NSW GOVERNMENT RESPONSE

Inquiry into the implementation of Portfolio Committee No. 2 recommendations relating to cross-jurisdictional health reform and government consultation with remote, rural and regional communities

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INTRODUCTION

The NSW Government remains committed to strengthening health outcomes and advancing equitable access to healthcare in regional NSW. NSW Health continues to collaborate and partner with the Australian Government, other states and territories, local councils and regional communities to drive health reform and address access to appropriate healthcare in regional NSW.

The NSW Government acknowledges the work undertaken by the Legislative Assembly Select Committee on Remote, Rural and Regional Health inquiring into *the implementation of Portfolio Committee No. 2 recommendations relating to cross-jurisdictional health reform and government consultation with remote, rural and regional communities*, resulting in the release of its third and final report, Report 3. It acknowledges the Committee's concerns regarding the extent of progress reported against the recommendations of the *Inquiry into health outcomes and access to health and hospital services in rural, regional and remote New South Wales* (Rural Health Inquiry).

This response provides information on the work underway, and progress to date, on the implementation of the 18 recommendations outlined in Report 3. These recommendations complement the 44 recommendations of the Rural Health Inquiry.

The NSW Government supports 7 recommendations, supports in principle 5 recommendations, notes 5 recommendations and does not support one of the 18 recommendations.

The NSW Government will continue to monitor progress and report on the implementation of the 44 Rural Health Inquiry recommendations, including the 22 complementary recommendations from the Select Committee's Report 1, 32 complementary recommendations in Report 2, and 18 complementary recommendations in Report 3.

Work underway to implement the recommendations has been reported in the Rural Health Inquiry Progress Report 2024 which highlights the implementation of the recommendations as at 30 June 2024. In addition, all 44 recommendations and supporting actions are included in the NSW Regional Health Strategic Plan 2022-2032.

Through ongoing collaboration with all levels of government, key stakeholders, and local communities, the NSW Government is working to strengthen and integrate the health system to ensure it meets the diverse healthcare needs of regional communities across NSW now and into the future. The following section outlines the Government's detailed response to the Select Committee's final report and its recommendations.

RESPONSE TO RECOMMENDATIONS

RECOMMENDATION 1

That the NSW Government work with the Australian Government to establish new mechanisms for collaboration and shared governance, with a view to meeting rising need in the rural primary care sector more efficiently and reliably.

Position	Supported in principle
Response	In addition to its responsibility for funding of primary care, the Australian Government is responsible for primary care policy and system management. NSW Health has a responsibility, through Local Health Districts (LHD), to support access to primary care services. The NSW Government is working with the Australian Government to negotiate a new Addendum to the National Health Reform Agreement (NHRA). Effective governance and appropriate interventions in thin markets, both of which include primary care and its impact on the wider health system, remain a focal point of negotiations with a view to addressing increased demand, achieving market sustainability and optimal patient outcomes. Australian Government grant funding opportunities are available to address thin markets through Service System Recovery Plans. Western NSW LHD is leading a collaboration with the Western NSW Primary Health Network and Rural Doctors Network to develop a Service System Recovery Plan to address primary care instability in Canowindra. The plan has been developed through co-design, extensive stakeholder engagement and evidence-based planning. Work is ongoing to refine the Service System Recovery Plan.

RECOMMENDATION 2

That the NSW Government work with the Australian Government in developing a new, long-term funding model for rural and remote primary care. This model should consider how funding can be pooled from different sources to support services more effectively, without relying on fee-for-service arrangements.

Position	Noted
Response	The Australian Government is responsible for funding primary care. The NSW Government continues to advocate for sustainable funding of optimal models of care, including facilitation of care out of hospital, supported by mechanisms to improve access to quality services in rural and remote regions.

	NSW Health is seeking to extend current section 19(2) exemptions for eligible General Practice (GP) based Urgent Care sites beyond 30 June 2026. The NSW Government is also working with the Australian Government on thin markets and will explore opportunities to negotiate for improved financial support for local government.

RECOMMENDATION 3

That NSW Health provide an update within six months on the implementation of recommendations from its Small Hospitals Funding Model review.

Position	Supported
Response	NSW Health is implementing all 9 recommendations from the NSW Small Hospitals Funding Model Review to ensure small hospitals are funded and supported to deliver high-quality care across rural and remote NSW. An update on implementation will be provided to the Select Committee within 6 months of this Response being made public.

RECOMMENDATION 4

That NSW Health embed the requirement for shared governance arrangements with Primary Health Networks (PHNs) in Local Health District (LHD) service agreements, in order to support effective collaboration, information sharing and joint planning between LHDs and PHNs at the local level.

Position	Noted
Response	NSW Health supports the need for specific guidance to LHDs regarding strengthening collaboration, information sharing and joint planning between LHDs and PHNs. However, this is best addressed through system-level governance mechanisms rather than embedding specific requirements in Service Agreements. Governance arrangements, and the need to have collaborative relationships with other entities at a local level, are already set out in NSW Health policy frameworks and legislative/regulatory instruments and statutory obligations. An example of this collaboration is the NSW Health and NSW Primary Health Networks: Working together to deliver person-centred healthcare Joint Statement. Through the Joint Statement, NSW Health, the Australian Government Department of Health, Disability and Ageing and the NSW PHNs, are committed to working in partnership to advance a one health system mindset and enhance coordination and

	integration of care. Each LHD-PHN partnership has established joint governance arrangements to support integrated service planning and program specific information sharing. To further strengthen joint planning, a review of joint needs assessment processes and strategic priorities is underway, alongside the development of a data sharing agreement between NSW Health, LHDs, and PHNs. A review of these arrangements is scheduled for 2025-2026. As part of their Service Agreements, NSW public health organisations are required to deliver services in line with the NSW Health Corporate Governance and Accountability Compendium. This includes involving stakeholders in decisions that affect them, as outlined in Corporate Governance Standard 6. Compliance with these Standards is reported annually in a Corporate Governance Attestation Statement. These practices support effective collaboration, information sharing and joint planning between stakeholders.

RECOMMENDATION 5

That the NSW Government seek funding from the Australian Government to expedite the use of innovative and multidisciplinary health service delivery models, including a pilot of the Primary care Rural Integrated Multidisciplinary Health Services (PRIM-HS) model.

Position	Supported in principle
Response	The NSW Government continues to develop and trial models that support regional communities where existing health services do not meet community needs. NSW Health currently implements a model similar to the Primary care Rural Integrated Multidisciplinary Health Services (PRIM-HS) approach through its Collaborative Care program. In December 2023, NSW Health completed a Scalability Assessment of Collaborative Care and Place-based planning approaches. This report identified Collaborative Care as a suitable evidence-based solution for engaging stakeholders in small regional communities to develop collaborative models to address local healthcare needs. Like the PRIM-HS model, Collaborative Care takes an inclusive approach to developing place-based solutions by including local stakeholders from the community and is facilitated by an independent organisation to prevent bias and conflicts of interest. Additionally, the Collaborative Care program allows for the development of different models in each location, so that the model can be tailored to the specific needs of each community. In 2024, NSW Health partnered with the Rural Doctors Network to deliver the program in five new sites: Wee Waa, Leeton, Liverpool Plains

	(Quirindi, Werris Creek), Murwillumbah and Far South Coast (Bega Valley Shire). To date, the investment in the Collaborative Care Program has been solely funded by the NSW Government. The NSW Government will continue to seek funding from the Australian Government to expedite the use of innovative and multidisciplinary health service delivery models.

RECOMMENDATION 6

That the NSW Government explore further opportunities for funding and implementing the health precinct model in rural areas, using the Murrumbidgee Health and Knowledge Precinct as a blueprint. This should include:

- quarantined funding
- a separate board structure, in addition to Local Health District leadership
- partnerships across the public and private sector that bring together hospital-based care, primary care, education, industry, local government and non-governmental organisations
- a focus on research, workforce and system integration, with a view to creating a training pipeline for doctors and allied health professionals.

Position	Supported
Response	The NSW Government recognises the value of precincts and place-based initiatives, and this is reflected in the NSW Health Research and Innovation Strategy 2025-2030 - Strategic Outcome 4. Some key objectives of the Strategy are to: • Foster place-based approaches that reflect the needs and priorities of local communities. • Clarify the role of entities at various levels of Government and system delivery organisations. • Enhance networking, partnerships and complementarity across place-based initiatives to create a full system offer to industry • Work across Government to plan and support coordinated investment opportunities • Harness the potential of research translation expertise to activate precincts. Through the implementation of the Strategy, NSW Health will explore further opportunities for funding and implementing the health precinct model. There are three established and emerging rural/regional precincts in NSW: the John Hunter Health and Innovation Precinct, Murrumbidgee Health and Knowledge Precinct, and Wollongong Health Precinct.

	These are centrally supported by the Office for Health and Medical Research within the Ministry of Health. Funding models for precincts across NSW differ. Most are self-funded from partner organisations, providing a pooled resource for agreed activities. Historically, quarantined funding has been used to establish new precincts, with many progressing to a sustainable self-funding model. This is likely to be different for rural precincts, who may require more central support due to smaller number of contributing organisations such as onsite medical research institutes. NSW Health can support targeted funding requests for precincts, through established mechanisms.

RECOMMENDATION 7

That NSW Health work with rural and regional Local Health Districts (LHDs) to formalise the requirement for genuine community consultation within each LHD's health service planning process.

Position	Supported in principle
Response	NSW Health is currently reviewing service planning processes across the system including all LHDs and Specialty Health Networks. This will consider standardised stakeholder engagement requirements, with flexibility to be tailored across metropolitan, regional, rural and remote contexts. The Shared Understanding Project, led by the Ministry of Health, aims to ensure NSW Health engages meaningfully with communities, staff, and partner organisations to ensure future health services and innovative models of care are understood, trusted, informed, and embraced by the community. As part of this project, NSW Health consulted with more than 300 individuals across NSW and summarised key insights in the Consultation Insights Report. A recommendations report is currently being finalised. LHDs work closely with clinicians, staff, community, local councils, Aboriginal Community Controlled Health Organisations (ACCHOs), specific community partners and groups to inform health service directions and plans. The Northern NSW LHD's (NNSWLHD) Planning Unit has recently co-led the commissioning and implementation of the new online community engagement platform, Engage Northern NSW Health, that will facilitate sharing planning information and activities with the community online, including community consultation on the new Strategic Plan. Community consultation is a strong feature of the facility redevelopment process in Western NSW LHD, with communities

	contributing to planning and design through public feedback opportunities. Communities are also invited to provide feedback at varying events and on key planning and design stages (such as public display and pop-up consultations on master plan, concept plan etc) and during delivery (such as cuppa catchups with Multi-Purpose Service (MPS) residents and families at Blayney, and barbecues at Cowra and Blayney). As part of the Wentworth Health Service redevelopment project, Far West LHD (FWLHD) engaged staff, Two Rivers Local Health Council, Wentworth Shire Council and the Wentworth community in the design and planning phase of the project and FWLHD has maintained engagement with these communities. In Hunter New England LHD, engagement is expanding beyond traditional forums to include locally relevant and underrepresented groups. New and existing partnerships are being leveraged, including with PHNs and Aboriginal Medical Services.

RECOMMENDATION 8

That NSW Health work with Local Health Districts to improve communication with remote, rural and regional communities by:

- providing clear and accessible information to communities on significant changes to local health services, including the rationale for these changes, and
- increasing community awareness of existing consultation forums, where they are available to them.

Position	Supported
Response	NSW Health is exploring how to improve engagement with communities and other stakeholders, through the Shared Understanding Project. This will consider standardised stakeholder engagement requirements to enhance collaboration and improve communication between health services and communities. NSW Health will be guided by the NSW Government's Regional Communities Consultation Guide which outlines approaches to consulting with regional, rural, remote, and Aboriginal communities to support more informed and locally responsive health decisions. The Ministry of Health continues to work with LHDs to embed the 5 guiding principles, established in the Strengthening Local Health Committees Report, into practice. Regional LHDs have a range of platforms to provide clear and accessible information to communities on local health services and through these platforms, they increase community awareness of existing consultation forums.

	Southern NSW LHD (SNSWLHD) publishes 'We Are Southern', a quarterly print and digital magazine and WNSWLHD has 'Engage Western', an online engagement platform. Both share information about new services and to promote community engagement opportunities. Staff in WNSWLHD also undertake radio interviews to increase community awareness of consultation opportunities (for example Orange clinical services planning, health surveys, Health Warrumbungle's consultation), place information in the local newspaper, and hold consultation pop-ups (for example, in shopping centres or monthly farmer's markets). NNSWLHD and Mid North Coast LHD (MNCLHD) employ multiple communication channels to reach people in regional communities effectively, including senior LHD leaders meeting face to face with community groups, local government and local action groups. The Murrumbidgee LHD (MLHD) Chief Executive and Board Chair undertake site visits to each town at least once a year (47 locations). They meet with staff, medical officers, patients, carers and families to hear about their experiences with the service. Each visit also includes engagement with local government, Local Health Advisory Committees and consumer representatives to provide information to communities on changes to health services, health service plans and creating awareness of consultation forums.

RECOMMENDATION 9

That NSW Health work with rural and regional Local Health Districts to ensure that every remote, rural and regional community has access to a forum that enables them to provide frank and meaningful feedback on public health services.

Position	Supported
Response	Local Health Advisory Committees (LHACs) provide a formal mechanism for community engagement, facilitating the timely exchange of information with health services. The Ministry of Health actively works with regional LHDs to strengthen their local health committee structures and support the promotion of their role and contributions. It remains committed to integrating the 5 guiding principles from the Strengthening Local Health Committees Report into practice through masterclasses, a community of practice and resource hub. FWLHD has maintained community engagement with local communities through the local community engagement groups, the FWLHD Youth Advisory Group, Murdi Paaki Regional Assembly and the local Aboriginal Community Working Parties. These groups enable

	community members to raise any issues of concerns, provide meaningful feedback on public health services and to collaborate with the local health service. MLHD has a strong network of 26 LHACs across the LHD. Committees meet monthly to discuss health needs, advocate for services and access to services and provide feedback. After each meeting, they provide feedback to MLHD and can seek information on issues as required when they arise. Illawarra Shoalhaven LHD (ISLHD) has a Consumer and Community Advisory Council which is actively involved in strategic planning, staff education and consultation processes. Members contribute specialist knowledge and expertise and represent community diversity. In addition, ISLHD also has a Maternity Advisory Group, Illawarra Ostomy Information Group, Mental Health Peer and Carer Advisory Committee and LGBTIQ+ Advisory Group.

RECOMMENDATION 10

That a NSW Remote, Rural and Regional Health Commissioner (or similar position) be established to ensure that the health needs of remote, rural and regional communities in NSW are appropriately considered as part of government decision-making. This function of the NSW Remote, Rural and Regional Health Commissioner should complement the functions outlined in Recommendation 18 of this report.

Position	Noted
Response	In July 2023, a Deputy Secretary for Rural and Regional Health was appointed to: • advocate for regional health needs • foster collaboration with local health districts • drive the response to the 44 Rural Health Inquiry recommendations • implement initiatives to improve access, quality, and sustainability of healthcare services in the regions. This role reports directly to the Secretary, NSW Health, to ensure that regional health issues remain front and centre of the decision-making process within the Ministry of Health.

RECOMMENDATION 11

That NSW Health retain the Rural Health Workforce Incentive Scheme as a permanent mechanism for growing the regional health workforce.

Position	Supported
Response	The Rural Health Workforce Incentive Scheme has proven to be an effective mechanism for attracting, recruiting, and retaining health workers. Its continued operation aligns with NSW Health's commitment to strengthening the regional health workforce. The Scheme is currently funded on an ongoing basis, with evaluation planned to assess its long-term sustainability and inform future funding considerations.

RECOMMENDATION 12

That NSW Health publish quarterly data from each Local Health District that indicates how many staff were recruited, how many were retained, and how many resigned or transferred to a different public health service or facility. This data should also include information on staff specialties and roles, their level of employment, and which facility they work in.

Position	Not supported
Response	Staff may move between roles, facilities and LHDs for various personal and professional reasons such as promotion or career development. Such movement is a normal part of the employee lifecycle. Given the size of the health workforce, recruitment, retention, resignation and transfer figures can appear numerically significant. These numbers can be exacerbated by delays between resignations or transfers and subsequent employment. Publishing figures may result in misinterpretation about the size, capability and ability of the healthcare workforce to meet community need. NSW Health does not currently publish holistic workforce data in the form proposed. This type of data would not provide an accurate or meaningful reflection of workforce trends. This recommendation would impose significant workload burden on the LHDs as such data is unable to be captured and reported centrally. The NSW Health workforce is dynamic and seasonal with frequent movements of casual, temporary and locum staff. Quarterly reporting, in particular quarterly comparisons, may result in this seasonal trend being misinterpreted as a reduction in the rural and remote healthcare workforce without appropriate context.

	NSW Health remains committed to reporting against the workforce targets and indicators in the Regional Health Strategic Plan via the annual Progress Snapshots.

RECOMMENDATION 13

That NSW Health urgently progresses its work to address the cost impacts of over-reliance on locum doctors, including by completing its scoping work on an internal locum agency and establishing a locum vendor management system within six months.

Position	Supported
Response	NSW Health has mandated the implementation of a Vendor Management System for locum vendor management. The majority of LHDs are live with the Evo platform. This implementation project is on track to be completed in 2026. This will improve transparency around locum demand across the State, improve the performance management of the locum vendors and establish a capped rate for locum agency fees. NSW Health has also completed a feasibility report for Government that recommends establishing internal capability for locum sourcing. It should be noted that neither of these initiatives will address locum utilisation or locum rates but are expected to impact spend on agency costs.

RECOMMENDATION 14

That NSW Health urgently implement a comprehensive, face-to-face, mandatory leadership training program for managers in the remote, rural and regional health system. This program should prioritise non-clinical leadership skills and include performance development measures that align with NSW Health's Culture and Staff Experience Framework.

Position	Supported in principle
Response	NSW Health recognises the importance of leadership development for managers across the system. The Health Education and Training Institute offers several flexible leadership and management programs which are available to all staff. These pathways include, but are not limited to, online and virtual facilitated programs, for example the People Manager Skills Program, the Next Generation of Leaders and Managers Program and the Medical Leadership and Management Program.

	NSW Health supports a standardised curriculum for the local delivery of programs and staff are encouraged, and not mandated, to complete these programs. The implementation of a face-to-face, mandatory leadership training program would require significant resourcing, including dedicated funding, workforce release time, and coordination across geographically dispersed locations. NSW Health agencies locally determine the cohorts that would benefit from leadership development programs, with many LHDs delivering their own tailored initiatives. Some examples are provided below. MNCLHD offers the Connected Leaders – Emerging Aboriginal Leaders Program, a culturally safe leadership program including full-day face-to-face workshops, Action Learning Groups, and 1:1 mentoring. It also has an Enhancing Leadership Skills Education Program. ISLHD runs courses such as Leadership in Practice and Coaching for Performance. It will pilot a new foundational leadership program for frontline managers in September 2025. HNELHD offers a range of leadership development workshops and programs. Training is supported by internal frameworks and policies, including the Hunter New England Health Leadership and Management Education Directory. The Managers Help Centre also includes comprehensive resources and learning pathways to support new and existing managers.

RECOMMENDATION 15

That the NSW Government prioritise incentives for recruitment and retention in nongovernmental organisations (NGOs), either through targeted incentive mechanisms for NGOs, or by amending the *Health Services Act 1997* to include staff from NGOs that are working in partnership with NSW Health or providing services directly to communities in remote, rural and regional NSW.

Position	Noted
Response	This recommendation and the NSW Government's response is consistent with Recommendation 19 of the Select Committee's *Report 2: The implementation of recommendations relating to the delivery of specific health services and specialist care in remote, rural and regional NSW.* The public health system competes for scarce workforce supply with a range of sectors. The rural incentives scheme is targeted at public health workforce intentionally to create competitive advantage.

	Notwithstanding this, there is opportunity to consider shared workforces that will be of benefit to both the NGO sector, and the public health system, particularly in rural settings where the roles may be part-time due to activity, or where operating across both sectors may provide better job design and care continuity. Consideration of prioritising incentives to ACCHOs or the NGO sector more broadly, would require significant scoping.

RECOMMENDATION 16

That the Minister for Regional Health report to NSW Parliament every six months on the progress of recommendations made by the Select Committee on Remote, Rural and Regional Health to ensure continued accountability and oversight of health access and outcomes in remote, rural and regional NSW.

Position	Supported
Response	The NSW Government is implementing all 44 recommendations of the report of the Legislative Assembly's Portfolio Committee No. 2 - Health outcomes and access to health and hospital services in rural, regional and remote New South Wales. NSW Health will map all recommendations from the Select Committee against these 44 recommendations and the Minister for Regional Health will provide reports to Parliament every 6 months on progress in implementing the recommendations.

RECOMMENDATION 17

That the Minister for Health request that the Auditor-General undertake performance audits, and that the NSW Government provide additional funding to the Audit Office of NSW for the purposes of undertaking these performance audits, in relation to:

- remote, rural and regional maternity services
- workplace culture and leadership training within NSW Health
- remote, rural and regional health workforce planning
- the Rural Health Workforce Incentive Scheme.

Position	Supported in principle
Response	The Auditor-General for NSW prepares an annual forward program of audit topics and invites input from NSW Government Agencies to

	inform its development. The recommended points can be included as part of ongoing engagement between NSW Health and the Auditor-General for NSW on planning for future audits. However, it must be noted that culture, leadership training and workforce planning are matters that do not lend themselves to effective external auditing as the issues being measured are subjective and involve a large range of qualitative and quantitative measures that need to be holistically considered.

RECOMMENDATION 18

That, further to Recommendation 10 of this report, the NSW Government introduce legislation to create the independent statutory office of the NSW Remote, Rural and Regional Health Commissioner. The Commissioner's functions should focus on overseeing NSW Health's implementation of reforms for the improvement of remote, rural and regional health care, and should include (but not be limited to) advocating for communities and reporting to Parliament on remote, rural and regional health policy. The Commissioner should have statutory powers to:

- evaluate and report to Parliament on any remote, rural and regional health programs and policies enacted by the NSW Government
- support the implementation of proposed enhancements to governance operations, both within NSW Health and in relation to other entities, to facilitate remote, rural and regional health reform
- support the implementation of NSW Government policies, programs and strategies for remote, rural and regional health care and service provision
- obligate the NSW Government to respond to any recommendations made by the Commissioner.

Position	Noted
Response	As previously stated, the Deputy Secretary for Rural and Regional Health reports directly to the Secretary, NSW Health, to ensure that regional health issues remain front and centre of the decision-making process within the Ministry of Health. The Deputy Secretary, Rural and Regional Health reports monthly to the Minister for Health, Minister for Regional Health on the status of the implementation of Rural Health Inquiry recommendations. The Deputy Secretary, Rural and Regional Health is supported by the Regional Health Division. The Division acts as a strong advocate for regional health issues, fosters collaboration between different levels of the healthcare system to improve service delivery, promotes a patient-centred approach ensuring healthcare services are tailored to the specific needs of regional communities, and identifies opportunities to

	enhance local access to health and other social services that support quality health outcomes. There are existing governance and accountability structures and processes across NSW Health and Government that are supported including the Health Care Complaints Commission, NSW Ombudsman, Parliamentary Inquiries and Budget Estimates. NSW has a Mental Health Commissioner who leads the independent statutory agency, the Mental Health Commission. The role of the Commission is to monitor, review and improve wellbeing across the State with systemic reviews, strategic plans and advocacy for people with mental illness. The Australian Government has a National Rural Health Commissioner who leads work to improve rural health policies and ensure there is a strong focus on the health needs of rural communities. The Commissioner must carry out duties as directed by the Minister and specified in a Statement of Intent.