for Health already has had discussions with the Director

General of the Department of Health about the need to eliminate bullying and harassment from any part of the health system and to move towards the development of a new code of conduct based on the CORE values: collaboration, openness, respect and empowerment.

Culture change is a necessary precursor to enhanced outcomes for both patients and all those working in the health system, at whatever level that may be. Once it is clear that those placed at the leadership level of the health system—the Minister, the director general, senior executive staff, board chairs and chief executive officers—are utterly committed to these principles, they will find willing and enthusiastic supporters of the reform agenda throughout every nook and cranny in NSW Health. That is the experience I have had as a member of the Legislative Council touring much of New South Wales. I acknowledge the work of the Deputy-President, the Hon. Jennifer Gardiner. In her capacity as shadow Parliamentary Secretary for Regional Health for many years, she travelled to every nook and cranny of New South Wales where she talked to people. She was able to confirm the view that people were not being listened to by the Government. Exciting and brave concepts were being raised in the regions, which I witnessed at some of the public health meetings that the Hon. Jennifer Gardiner organised. This legislation is also a result of her contribution to the policy work prior to the election.

I have a favourite Jenny Gardiner moment. She has an ability to be in places where people do not expect her to be. On this occasion the place was not a remote regional community. In about February 2009 she was in Bondi where she attended the annual general meeting of the Rural Doctors Association. A newly elected member of the Labor Party, a well-known doctor and now shadow Minister for Health, Dr Andrew McDonald, was also in attendance. When he was asked about what could be done to improve health outcomes in the regions, Dr McDonald, who is a gentleman, responded with truth, honesty and candour. He said, "Go to The Nationals."

The Hon. Marie Ficarra: Good advice.

The Hon. MELINDA PAVEY: It was good advice. As I said, culture change is a necessary precursor to enhanced outcomes. I refer to comments that were made in the other Chamber during debate on the bill. Unfortunately, Dr Andrew McDonald, the member for Macquarie Fields, is not supportive of us. He said that the proposal returns to the past. I can assure Dr McDonald that we are not returning to the past; we are looking to the future. Mr Kevin Humphries, the Minister for Mental Health and member for Barwon, noted that the bill was the culmination of 10 years of hard work. He said the bill will ensure that agency staff, locums and a centralised service will be things of the past. Ms Carmel Tebbutt, a former Minister for Health, was typically polite. She hoped that over the next four years the legislation will contribute greatly to health outcomes across New South Wales. Mr Andrew Constance, Minister for Ageing, and Minister for Disability Services and the member for Bega, said that the Pambula Hospital Action Group, when he discussed the bill with members of that group, were ecstatic. He said that when the Minister spelt out her intentions the doctors, in particular, lit up with excitement about the cultural change the legislation would bring. He indicated his gratitude to Minister Skinner for providing \$10 million towards the new regional facility to be located at Bega. That is good news.

[Interruption]

I acknowledge the interjection of the Hon. Penny Sharpe that the Commonwealth has been forthcoming with funding to expedite the \$170 million facility. Mr Geoff Provest, the member for Tweed, highlighted an area of concern—which occurred also in Monaro—that

public dentists are unwilling to work in the health system. He said that two public dentists in the Tweed told him they were no longer able to work in the area because they had no support from health administrators. That resulted in the lack of a public dentist in the Tweed for six months. Given the socioeconomic profile of the Tweed, it is disappointing that such a service is not available. I heard a similar story when speaking to a dentist in Queanbeyan. He wanted to provide a service to the local people out of Queanbeyan Hospital but he was not supported. In the end, it was too hard for him to provide that service to the community.

Mr Richard Torbay, the member for Northern Tablelands, made an interesting contribution. He talked about the School of Rural Medicine, which was established jointly by the University of New England and the University of Newcastle. But he missed the opportunity to congratulate John Anderson, former leader of the Federal Nationals, on his great work in helping to achieve the establishment of that school. People at Inverell and Glen Innes have asked me why they cannot get improvements to their local hospital when a new hospital is being built in Narrabri and one is coming on line in Tamworth.

The Hon. Trevor Khan: That is because we worked at it for years.

The Hon. MELINDA PAVEY: I acknowledge the interjection of the Hon. Trevor Khan. It involved hard work, representations and fighting for those services. Mr Steve Cansdell, the member for Clarence, acknowledged the \$20 million redevelopment of Grafton Hospital operating theatres and emergency unit, which was paid for by the Federal Government. The Grafton community fought strenuously for that funding and now, with state-of-the-art operating theatres, it has been able to attract a highly credentialed orthopaedic surgeon, who is ready to start in the next few weeks. The contributions in the other Chamber were positive. The members were all united on one issue, that is, their support for and praise of Mrs Jillian Skinner and her detailed knowledge across the portfolio, which has culminated in the legislation before the House.

Once it is clear that those with leadership roles in the health system—the Minister, the director general, senior executive staff, board chairs and chief executive officers—are utterly committed to these principles, there is no doubt they will find willing and enthusiastic supporters of the reform agenda in every nook and cranny of New South Wales. A commitment to major reform in the health system of this State was front and centre of the past election campaign. That resulted in the New South Wales Liberal and Nationals Government, led by Premier O'Farrell and Deputy Premier Andrew Stoner, being entrusted with one of the greatest and most comprehensive electoral mandates in the history not only of this State but of Australia. The damning verdict pronounced upon 16 years of Labor failure and incompetence speaks for itself. Those days are well and truly over. The bill represents a first step in honouring our commitment to the people of this State that we will work to make it great once again. I commend the bill to the House.