

PUBLIC ACCOUNTS COMMITTEE
INQUIRY INTO THE SAFETY AND QUALITY OF HEALTH
SERVICES PROVIDED BY NORTHERN BEACHES HOSPITAL

Hearing – 17/10/2025

Supplementary Questions

1. Taking into account all payments made to Healthscope by NSW Health across the term of the Project Deed, has the Northern Beaches Hospital public-private partnership (PPP) cost the taxpayer more or less than if a public hospital were built and operated instead?
 - a) How would this assessment change, if the costs of negotiating an early end to the Project Deed and the \$190 million payment for the transition of the Northern Beaches Hospital to the Northern Sydney LHD (NSLHD) are taken into account?

ANSWER

The NBH (Northern Beaches Hospital) Project Deed has realised a broad range of the benefits in the delivery of health services.

2. Aside from cost savings, did the PPP provide any other unique benefits to the quality and safety of health services in the Northern Beaches area?

ANSWER

The Northern Beaches Health Service Redevelopment allocated funds to re-develop Mona Vale Hospital into a specialised sub-acute facility, providing rehabilitation and palliative care services across the Northern Beaches region. Primary and community-based offerings were enhanced at Mona Vale, Seaforth (Dalwood) and Brookvale.

3. Would the quality and safety of health services in the Northern Beaches area be impacted if there was no longer a private hospital being operated at the Northern Beaches Hospital campus?

ANSWER

Northern Beaches residents are well supported by a wide range of private healthcare providers.

Patients who wish to use their private health insurance when they attend Northern Beaches Hospital as a public facility can elect to be a private patient in a public bed, as with any patient attending a NSW Health facility.

4. Is it likely that a private hospital will continue to operate on the Northern Beaches Hospital campus in the future?

ANSWER

The model of private healthcare provision on the Northern Beaches Hospital Campus remains under consideration.

5. Can you outline any areas where you believe the Deed was imperfect and could have been improved? Noting this, how might future PPPs be better designed?
- What changes would you propose to the KPI regime to ensure higher levels of care are delivered?
 - For example, are there indicators beyond timeliness or activity volumes that could be included in future KPI regimes?

ANSWER

Section 113E of the *Health Services Act 1997* now prohibits future PPPs for the construction and operation of acute public hospital services in NSW.

6. Where did the Project Deed make it difficult for the Local Health District to have sufficient oversight of the hospital's delivery of public health services?

ANSWER

Northern Sydney Local Health District has fully implemented the performance management framework of the Project Deed, including the application of performance abatements (contractual financial deductions).

7. Are abatable key performance indicators an appropriate and useful measure of the quality and safety of health services in a NSW public hospital?
- Has the abatement aspect of the Project Deed allowed NSW Health to ensure the quality and safety of health services at the Northern Beaches Hospital?

ANSWER

Abatements as a result of failing to meet defined performance KPIs were a component of the commercial arrangement established by the Northern Beaches Hospital PPP Project Deed. A broader quality and safety framework was also implemented across Northern Beaches Hospital and monitored by Northern Sydney Local Health District.

8. What specific clauses in the Project Deed restrict NSW Health from mandating changes at the Northern Beaches Hospital (for example, in relation to recommendations from the 2019 Legislative Council Inquiry on the operation and management of the Northern Beaches Hospital?)

ANSWER

There are no specific clauses in the Northern Beaches Hospital Project Deed that restrict NSW Health from mandating changes at Northern Beaches Hospital.

9. Does the Project Deed require a higher level of performance from the Northern Beaches Hospital on the key performance indicators than NSW Health requires from other at-level public hospitals?

ANSWER

An objective of the Project Deed is for Northern Beaches Hospital to provide 'best quality care'.

10. Why does the Northern Beaches Hospital require a disproportionately large governance team within NSLHD compared to public hospitals?

ANSWER

Northern Sydney Local Health District has a Northern Beaches Hospital Partnership team (3.0 FTE), which is supported by the District's Procurement and Contract Management Office.

11. The Audit Office's performance audit identified unexplained patterns in activity data, in particular a significant spike in the total time in emergency department just before the four-hour mark. What has been done by the NSLHD to investigate this anomaly?

ANSWER

The Northern Sydney Local Health District Internal Audit team undertook an independent review of the issues raised and did not identify any practices of concern in the management of emergency patient departure times. Automation of data entry between emergency data systems is an identified area for improvement, to reduce the burden of manual data entry for emergency department staff. A formal response to the Auditor General's concerns is being prepared.

12. Can you elaborate on the use of volume caps for public hospital activity at Northern Beaches Hospital, in particular whether the actual flow of patients through the hospital ever exceeded these volume caps?

ANSWER

The volume caps have been exceeded at various times. This triggers an obligation on the Healthscope to prepare and submit a corrective action plan, which is then monitored by Northern Sydney Local Health District.

13. Is the REACH program enforced in the Northern Beaches Hospital by the NSLHD?

ANSWER

The REACH program was first implemented at Northern Beaches Hospital in 2019 and has been updated in line with recent Clinical Excellence Commission recommendations.

14. Has NSW Health offered to provide Healthscope with additional funding to meet the Safe Staffing Levels Initiative?

ANSWER

NSW Health is in the planning stage of the staffing arrangements that are to apply at Northern Beaches Hospital.

15. Were safe staffing levels included as an abatable key performance indicator in the Project Deed?

ANSWER

While the Operator of the Northern Beaches Hospital is required to maintain appropriate staffing for the provision of all clinical and non-clinical services, the requirement to meet NSW Health safe staffing levels is not included in the Project Deed. The implementation of safe staffing levels is a 2023 NSW Government election commitment.

16. Did NSW Health ever receive a proposal from Healthscope regarding the cost and implementation of alternative electronic Patient Administration Systems, to contrast with the system ultimately used at the Northern Beaches Hospital?

ANSWER

NSW Health did not receive a cost proposal from Healthscope for alternate electronic Patient Administration Systems. The Patient Administration System was implemented consistent with Schedule 15 of the Project Deed.

17. We have heard evidence from Healthscope that the decision not to install the EMR run by the LHD was taken by the State Government, not Healthscope. Do you agree with this view? Please provide your perspective on discussion regarding decisions regarding the choice of EMR for NBH. What discussions and work have occurred regarding replacing or improving the EMR at NBH since the hospital opened?

ANSWER

Implementation of digital health systems at the facility is the responsibility of the operator. Healthscope proposed an alternative system that was implemented consistent with Schedule 15 of the Project Deed. The functionality of the eMR and Patient Administration System was assessed and verified at Operational Readiness by the Independent Verifier.

18. What discussions and work have occurred between NSW Health and Healthscope regarding replacing or improving the current Patient Administration System since the Northern Beaches Hospital opened?

ANSWER

Northern Beaches Hospital will join the Northern Sydney Local Health District Single Digital Patient Record roll-out in 2026.

19. Why did NSW Health endorse the current Patient Administration System if it was known to be incompatible with existing NSLHD systems?

a. What long-term risks did NSW Health identify with the current Patient Administration System?

ANSWER

NSW Health required Northern Beaches Hospital to be compliant with obligations under Schedule 15 of the Project Deed, which included the required approach to digital systems that support hospitals. NSW Health has assessed the digital systems as being compliant with Project Deed obligations.

20. What was the basis for Healthscope's request for early exit of the public portion of the Northern Beaches Hospital in November and December 2023?

ANSWER

Healthscope noted the risk to the viability of the Northern Beaches Hospital, citing challenges with the Project Deed, insufficient funding, a lack of integration into the wider health network, and strained stakeholder relationships.

21. What was the basis for the NSW Government declining Healthscope's request for this early exit?

ANSWER

Healthscope's proposed offer was not accepted as it was inconsistent with the Project Deed.

22. What steps were taken by NSW Health to overcome the issues identified by Healthscope when they requested an early exit from the public portion of the hospital?

ANSWER

NSW Health responded to Healthscope's request declining the proposal noting that further amendment to the Project Deed was not acceptable, and that all parties should continue to deliver against all contractual obligations.

23. What requests were made by Healthscope to better integrate the hospital and its operations with the NSLHD, and what were NSLHD's responses to those requests?

ANSWER

Since commencement of the Operating Term, Northern Beaches Hospital systems and processes have been integrated into the governance of Northern Sydney Local Health District, including the District's Board committees on Safety and Quality, the Operational Services Group, and Clinical Networks.

24. Has the NSLHD documented administrative inefficiencies or duplication caused by the PPP?

ANSWER

Northern Sydney Local Health District has not undertaken this assessment.

25. The Committee has heard evidence that the Hornsby Ku-ring-gai Hospital's Junior Medical Officer (JMO) network has been reluctant to allocate JMOs to the Northern Beaches Hospital. What has been done to address this issue long-term?

ANSWER

I refer the Committee to the [Answers to Question on Notice](#) provided by NSW Health to the Inquiry on the 3/11/2025.

26. Can you outline the key differences between the way NSW Health manage, fund and oversee St Vincent's Hospital and the Northern Beaches Hospital?

ANSWER

St Vincent's Hospital is recognised and funded as a public hospital operated by an affiliated health organisation under *the Health Services Act 1997*.

Northern Beaches Hospital is a licensed private hospital that provides public patient services funded by the State under a Project Deed, as well as private patient services.

27. Please outline the approach and steps that will be taken by the NSW Health transition team embedded in the Northern Beaches Hospital, in order to ensure a timely and effective transition of the Hospital back to the NSLHD.

ANSWER

Once a binding agreement between the NSW Government, Healthscope and their receivers has been executed, Northern Sydney Local Health District will commence formal transition activities in collaboration with Healthscope.

An Operational Transition Plan has been developed to detail the necessary steps to complete a successful transition and to ensure continuity of Northern Beaches Hospital services.