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<p><b>1. What is the status of past and current industrial matters involving the staff at Northern Beaches Hospital?</b></p>	<p>Northern Beaches Hospital manages industrial matters respectfully by working both directly with staff and relevant unions.</p> <p>On Friday, 21 November 2025, the Fair Work Commission approved a new Enterprise Bargaining Agreement between Healthscope and the NSW Nurses and Midwives Association (NMA) to provide more generous pay and working conditions to nursing staff, including changes to nurses' shifts.</p> <p>Separately, Healthscope recently identified an issue with the payment of leave accruals for full time and part time workers. This matter was the subject of a FWC hearing earlier in the year. Staff have been informed and the issue will be resolved by the end of November. Note the NMA does not agree with how Healthscope has interpreted the FWC decision for certain affected employees, and has appealed the matter in the Federal Court.</p> <p>In addition, historical instances have been detected of employees having Annual Leave deducted on Public Holidays. This will be corrected by reinstating the leave to the employee's balance (or making a payment to employees that have ended their permanent employment). Some instances of incorrect payment of leave loading have also been detected, mainly for employees taking Extra Shift Leave. This will be corrected as a payment made to impacted employees.</p>
<p><b>2. Why did Healthscope request to return the public portion of the Hospital to NSW Health, in November and December 2023?</b></p>	<p>In November 2023, and again in December 2023, Healthscope wrote to the NSW Government to request that the return of the public portion of the Northern Beaches Hospital to NSW Health be brought forward.</p> <p>In our requests, we noted several risks to the viability of the Northern Beaches Hospital, including insufficient funding, a lack of integration into the wider health network, and strained stakeholder relationships.</p> <p>On these occasions, we noted that the Project Deed, which governs the partnership, does not adequately support the hospital's integration into the Northern Sydney Local Health District.</p> <p>We also noted that the Project Deed sets out strict volume-based funding arrangements which have not been reviewed since the Deed was established.</p> <p>Over time, Healthscope made several requests for additional funding to support the increasing demands on the Hospital. These funding requests were not approved, and the Hospital</p>

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	<p>continues to deliver material cost savings to the NSW Government.</p> <p>This funding shortfall continues to present operational, financial and workforce challenges for Healthscope.</p>
<p><b>3. What steps did NSW Health and Healthscope take to address the operational concerns raised by Healthscope when the request for early exit from the Project Deed was made?</b></p>	<p>The Northern Sydney Local Health District and NSW Health, under the Project Deed, have significant oversight of the Northern Beaches Hospital through a number of governance and reporting structures.</p> <p>We continue to take a collaborative approach to further integrate with the Local Health District and work to resolve these issues through various formal governance forums and informal channels.</p>
<p><b>4. Could you provide some information on the following plans and strategies, and the results of any evaluations that were conducted on them:</b></p>	
<p><b>a. The Clinical Governance Framework and Clinical Services Plan?</b></p>	<p>The Project Deed specifies a range of reporting and assurance requirements, including on clinical governance.</p> <p>Northern Beaches Hospital has a series of safety and quality policies and procedures which are deeply embedded in the operation of the business. All Healthscope facilities use the Healthscope Clinical Governance Plan which is underpinned by the Australian Council on Healthcare Standards (ACHS) National Standards, as well as a facility-specific Northern Beaches Hospital Clinical Governance Framework. We have multiple committees which monitor all levels of this plan and its implementation.</p> <p>This plan is sent to the Northern Sydney Local Health District and NSW Health annually as part of the Project Deed requirements.</p>
<p><b>b. The Demand Management Plan?</b></p>	<p>The Northern Beaches Hospital Project Deed allocates the risk of the operational term of the hospital to Healthscope including volume and demand management.</p> <p>The hospital's Demand Management Plan is agreed with the Local Health District annually as part of the Project Deed requirements.</p> <p>Elements of the Demand Management Plan where the hospital has control have been highly successful, for instance introducing a Rapid Access Clinics and managing Category 3 waitlist within required timelines – all of which reduce the burden on state-funded patient care.</p>
<p><b>c. Workforce planning relating to staffing volumes, and staff capability and skill mix?</b></p>	<p>Northern Beaches Hospital is committed to safe staffing levels to support excellent patient care and is continually recruiting staff from around Australia and overseas.</p>

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	<p>The hospital uses Master Staffing Profiles to ensure minimum staffing requirements are based on peak volumes during clinical shifts. Northern Beaches Hospital clinical managers review every shift to ensure that staffing hours and capability profiles (ie. staffing mix) are safe and appropriate for both patients and staff.</p> <p>Given that most inpatient nurses at Northern Beaches Hospital work 12-hour shifts, the Master Staffing Profiles evaluate workforce needs during peak times from 0700-1900 and 1900-0700 on both weekdays and weekends. This planning process overcomes some of the limitations of the ‘nursing hours per patient days’ method, as it considers the peak volume and staffing required throughout the period instead of the patient count at midnight for overnight patients.</p> <p>These profiles are reviewed monthly to track changes in patient volume trends and to guide recruitment planning for filling known vacancies. Ordinarily, each weekday, there are three staffing meetings, two in the morning and one in the afternoon, to plan for evening and next morning needs. On weekends, there is one meeting each day. During these meetings, decisions to adjust and increase allocated staffing are made based on the clinical and behavioural complexity of patients and on the predicted patient volume.</p> <p>The hospital updates its Workforce Plan weekly and presents it to the Northern Sydney Local Health District for approval every three years. The latest Workforce Plan was submitted to the Northern Sydney Local Health District in December 2024 and is available to the Committee upon request.</p>
<p><b>5. How were decisions made on which IT systems were used in the Northern Beaches Hospital? Please provide details of any business cases or other information presented to NSW Health by Healthscope, and the outcomes of those proposals.</b></p>	<p>The decision to install the Electronic Medical Record (EMR) system that is in place at Northern Beaches Hospital was done in consultation with the NSW Health at the time of the original development of the hospital.</p> <p>Healthscope participated in a lengthy and highly-detailed tender process to enter into a partnership with the government to develop and operate the hospital. At the time and subsequently, NSW Health was presented with the details and recommendations of various systems and equipment that Healthscope proposed to utilise as part of the Northern Beaches Hospital project which was ultimately endorsed and accepted. This included consideration and consultation around long-term interoperability with the Northern Sydney Local Health District.</p> <p>Recently, Northern Beaches Hospital staff have been working with the Northern Sydney Local Health District Transition Assessment and Planning team to understand the IT systems used at the hospital so it can understand the systems in place</p>

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	and consider any changes they may make as part of the transition of the hospital to the NSW Government.
<p><b>6. Can you outline any areas where you believe the Deed was imperfect and could have been improved?</b></p>	<p>Northern Beaches Hospital operates under a Project Deed, agreed with the NSW Government in 2014, which includes mechanisms for regular oversight and reporting, including monthly bilateral meetings and performance reporting.</p> <p>Since its signing over 10 years ago, and despite changing clinical needs, a challenging private health insurance landscape, the COVID pandemic and evolving community expectations, the operationalisation of the Project Deed has not adequately adapted.</p> <p>It also set out contractual obligations which have delivered material cost savings to the NSW Government but have presented operational, financial and workforce challenges for Healthscope, which has overall also impacted hospital staff.</p>
<p><b>a. Noting this, how might future PPPs be better designed?</b></p>	<p>The challenges arising from the partnership have been set out in previous answers and in the testimony of our witnesses at the Hearing. Future public-private hospital partnerships should be informed by these learnings, and set out to avoid these challenges.</p>
<p><b>b. What changes would you propose to the KPI regime to ensure higher levels of care are delivered? For example, are there indicators beyond timelines or activity volume that could be included in future KPI regimes?</b></p>	<p>Under the Project Deed, Northern Beaches Hospital is held to higher standards than other public hospitals in the system. The hospital has a rigorous set of 82 Key Performance Indicators (KPIs) against which it is measured against and reports.</p> <p>As recognised in the NSW Audit Office report:</p> <ul style="list-style-type: none"> <li>• “... the KPIs impose higher standards on Northern Beaches Hospital than other public hospitals which have been difficult for the hospital to meet”</li> <li>• “It is important to note that no NSW peer B1 public hospital would have met the Northern Beaches Hospital emergency treatment performance targets for admitted and non-admitted patients over the review period”</li> <li>• “Based on NSW Health data, the Northern Beaches Hospital outperforms its NSW public hospital peers for key output indicators in the Project Deed relating to emergency department and elective surgery”</li> </ul>
<p><b>7. During the public Hearing on 17 October 2025, Mr La Spina identified the volume discount for public services funded by NSW Health as a 'significant issue for us'. Was the volume discount also a significant issue</b></p>	<p>As noted in the NSW Audit Office report, Northern Beaches Hospital has a contractual obligation to provide public hospital services at a discount off the NSW “State Price” for hospital services. This has seen material cost savings for the NSW Government.</p> <p>This discount agreed to by Healthscope on the basis that:</p>

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<p><b>at the time the Project Deed was being negotiated?</b></p>	<ul style="list-style-type: none"> <li>- The State Price fairly represented the average cost of providing hospital services in NSW, and</li> <li>- the volume of activity being purchase by NSW Health would meet demand for the public services at Northern Beaches Hospital.</li> </ul> <p>Healthscope is of the view that neither of these assumptions has proven to be correct. The subsequent shortfall in funding has led to ongoing operational, financial and workforce challenges for Healthscope.</p> <p>As noted in the NSW Audit office report:</p> <p>“Public hospital care delivered by Healthscope at Northern Beaches Hospital is funded by the Northern Sydney Local Health District according to a maximum activity amount set out in the Activity Notice, which has decreased from \$182 million in 2022-23 to \$178 million in 2023-24”.</p> <p>This decline in funding has never been substantiated by NSW Health especially given the pressures on the health system during and following the COVID-19 pandemic on NBH which deliver acute clinical services to public patients.</p>
<p><b>8. You have identified limits to the funded activity caps as 'one of the biggest' financial issues faced by Healthscope in the Project Deed. Was this identified as a risk to Healthscope during negotiation of the Project Deed and, if so, what steps were taken to mitigate that risk within the Deed?</b></p>	<p>Healthscope is not in a position to comment on the negotiation of the Project Deed, given the passage of time and as different personnel were involved.</p> <p>However, we can confirm the public-private-partnership delivers public hospital activity at a lower cost to the state than NSW Health public hospitals. This is due to the discounted price paid to Healthscope for delivering units of public hospital activity.</p> <p>As noted in the NSW Audit office report:</p> <ul style="list-style-type: none"> <li>• “Public hospital care delivered by Healthscope at Northern Beaches Hospital is funded by the Northern Sydney Local Health District according to a maximum activity amount set out in the Activity Notice, which has decreased from \$182 million in 2022-23 to \$178 million in 2023-24”</li> <li>• “...the Northern Beaches Hospital, by virtue of the discounted arrangement, costs the Northern Sydney Local Health District and NSW Health less than if this hospital activity was delivered in a public hospital”</li> </ul> <p>The Project Deed sets out the following:</p> <ul style="list-style-type: none"> <li>• The Northern Sydney Local Health District determines and sets an activity volume that it will purchase from Healthscope for a given year. Multiplied by the discounted state price, this establishes the maximum</li> </ul>

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	<p>payment amount that can be paid to Healthscope for that year.</p> <ul style="list-style-type: none"> <li>The Project Deed imposes volume and demand management obligations on Healthscope to deliver services within an activity cap set by NSW Health. Failure to achieve outcomes on a variety of key performance indicators triggers abatements or financial penalties that are deducted at monthly billing for services.</li> </ul>
<p><b>9. Why have safe staffing levels not been implemented for nursing staff in the Emergency Department?</b></p>	<p>Northern Beaches Hospital is committed to delivering safe staffing levels to support excellent patient care, and is continually recruiting staff from around Australia and overseas.</p> <p>We use Master Staffing Profiles to ensure minimum staffing requirements are based on peak volumes during clinical shifts. Our clinical managers review every shift to ensure that staffing hours and profiles are safe and appropriate for both patients and staff.</p> <p>The hospital sees approximately double the number of Triage 1 and 2 patients compared to peer hospitals. These patients require considerable resources in the Emergency Department and can impact other acute flow metrics such as Transfer of Care, and Emergency Treatment Performance.</p> <p>We understand the importance of providing our staff the resources they need to perform their roles and take this responsibility seriously.</p> <p>The NSW Government’s Safe Staffing initiative is currently being trialled in selected NSW public hospitals. It is pre-dated by the Northern Beaches Hospital Project Deed, and therefore not contemplated or funded as part of that contractual arrangement.</p> <p>Northern Beaches Hospital has offered to implement the initiative if equivalent additional resources were to be provided by Northern Sydney Local Health District as they are to other public hospitals - and these discussions are ongoing.</p> <p>Northern Beaches Hospital’s Emergency Department is required to implement the NSW Health Emergency Department models of care. It is led by a Director, who is a credentialed Emergency Medicine Specialist. It is staffed by Senior Medical Officers and supported by Junior Medical Officers and interns.</p>
<p><b>10. What are the impacts on staff of having to carry the burden of making current arrangements at the Northern Beaches Hospital work for patient care?</b></p>	<p>The staff at Northern Beaches Hospital exhibit extraordinary professionalism, resilience, and dedication. They have continued to deliver high-quality care to our community under intense public scrutiny and, at times, deeply distressing circumstances.</p>
<p><b>a. What do your internal metrics about staff engagement and well</b></p>	<p>Northern Beaches Hospital is proud of its culture. In its June 2025 report, the Clinical Excellence Commission noted that:</p>

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<p><b>being say about staff burnout and culture?</b></p>	<p>“The Review Team found that NBH is staffed by a committed and professional workforce with a shared focus on delivering safe, high-quality care.”</p> <p>This sentiment was shared by the ACHS in 2024, who detailed that “there was excellent demonstration of teamwork and productive collaboration” and assessors “saw many examples of the positive, engaged and person-centered culture in action, in addition to the culture of continuous improvement”.</p> <p>This is also reflected in a decrease in the nursing staff turnover rate, which has reduced over the past two years from 22.5% in 2023 to 18.4% in 2024.</p> <p>However we recognise the often-unfair scrutiny the hospital is under and the pressure this has put on staff and have taken steps to provide additional support to our teams through these challenging times.</p> <p>These activities have included the use of onsite-counselling services, facilitated workshops on health, wellbeing, and resilience, as well as employee engagement action planning sessions that have led to the introduction of improved communication and feedback, professional growth and development pathways and increased reward and recognition activities throughout the hospital.</p>
<p><b>11. Why does the Northern Beaches Hospital not run a 24/7 operating theatre?</b></p>	<p>Like other Level 5 hospitals in the public system, Northern Beaches Hospital runs its operating theatres based on operational need considering volumes of emergency and out of hours caseload.</p> <p>The hospital has 24/7 onsite staff theatre weekdays and an on-call/recall system at weekends to ensure timely care, with emergency cases being completed within their timeframe based on clinical urgency and priority. In addition, Northern Beaches Hospital has 24/7 onsite anaesthetic cover to support the operating theatres, labour ward Emergency Department and critical services.</p>
<p><b>12. During the Public Hearing on 17 October 2025, A/Prof. Thomas commented : 'a big part of any private hospital is its private elective surgery. This is where a private hospital makes its revenue to invest back in the business. It's that revenue that offsets the cost deficit'</b></p>	
<p><b>Can you provide some data on whether the revenue from the private portion of the hospital has been higher than the additional costs to Healthscope</b></p>	<p>As outlined previously, Northern Beaches Hospital has a contractual obligation to provide public hospital services at a rate lower than peer public hospitals which has seen material cost savings to the NSW Government while presenting ongoing operational, financial and workforce challenges for Healthscope.</p>

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<b>of running the public hospital at a discounted rate?</b>	Profit on private revenues do not fully offset losses on public revenues.
<b>13. Can you provide some data on the following items, for the 2018-2025 financial years:</b>	
<b>a. The number of times that the activity at the public hospital exceeded the maximum activity specified in the annual notice?</b>	<p>Since Northern Beaches Hospital opened, it has exceeded the maximum activity specified in the annual notice in the following contract years</p> <ul style="list-style-type: none"> <li>• 2023-2024</li> <li>• 2024-2025</li> <li>• 2025-2026 (forecast)</li> </ul> <p>The Project Deed is set out as follows:</p> <ul style="list-style-type: none"> <li>• The Northern Sydney Local Health District determines and sets an activity volume that it will purchase from Healthscope for a given year. Multiplied by the discounted state price, this establishes the maximum payment amount that can be paid to Healthscope for that year.</li> <li>• The Project Deed imposes volume and demand management obligations on Healthscope to deliver services within an activity cap set by NSW Health. Failure to achieve outcomes on a variety of key performance indicators triggers abatements or financial penalties that are deducted at monthly billing for services.</li> </ul>
<b>b. The amount of additional funding that Healthscope has received from the Northern Sydney Local Health District, whether through financial enhancements or other means?</b>	<p>The NSW Audit Office report noted the financial benefit to the State remains, even with funding increases provided to Healthscope by NSW Health.</p> <p>In recent years, there has been some additional funding paid by the Northern Sydney Local Health District to Northern Beaches Hospital which is in addition to the amount set in the respective Annual Notice and such funding has been pursuant to the terms of the Project Deed.</p> <p>Examples of this include, where the Northern Sydney Local Health District requested Northern Beaches Hospital make changes to the Emergency Department during the COVID-19 pandemic and the purchase of additional activity on account of the consistent increase in ambulance presentations and Triage Category 1 and 2 patients to the Northern Beaches Hospital Emergency Department. In addition, the application of additional volume discounts was delayed, and the amount of those additional discounts reduced, to reflect the impact the COVID-19 pandemic had on the ramp up period of the hospital.</p>

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	<p>Notwithstanding these payments, there remains a shortfall in funding in respect of the services provided to public patients at Northern Beaches Hospital.</p> <p>The Northern Sydney Local Health District determines and sets an activity volume that it will purchase from Healthscope for a given year. Multiplied by the discounted state price, this establishes the maximum payment amount that can be paid to Healthscope for that year.</p> <p>The Project Deed imposes volume and demand management obligations on Healthscope to deliver services within an activity cap set by NSW Health. Failure to achieve outcomes on a variety of key performance indicators triggers abatements or financial penalties that are deducted at monthly billing for services.<sup>1</sup></p> <p>Northern Beaches Hospital is delivering comparable or better patient care to other peer public hospitals while providing a significant cost saving to government.</p>
<p><b>c. The amount of abatements or other financial penalties charged by the Northern Sydney Local Health District to Healthscope, in relation to the abatable key performance indicators in the Project Deed?.</b></p>	<p>The Project Deed imposes quality, volume and demand management obligations on Healthscope to deliver services within an activity cap set by NSW Health. Failure to achieve outcomes on a variety of key performance indicators triggers abatements or financial penalties that are deducted at monthly billing for services.</p> <p>Northern Beaches Hospital has complied with its obligations in respect to quality and performance reporting, in accordance with the terms of the Project Deed.</p>
<p><b>Recommendations from performance Audit Report</b></p>	
<p><b>14. What action has been taken to implement recommendation 2 of the Audit Offices performance audit report.</b></p>	<p>Northern Beaches Hospital has enacted specific strategies to address the three hospital acquired complications (HACs) that were highlighted for improvement by the Audit Office of NSW Report. Performance in respect of the remaining 13 HACs was at or better than the national standard.</p> <p>Since the Report, Northern Beaches Hospital has implemented strengthened falls prevention strategies which have seen the overall falls rate continue to trend downward and is now below target at 0.47% (at October 2025).</p> <p>Despite perineal laceration rates remaining low at the hospital relative to the total number of births, since the Report several measures have been implemented at the hospital that have improved its performance from 5.19% (June 2024) to 2.63% (August 2025), including education of clinicians, new literature</p>

<sup>1</sup> NSW Auditor-General's Report to Parliament pg 7

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	<p>for women and a range of clinical governance reporting improvements.</p> <p>Since the report, Northern Beaches Hospital has established a multidisciplinary team to identify common themes relating to birth trauma and evaluate the care and decision-making processes of each incident. In addition, focused education and clearer documentation standards are supporting safe practice and minimising risk, maintaining overall stability in outcomes. Enhanced governance, improved coding and consistent clinician education have strengthened early identification and escalation of birth trauma.</p> <p>This has reduced variation in care and helped ensure more timely neonatal safety interventions, better collaboration and improved clinical decision-making across the Women’s and Children’s service.</p> <p>Since the release of the Report, Northern Beaches Hospital has instigated an IT project in response to recommendations from a Serious Adverse Event Report (SAER) to improve the Emergency Department triage process, specifically by implementing solutions to the EMR and WebPAS systems. That project was deployed on 27 November 2025, and is expected to be operational on 18 December 2025.</p>
<p><b>15. Since the performance audit, what has the hospital done to improve its data collection on minor harm or near miss incidents?</b></p>	<p>Since the report was released, Healthscope has made several enhancements to the functionality, analysis and reporting of its incident management systems:</p> <ul style="list-style-type: none"> <li>• In July 2025 Healthscope implemented a national-standard Incident Severity Rating (ISR) across all Healthscope hospitals, including Northern Beaches Hospital. This enables national benchmarking of ISR classifications and is used to inform the type of review and external notification requirements. Healthscope’s incident management system, RiskMan, utilises an algorithm to automatically determine ISR based on assessments by the reporter in relation to degree of impact of the incident, level of care and treatment required following the incident.</li> <li>• Additionally, RiskMan has been updated to build in a Critical Systems Review (CSR) module with a revised dataset that enables regular review and tracking of incidents. A CSR is undertaken on incidents with an ISR1 or ISR 2 rating except when a Statutory Incident review such as a Serious Adverse Event Review (SAER) is required.</li> <li>• To increase the awareness and education of senior staff in relation to the management of incidents, a number of additional digest reports have been added to the current list. The Northern Beaches Hospital Risk Register has been revised to align clinical risks with</li> </ul>

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	<p>national standards. An accountable executive and responsible manager is assigned to each risk. The risk register is reviewed monthly and reported to Northern Beaches Hospital Executive and the Northern Sydney Local Health District.</p>
<p><b>16. Since the performance audit, what has the hospital done to improve the hospital's integration into the Northern Sydney Local Health District and NSW health network?</b></p>	<p>The Northern Sydney Local Health District and NSW Health, under the Project Deed, has full operational oversight of the Northern Beaches Hospital. Healthscope has continued to take proactive steps to further integrate with the Local Health District and work collaboratively to resolve these issues through various formal and informal governance forums.</p> <p>In September 2025, we welcomed the government's Transition Assessment and Planning team into the hospital. The team is advising the NSW Government on how the transition from a public-private partnership to full public operation could be achieved. During their time at the hospital, the team was highly impressed by the hospital's operations and efficiencies, particularly within the theatre departments.</p>
<p><b>17. What measures has Healthscope taken to avoid clinical coding inaccuracies?</b></p>	<p>Like all hospitals, Northern Beaches Hospital audits clinical coding to minimise and correct inaccuracies through robust internal and external auditing processes.</p> <p>The Project Deed requires the hospital to engage an external auditor each year to conduct a clinical coding audit in respect of the billing of services provided to public patients. This is at Healthscope's cost. Each year, the audit examines recommendations from the prior audit and considers improvements in this regard. The last three annual audits demonstrate Northern Beaches Hospital's performance being better than the industry benchmark, and improving year-on-year.</p> <p>Added oversight is provided by external clinical documentation reviews and health funds. We also focus on training clinicians to improve their documentation and facilitate better communication between coders and medical staff, ultimately ensuring more complete and accurate patient records.</p>