Submission No 31

HEALTH SERVICES AMENDMENT (SPLITTING OF THE HUNTER NEW ENGLAND HEALTH DISTRICT) BILL 2025

Organisation: NSW Health

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NSW Health Submission

Inquiry into Health Services Amendment (Splitting of the Hunter New England Health District) Bill 2025

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1. Introduction

NSW Health welcomes the opportunity to make a submission to the Committee on Community Services in relation to its Inquiry into Health Services Amendment (Splitting of the Hunter New England Health District) Bill 2025.

NSW Health is committed to ensuring patients in NSW, regardless of where they live, have access to high quality healthcare as close to home as possible. The current model for Hunter New England Local Health District (the District) enables operational delivery of inpatient, community based, and population health services, ensures effective delivery of these services, delivers cost-effectiveness, and promotes staffing retention to deliver appropriate, high quality and timely patient care.

2. Maintaining the Hunter New England Local Health District is efficient and cost effective

There are significant advantages to retaining the current model for the District, including maintaining critical healthcare networks, workforce attraction and retention and economies of scale.

The District is currently performing effectively in relation to patient care

NSW Health is focused on ensuring patients receive safe and coordinated care across its network of entities and partners in care delivery. Dividing the District, which relies on established partnerships, networks, and patient flow and referral pathways, could disrupt both patient experiences and clinical workflows, and new partnerships and networks would have to be established.

The total population of the District is comparable in size to that of a metropolitan local health district.[1] Currently, the District meets 90% of its population's public healthcare demand. This is higher than several other local health districts including regional districts such as Western NSW LHD (88%), Illawarra Shoalhaven LHD (87%), and metropolitan districts like South Western Sydney LHD (80%). There are small outflows to Central Coast LHD (approximately 2%) and the Sydney Children's Hospital Network (1%). Of the John Hunter Hospital activity, 93% are Hunter New England LHD residents. The funded redevelopment of John Hunter Hospital is planned based on capacity to maintain the current patient flows from the New England and North West regions.[2]

Health services in the New England North West region of the District also currently meet the demand of patients, with 83% of Tamworth and Armidale residents treated at the 2 local hospitals. Only 6% of patients from the New England areas are transferred or referred to the John Hunter Hospital for healthcare, and only small numbers of patients are transferred or treated in Sydney hospitals for highly specialised services.

The highly networked system with John Hunter as the major referral hospital supports increased self-sufficiency locally. Within the existing District arrangements there is an integrated and collaborative network which is supported by the major tertiary hospitals in Newcastle for specialist services. Changing the District's arrangements is unlikely to improve this patient flow and care. The local self-sufficiency levels are in-line with similar peer group hospitals in regional areas such as Orange (86%), Coffs Harbour (83%), Lismore (84%) and Wagga Wagga (91%).

Given the District has existing patient flow processes which have proven to successfully manage patient demand, it is not clear that the proposal to divide the District would create additional benefits.

[1] NSW Department of Planning and Housing, 2024 population projections
[2] Figures sourced from NSW Health Clinical Services Planning and Analysis (CaSPA) portal

Maintaining the current District reduces the duplication of executive, corporate support, clinical and non-clinical staff

Splitting the District into 2 districts would take substantial time, money, and effort. The cost of this change would be high, and likely significantly impact the NSW Health budget over several years. Hunter New England Local Health District advises it incurs approximately $201 million annually in operational, governance, and administrative costs. Creating a new local health district would require either duplicating or redistributing these functions, estimated at an additional recurrent cost of $111 million.

Splitting the District would fragment existing systems, reduce economies of scale, and potentially compromise the quality and continuity of patient care. Some District roles, such as the Stroke Coordinator and Surgery Services, might also need to be split into 2 roles, even if there's no additional work to justify the new positions. Because of the duplication it would be likely that the proposed new district would need to rely on premium labour to cover any critical workforce gaps.

NSW Health, like all NSW Government agencies, has Senior Executive Service reduction targets in place. The establishment of a new local health district executive leadership team will increase executive numbers at a time when the Public Service Commission has confirmed new executive reduction Full Time Equivalent (FTE) for NSW Health, with a reporting date of June 2026. If a new executive leadership team is established, NSW Health will need to reduce other executive positions which have not been planned for and may have a negative operational impact on service delivery.

Splitting the District would also create additional resourcing pressures within the Ministry of Health and the pillars, Specialty Health Networks, and pillar agencies because the newly created districts would require additional centralised support and monitoring for asset management, financial and system performance, compliance and many other areas.

Services such as HealthShare NSW would also be required to duplicate teams at significant additional costs, including training and orientation, onboarding costs and salaries.

Ultimately, there would need to be sufficient funding to replicate the current district level roles (administrative, executive and clinical) in the new district.

The current District can effectively accommodate surgical load

There is a risk that splitting the District will affect surgeries, with negative impacts on patient flows and access for planned surgical services. Splitting New England and North West from the Hunter region would result in the new District not having a major hospital, with higher role delineation.

Networked arrangements across local health district borders would be more difficult if there was a split of the District. It should be noted that there will be no local access for cardiac, neurology or plastic surgery in the proposed New England North West LHD if the District were to split. The benefits of the current economies of scale would be lost and add to existing surgical workforce challenges.

The current District reduces duplication of capital and operational infrastructure and agreements

There are significant cost implications that should be considered in the splitting of the District. There would be costs associated with duplicating infrastructure, medical and non-medical equipment, contracts and agreements, and licences. Initial setup costs will be significant, as IT resources will need to be redistributed between the proposed new entities. An expanded ICT workforce would be required to fill any resource gaps, which may involve duplicating resources for the day-to-day management of critical IT systems such as Healthroster, Patient Billing, and Records Management. Ongoing costs to maintain and manage separate IT systems and infrastructure will lead to higher long-term expenses. Additionally, coding changes will be necessary to adjust the underlying conditional logic, enabling IT systems to reference each district as separate entities.

Food and Patient Support Services

If the District were to split there would be a significant time and costs involved with transferring 'sites' over to the allocated District in ICT systems, such as CBORD (patient meal ordering system) and HealthShare NSW's Task Allocation System (used to deploy non-clinical support teams such as cleaners).

Cross-border processes and relationships already exist

Hunter New England Local Health District works closely with Queensland Health to ensure patients in areas such as Tenterfield, which is 20 kilometres from the border, receive the most timely and appropriate care - which may be in a Queensland Health facility. This cross-border relationship has been well established and dividing the District could interrupt patient flow across the border and would require additional collaboration with Queensland Health.

3. Maintaining Hunter New England Local Health District will mitigate staffing challenges

NSW Health acknowledges the challenges associated with attracting, recruiting and retaining staff, particularly in rural and remote locations. Many strategies and incentives have been implemented to attract more people to healthcare positions to support regional communities.

As part of the *People and Cultural for Future Health* review, it was found there is a need to combine and share more expertise services to create critical mass rather than attempt to duplicate roles.

Maintaining the current Hunter New England Local Health District would mean less reliance on agencies and locums

If the District is split, clinical staffing challenges will likely be exacerbated, particularly in relation to medical specialisations and allied health specialisations which are already experiencing significant supply challenges in the New England and North West region. These workforce supply issues are resulting in reliance on expensive agencies and locums. Reliance on these services is currently higher in the New England and North West areas than in the Newcastle/Hunter based services.

The current networked and outreach models of care across facilities in the District result in high quality care with a flow of clinicians from the hubs and many medical practitioners delivering outpatient services across various facilities in the District. Health care in the New England and North West areas is also supported by transporting clinicians to clinics when needed.

The splitting of the District could fracture these arrangements and subsequently lead a reduction in service provision for rural and remote communities in the District's catchment and increase reliance on agencies and locums to fill hard-to-recruit positions.

The current structure allows for more clinical service opportunities, assisting with attraction and retention of clinical staff

Splitting the District and the loss of a major tertiary referral hospital would result in reduced networked clinical service opportunities for patients and staff in the New England and North West areas. This will be especially relevant to surgical and anaesthetist workforces.

NSW Health is supporting Hunter New England Local Health District to grow and maintain the current workforce

NSW Health acknowledges there is always more to be done to ensure that regional, rural and remote patients can access high quality healthcare as close to home as possible. To support this, NSW Health continues to invest significantly in healthcare in regional, rural and remote NSW. This includes:

The Rural Health Workforce Incentive Scheme

The Rural Health Workforce Incentive Scheme (Incentive Scheme) applies to NSW public health organisations and health workers engaged by the public health system under the Health Services Act 1997 (NSW). The Incentive Scheme, rolled out in July 2022, has significantly improved the attraction and retention of NSW Health staff in rural areas.

The Incentive Scheme is funded annually. Health organisations manage the incentive programs within their annual allocation. They are responsible for assessing eligible positions and applying incentives per the Rural Health Workforce Incentive Scheme policy directive.

As at February 2025, Hunter New England Local Health District had used the incentive scheme to attract and retain 1,773 (1,347 FTE) hard to fill positions and 1,243 (900 FTE) critical positions. Of these incentivised positions, 67% were located in the New England North West region.

Rural Generalist Single Employer Pathway

The District is using the Rural Generalist Single Employer Pathway (RGSEP) program to train and retain appropriately skilled Rural Generalist Practitioners. RGSEP improves access to primary care in regional NSW through the recruitment and retention of rural generalist trainees. Trainees are employed by a regional local health district on a length-of-training contract of up to 4 years which provides consistent employment, entitlements and parity of pay with their hospital-trained counterparts, as they complete their rural generalist training in primary care and hospital settings.

There are currently 44 RGSEP trainees, 12 in Hunter New England Local Health District - the largest cohort of trainees across NSW. In 2025, these trainees will work across Maitland, Tamworth, Gunnedah, Manilla, Gloucester, Singleton, Cessnock and Guyra.

Other incentives and scholarships that support the Hunter New England Local Health District workforce

NSW Rural Resident Cadetships are available for NSW medical students interested in a career in rural NSW. In return, students must work 2 of their first 3 postgraduate years in a rural hospital.

NSW Rural Generalist Training Program supports training for junior doctors wishing to combine a career in rural general practice with advanced skills, so they can support hospital or acute care services in rural communities. Advanced skills training is offered in specialties such as anaesthetics, obstetrics, emergency medicine, mental health, palliative care, and paediatrics. There are 62 rural generalist positions available in 2025.

NSW Rural General Practice Procedural Training Program provides opportunities for rural GPs to acquire additional procedural skills such as anaesthetics or obstetrics. There are 20 positions available each year. These doctors are paid an equivalent base salary as a level 1 Staff Specialist.

Rural Preferential Recruitment Program supports junior doctors to work their first 2 years in a rural location.

Rural postgraduate midwifery student strategy is designed to address midwifery workforce deficits and increase the viability of small rural maternity services. Funded midwifery student positions are provided to small rural hospitals for local registered nurses to undertake postgraduate training in midwifery. Over 130 positions have been funded since 2011; on average 10 positions are funded annually.

Rural and Regional Health Career Scholarship Program offers 9 scholarships across nursing and midwifery, allied health, medical and Aboriginal workforce. These scholarships provide a pipeline into NSW Health for students in rural, regional and remote NSW. The program supports students by offering a financial incentive to study a health qualification and encourages early career development in the existing rural workforce.

Key Health Worker Accommodation

The NSW Government has committed an additional $200.1 million to increase key health worker accommodation across rural and regional areas of the state as part of the 2024-25 NSW Budget. The Ministry of Health is working with regional local health districts, NSW Ambulance, Albury Wodonga Health and Homes NSW to address future key health worker accommodation requirements.

The NSW Government plans to secure approximately 120 dwellings which includes the building of new accommodation, refurbishment of existing owned properties, and purchase of suitable properties.

Key Health Worker Accommodation will be provided across all regional local health districts and Albury Wodonga Health, with Hunter New England Local Health District receiving $6 million under the program.

This $200.1 million investment builds on the initial investment of $73.2 million across 5 local health districts (Far West, Hunter New England, Murrumbidgee, Southern NSW, and Western NSW). Hunter New England Local Health District secured $20 million under this initial investment and completed key worker accommodation in 12 sites across the District – Armidale, Boggabri, Glen Innes, Gunnedah, Inverell, Moree, Muswellbrook, Quirindi, Singleton, Scone, Tamworth, and Walcha (all completed in 2023).

These investments, and many others, have been actioned as a result of implementing Regional Health Strategic Plan 2022-2032 and the 44 recommendations from the Parliamentary Inquiry into Health Outcomes and Access to Health and Hospital Services in Rural, Regional and Remote New South Wales (Rural Health Inquiry).

4. Significant investment could be compromised by splitting the district

Every hospital in Hunter New England Local Health District is part of an integrated and collaborative network, supported by the major tertiary hospital in Newcastle to ensure rural and regional patients have access to specialist services that would be otherwise unavailable. This is accompanied by complex, integrated data sharing and reporting systems. Splitting the District would bring risks to patient flow, cybersecurity, operational inefficiencies, compliance challenges, and potential negative impacts on patient safety due to data fragmentation.

There is also a risk that splitting the District would make it more difficult to implement time critical national workforce reform policy decisions, including registration and accreditation and scope of practice changes.

Single Digital Patient Record

The District is scheduled to implement the Single Digital Patient Record (SDPR) in March 2026 and is the first district to implement SDPR. The SDPR will provide a secure, holistic and integrated view of the care a patient receives across the NSW Health system and will replace 9 electronic medical records, 10 patient administration systems and 5 Laboratory Information Management Systems across the state. Splitting the District will compromise this investment and the opportunities it brings.

The implementation sequence and timeline has been carefully planned with the District and is the best option for NSW Health to minimise operational service disruptions and decommission current systems effectively.

If it were to be split into two Districts, a restructure would result in delays that would then impact on the implementation and rollout of the SDPR to all local health districts and networks.

Outpatient e-Referrals

Maintaining IT support and connectivity would be compromised if the District is split. The District has significantly invested in developing an electronic referrals (e-Referrals) system for outpatient clinics across the District. Ongoing governance and expenditure for e-Referrals would be difficult to manage if the district is split.

Get My Assistive Technology

HealthShare NSW is leading the preliminary work for the rollout of the 'Get My Assistive Technology' initiative to the District's equipment loan pools, with a planned go-live in 2025.

Any changes to the District structure could disrupt the effectiveness of this rollout and lead to significant budgetary implications. This is due to the need for adjustments to the system, catalogue, and equipment loan pools in the event of a district split.

5. Engagement with partners, patients and communities in Hunter New England Local Health District is being strengthened

NSW Health is working to strengthen engagement with rural, remote, and regional communities and improve equity of access to healthcare services.

Strengthening community engagement is a key priority in the *Regional Health Strategic Plan 2022-2032* to ensure community voices are genuinely heard in decision-making.

The District builds strong relationships through Local Health Committees

Local health committees are a model of community engagement unique to regional local health districts. NSW Health is collaborating with regional local health districts, including Hunter New England Local Health District, to enhance community engagement through local health committees. The Strengthening Local Health Committees in Regional NSW report provides more information about how NSW Health is working to reinvigorate and strengthen local health committees.

Shared Understanding Project

NSW Health is working to foster a shared understanding of health service planning and delivery, with the Shared Understanding Project. The Shared Understanding Project aims to improve the way NSW Health engages with staff, communities and partner organisations and highlights the importance of community consultation and collaboration in shaping healthcare delivery.

The project seeks to ensure future health services and innovative models of care are informed, understood, trusted and embraced by the community. Extensive consultation, undertaken across rural, regional and metropolitan NSW, underpins the project. Initial face-to-face consultation sessions and follow up consultation sessions in the District have been conducted with groups in Moree, Tamworth and Cessnock.

There has been significant consultation across regional local health districts to develop the project. This includes 8 face-to-face consultation sessions conducted in Moree, Tamworth and Cessnock in August and September 2024, and an additional 4 face-to-face consultations in November and December 2024. Participants include staff members from the District and community members.

Hunter New England Local Health District will benefit from improved community consultation as a result of the project.

Collaborative Care program

The Collaborative Care program was expanded into 3 new sites in 2024, 2 of which are in the District, in Wee Waa and Liverpool Plains (Quirindi, Werris Creek and Caroona). Collaborative Care is a community centred, place-based approach to mapping and planning solutions to address healthcare challenges in regional communities. It involves partnering with key stakeholders in a community to understand health needs and identify fit-for-purpose solutions.

6. Conclusion

The current Hunter New England Local Health District structure offers significant advantages in terms of operational efficiency, cost-effectiveness, and workforce stability. Splitting the District would incur substantial costs, create inefficiencies, and disrupt the established healthcare delivery model, without offering clear benefits to patient care.

NSW Health is committed to supporting the District to meet the evolving healthcare needs of regional, rural and remote communities through continued investment through the Regional Health Strategic Plan 2022-2032.

Should there be support for splitting the District, consideration should be given to reconfiguration of local health district boundaries to include parts of the New England North West in neighbouring local health districts such as Western NSW LHD, Northern NSW LHD and Mid North Coast LHD. This would not only substantially reduce the expense and duplication required to create a new local health district, it would also ensure health facilities in these areas remain networked with a tertiary referral hospital.

If there is support for a reconfiguration of the New England North West part of the District, NSW Health could provide further details regarding this option.