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General Purpose Standing Committee No. 2

Quality of Care for Public Patients and Value for Money in Major Non-metropolitan Hospitals in New South Wales

Final Report

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Terms of Reference

(1) That General Purpose Standing Committee No. 2 inquire into and report upon the following matters concerning the quality of care for public patients and value for money in major non-metropolitan hospitals throughout New South Wales.

(a) The implementation of quality of care and value for money indicators in public and contracted major non-metropolitan hospitals during the period 1995 to 2001.

(b) Mechanisms for comparing quality of care and value for money between these hospitals.

(c) Progress in improving quality of care and value for money and reducing variability in quality of care in these hospitals during the period 1995 to 2001.

(d) The strategies and measures in place or proposed for improving the quality of care and value for money and for reducing the variability in quality of care in these hospitals for the period 2001 to 2003.

The Committee self referred these terms of reference on 11 April 2001 (*Minutes of the Proceedings of General Purpose Standing Committee No 2*, no 25, 11 April 2001, item no 2).

Committee Membership

The Hon Dr Brian Pezzutti RFD MLC Liberal Party *(Chair)*
The Hon Dr Arthur Chesterfield-Evans MLC Australian Democrats *(Deputy Chair)*
The Hon Alan Corbett MLC Independent
The Hon Ron Dyer MLC Australian Labor Party
The Hon Doug Moppett MLC National Party[1]
The Hon Janelle Saffin MLC Australia Labor Party[2]
The Hon Henry Tsang MLC Australian Labor Party

Committee Secretariat

Mr Steven Reynolds Director
Mr Bayne McKissock Project Officer
Ms Ashley Nguyen Committee Officer
Ms Natasha O'Connor Committee Officer

1 The Hon Duncan Gay was appointed as a member of General Purpose Standing Committee No. 2 in place of the late Hon Doug Moppett MLC, resigned 14 June 2002.

2 Substitute member: Minutes 26, 30 May 2001, item No 2, Ms Saffin replaced Ms Fazio for the purposes of the inquiry.

Table of Contents

Chair's Foreword

This is the final report of the inquiry by General Purpose Standing Committee No 2 into the Quality and Care for Public Patients and Value for Money in major Non-metropolitan Hospitals in New South Wales. It follows a Discussion Paper released by the Committee in March of this year.

With this final report the Committee has returned to the issue which began the inquiry, which is community concerns expressed about Port Macquarie Base Hospital. Through a site visit, public hearing and public forum the Committee has examined the information available and examined witnesses to draw conclusions on the concerns raised. However the Committee has done this from an informed perspective gained from the first stage of the inquiry, drawing upon the statewide context of funding and services for other non-metropolitan hospitals. I believe this approach is a good model for other parliamentary inquiries where a localised issue is examined.

The earlier Discussion Paper sought to make comparisons across all base hospitals for value for money and quality indicators to determine whether complaints made in regard to Port Macquarie Hospital represented an anomaly or were common to other hospitals. The Committee held three days of hearings with the Director General and senior executives of NSW Health, two days of hearings with Area Health Services and a further hearing with senior financial officers of NSW Health.

Following its first hearing with NSW Health on 13 June 2001, the Director General Mr Mick Reid travelled to Port Macquarie on 22 June 2001 and entered negotiations with the Mayne Health regarding equity with other base hospitals. The outcome of these negotiations was what is now known as the Four Point Plan. The main aim is to treat Port Macquarie Base Hospital consistently with all other public base hospitals, both in terms of equity of funding and in terms of transparency.

When the Committee visited Port Macquarie for this final stage of the inquiry it sought to examine the Four Point Plan and its impact in practical terms, particularly on fiscal fairness for residents of the mid North Coast. The Committee has concluded that some of the problems which had existed in PMBH when the inquiry had first begun had been resolved during the time the inquiry was on foot. NSW Health had also initiated changes, through the Four Point Plan and the establishment of a new Consumer/Community Health Forum, which corresponded with concerns raised during the inquiry process. It appears that the Four Point Plan will overcome many of the inequities that previously existed.

This report identifies some areas where more work is needed by NSW Health, particularly in redressing ongoing manipulation of waiting lists. However in terms of quality of service Port Macquarie Base Hospital offers local residents a standard of excellence and range of services not available in many other non-metropolitan areas. Now that issues such as nursing staff have been addressed the problem appears to lie with community perceptions of a private corporation making profits from providing taxpayer funded public health services. However, as this report shows, any profits made are really as a result of efficiencies because the Hospital is funded on the same basis as other non-metropolitan hospitals for services provided. The Committee is confident that residents served by the Hospital are now receiving their fair share of funding, and there is no evidence of any quality. It is vital, however, that the new community health forum operate as an effective way of exchanging information between the community and the management of the Hospital.

I would like to thank the other members of the Committee for their constructive contributions throughout both stages of this inquiry. The assistance of NSW Health and all those who made submissions and gave evidence was appreciated. The Committee also acknowledges the assistance of the management of Port Macquarie Base Hospital during the last stage of the inquiry.

Finally acknowledgement should also go to the Committee secretariat for their support throughout the inquyiry. In particular thanks go to the Committee Director, Mr Steven Reynolds, for drafting this final report and Senior Project Officer Mr Bayne McKissock for his work on both stages of the inquiry, and for Committee Officers Ms Ashley Nguyen and Ms Natasha O'Connor for their ongoing administrative support.

Hon Dr Brian Pezzutti RFD MLC
Committee Chair

Summary of Recommendations

Recommendation 1 *Page 12*

That NSW Health and Mayne Health meet to discuss the implementation of the Four Point Plan so as to encourage greater transparency and improved communication between Port Macquarie Base Hospital and the community it serves.

Recommendation 2 *Page 12*

That the Consumer Forum be given the same powers within the contract between NSW Health and Mayne Health as did the previous s20 health advisory council.

Recommendation 3 *Page 17*

That NSW Health review its reporting of funding available to area health services, to ensure the impact of net funding outflows on the available funding for Port Macquarie Base Hospital are included, and that NSW Health develop strategies to ensure there is a proper allocation of such outflows across the state.

Recommendation 4 *Page 25*

That to be consistent with other moves to greater transparency, NSW Health cease the practice of using reclassification of long-wait patients as a strategy to reduce waiting lists.

Recommendation 5 *Page 29*

That the Mid North Coast Area Health Service ensure the new Consumer Forum meets regularly, and that the Forum also be encouraged to regularly consult with, and report to, the community.

Chapter 1 The Inquiry Process

This is the Final Report of the Inquiry by General Purpose Standing Committee No 2 into the Quality of Care for Public Patients and Value for Money in Major Non-metropolitan Hospitals in New South Wales. It follows the interim Discussion Paper tabled on 6 March 2002.

Terms of Reference

1.1 On 11 April 2001 the General Purpose Standing Committee No 2 agreed to self refer the following terms of reference:

That the General Purpose Standing Committee No. 2 inquire into and report upon the following matters concerning the quality of care for public patients and value for money in major non-metropolitan hospitals throughout New South Wales.

a) The implementation of quality of care and value for money indicators in public and contracted major non-metropolitan hospitals during the period 1995 to 2001.

b) Mechanisms for comparing quality of care and value for money between these hospitals.

c) Progress in improving quality of care and value for money and reducing variability in quality of care in these hospitals during the period 1995 to 2001.

d) The strategies and measures in place or proposed for improving the quality of care and value for money and for reducing the variability in quality of care in these hospitals for the period 2001 to 2003.

1.2 During the first part of the inquiry the Committee received 20 submissions from various stakeholders, conducted six public hearings and tabled an interim report on 6 March 2002.

Dissemination of Discussion Paper

1.3 The Discussion Paper was intended by the Committee as a means of informing the community and key stakeholders about what NSW Health claims it has done on quality of care and non-metropolitan hospitals. Chapter Six of the Report identified a series of issues in which further comment was sought, including improving access to quality of care indicators; development of more user friendly indicators; the potential for community participation in the Government Action Plan for Health and the possible role for an Institute of Clinical Excellence. Submissions were invited with a deadline of 30 April 2002.

1.4 The Discussion Paper was sent to all the non-metropolitan base hospitals, all area health services, all key stakeholders and all submission writers and witnesses from the first stage of the inquiry. As with all Committee reports the report was placed on the Committee's website at www.parliament.nsw.gov.au.

1.5 The Committee also sought to widen consumer awareness of the report by writing to the Director General of NSW Health requesting permission to put copies of the reports on display at all major base hospitals. Unfortunately delays of more than a month in receiving

approval for the display meant this did not occur until early May 2002. As a result the Committee extended its deadline for submissions to 11 June 2002, to allow further opportunity for community input.

1.6 The primary purpose of Committee's first report was to allow the community to determine whether the mechanisms for comparing quality of care and value for money between rural hospitals are accurate and relevant, and to allow the community to determine whether there is equity and equality in the quality of care and value for money provided. As the components and assumptions of the Resource Distribution Formula for health funding are complex, the Committee sought stakeholder comment on the success or otherwise of this instrument in providing equity in funding. The report also sought to facilitate "grass roots" discussion from clinicians, health administrators, community groups and individuals based on the NSW Health Department initiatives and the issues raised in the report in general.

1.7 As a result of distribution of the Discussion Paper the Committee received a further six submissions. All of these submissions concerned the Port Macquarie Base Hospital, and the Committee did not receive any responses addressing issues relating specifically to any of the other eight base hospitals. Appendix One lists the submissions received for this and the first part of the inquiry.

Port Macquarie Comparisons

1.8 The Discussion Paper sought to make comparisons across all base hospitals for value for money and quality indicators to determine whether complaints made in regard to Port Macquarie Hospital represented an anomaly or were common to other hospitals.

1.9 The Committee held three days of hearings with the Director General and senior executives of NSW Health, two days of hearings with Area Health Services and a further hearing with senior financial officers of NSW Health. The Committee was still not able to establish the real costs of services in each area. As a result the Committee had to use the "value for money" criteria, using the data in *NSW Resource Distribution Formula Technical Paper* (sometimes referred to as "the Yellow Book").

1.10 The Committee's ability to pursue its terms of reference was limited by the age of the data, with the latest RDF figures produced by the Department being for 1998/99. It was also apparent that statistics were not available for Port Macquarie Base Hospital, a situation which was rectified by the end of the inquiry. However, despite these limitations, Table 5.4 of the Discussion Paper was able, within the limitations of the data, to compare Area Health funding shares across the State:

Table 5.4 Area Health Shares by RDF Components by 1998/99 – Projected 1996[3]

Area	Population Health[1]	Non-Inpatient	Acute Inpatient	Rehab & Extended Care	Mental Health	Teaching & Research	Population adjusted for RDF factors
Hunter	8.8%	8.3%	8.7%	9.0%	12.7%	8.0%	9.0%
Illawarra	5.5%	5.1%	5.5%	5.9%	3.8%	5.5%	5.4%
Far West	1.5%	1.2%	1.4%	1.6%	0.4%	0.4%	1.3%
Greater Murray	4.5%	3.8%	4.6%	6.4%	2.9%	2.3%	4.5%
Macquarie	2.1%	1.7%	2.0%	2.4%	0.6%	0.6%	1.8%
Mid-North Coast	4.5%	4.0%	4.8%	6.1%	1.9%	2.1%	4.5%
Mid Western	3.0%	2.5%	3.1%	3.6%	4.6%	0.4%	3.1%
New England	3.6%	3.0%	3.6%	3.5%	2.2%	3.0%	3.3%
Northern Rivers	4.4%	4.3%	4.2%	4.6%	3.4%	1.2%	4.1%
Southern	3.2%	2.7%	3.5%	3.3%	4.2%	0.7%	3.4%
Total	41%	36.6%	41.4%	46.4%	36.7%	24.2%	40.4%

Note: 1. "Population health" is determined by adjusting actual population in an Area for "need", an Aboriginal factor and a homeless factor.

Note 2 See also figures published in Resource Distribution Formula Technical Paper *1998/99 Revision, NSW Health, 1999.*

3 General Purpose Standing Committee No.2, *Quality of Care for Public Patients and Value for Money in Major Non-metropolitan Hosptial in NSW*: Discussion Paper, Report 13, March 2002 p48.

1.11 This was compared to the actual funding shares received in Table 5.5 from that report:

Table 5.5 Comparison of Population and funding 1998-99 to 2001-02.[4]

Area Health Service	1998-99					1999-00					2000-01				
	% of NSW Population 1998-99	% of Health Service Funding	% of RDF Pool	% of RDF Pool adjusted for patient flows	% Share Implied by RDF for 2000-1	% of NSW Population 1999-00	% of Health Service Funding	% of RDF Pool	% of RDF Pool adjusted for patient flows	% Share Implied by RDF for 2000-1	% of NSW Population 1999-00	% of Health Service Funding	% of RDF Pool	% of RDF Pool adjusted for patient flows	% Share Implied by RDF for 2000-1
Greater Murray	4.0%	3.8%	3.9%	4.4%	4.1%	4.0%	3.8%	3.9%	4.4%	4.1%	3.9%	3.7%	3.8%	4.3%	4.1%
Macquarie	1.6%	1.8%	1.8%	2.0%	1.8%	1.6%	1.8%	1.8%	2.1%	1.8%	1.6%	1.8%	1.8%	2.0%	1.8%
Mid North Coast	4.0%	3.4%	3.3%	3.9%	4.4%	4.0%	3.4%	3.3%	3.9%	4.4%	4.1%	3.5%	3.4%	4.0%	4.4%
Mid Western	2.6%	3.1%	3.1%	3.4%	3.1%	2.6%	3.1%	3.1%	3.5%	3.1%	2.6%	3.1%	3.1%	3.4%	3.1%
New England	2.8%	2.8%	2.9%	3.1%	3.1%	2.7%	2.8%	2.9%	3.3%	3.1%	2.7%	2.8%	2.8%	3.2%	3.1%
Northern Rivers	4.0%	3.9%	3.9%	3.9%	4.3%	4.0%	3.9%	3.8%	3.9%	4.3%	4.0%	4.0%	3.8%	3.9%	4.3%

Source: NSW Health Department, correspondence of NSW Health Department, received 22 January 2002.

[4] General Purpose Standing Committee No.2, *Quality of Care for Public Patients and Value for Money in Major Non-metropolitan Hosptial in NSW*: Discussion Paper, Report 13, March 2002 p49. Detailed explanation of table is included in that report.

1.12 The Committee concluded that, compared to other areas, the Mid North Coast area was allocated significantly less in its RDF Pool compared to its population.[5]

Four Point Plan

1.13 The Committee notes that following its first hearing with NSW Health on 13 June 2001, the Director General Mr Mick Reid travelled to Port Macquarie on 22 June 2001 and entered negotiations with the Mayne Health regarding equity with other base hospitals.[6] It appears that this was an initiative of the Department, as the Director General was quoted as saying:

> Its now my intention to report back to the Minister for Health Craig Knowles and Premier Bob Carr and indicate a consensus has been reached about the way forward for health care on the Mid North Coast"[7]

1.14 The outcome of these negotiations was what is now known as the Four Point Plan. This is discussed in more detail in the next chapter, but its main aim is to treat Port Macquarie Base Hospital consistently with all other public base hospitals, both in terms of equity of funding and in terms of transparency. The Four Points are:

- PMBH will conduct itself and be treated in the same manner as all public base hospitals across NSW
- The Mid North Coast Area Health Service [MNCAHS] will be given increased authority to manage the contract at a local level with Mayne Health
- The Hastings community will receive an equitable share of resources and growth funding from the MNCAHS
- The role of the community in monitoring and advising the Area Health Service Board on all health services (including PMBH) will be clarified and strengthened with the establishment of a new Consumer/Community Health Forum.

1.15 The Committee welcomes the Four Point Plan, and in many respects this current report represents an examination of the implementation of that plan.

Port Macquarie Visit

1.16 At its deliberative held on 29 April 2002 the Committee resolved to conduct a site visit and hold a public hearing at Port Macquarie Base Hospital (PMBH). As PMBH appeared to be the main source of public interest in the issues raised in the first inquiry, the Committee determined that the hearing should include a public forum in which local residents could participate.

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[5] General Purpose Standing Committee No.2, *Discussion Paper* p50.

[6] "Community Certainty and Involvement in Health Services" NSW Health *Media Release* 22 June 2001.

[7] "Community Certainty and Involvement in Health Services" NSW Health *Media Release* 22 June 2001

1.17 The Committee visited Port Macquarie on 22 May 2002. They were taken on a tour of the Hospital by the Director of Hospitals for the Northern Region, Mr Bob Walsh, and senior staff, followed by a public hearing and public forum. The list of all those who appeared before the Committee appears as Appendix Two.

Decision to Close Inquiry

1.18 Following the visit the Committee met on 28 August 2002 to consider this report and determine the future direction of the inquiry. In view of the limited and very localised response to the issues raised in the discussion paper, the Committee concluded that there was little public interest in expanding the inquiry into other areas from which no responses had been received. The Committee also noted that some of the problems which had existed in PMBH when the inquiry had first begun had been resolved, such as staffing issues, during the time the inquiry was on foot. NSW Health had also initiated changes, through the Four Point Plan and the establishment of a new Consumer/Community Health Forum, which corresponded with concerns raised during the inquiry process. It appears that the Four Point Plan will overcome many of the inequities that previously existed.

1.19 As a result, the Committee resolved to conclude its inquiry with this final report. The Committee has published the transcript of the Port Macquarie Hearing on its website at www.parliament.nsw.gov.au, and concludes this report in Chapter Two with a discussion of the major issues raised during that hearing.

1.20 The minutes of all meetings associated with the inquiry appear as Appendix Three.

Chapter 2 Port Macquarie Base Hospital

As discussed in Chapter One, General Purpose Standing Committee No. 2 conducted a site visit, public hearing and public forum at Port Macquarie on 22 May 2002. During the hearing and forum the major issues raised were:

- The Four Point Plan
- Transparency and accountability
- Funding outflows to other areas
- Use of the hospital by outside residents
- Quality of hospital staff
- Waiting list practices; and
- Community Consultation.

This Chapter discusses these issues in relation to quality of care and value for money for public patients at Port Macquarie Base Hospital.

Four Point Plan

2.1 One of the most important features of the hearing on 22 May 2002 was the confirmation of progress since the Committee's inquiry began in NSW Health working with management of Port Macquarie Base Hospital to develop a Four Point Plan in regard to quality indicators. The Four Point Plan appears as Appendix Four. As stated in the previous chapter, it originated from a visit by the Director General of NSW Health to Port Macquarie on 22 June 2001, shortly after the first hearing of this inquiry. In his evidence Mr Bob Walsh confirmed that this Plan had happened at the instigation of NSW Health and was entered into as a formal agreement in October 2001.[8]

2.2 The Four Point Plan was summarised in a document given to the Committee in October 2001 as being:

- PMBH will conduct itself and be treated in the same manner as all public base hospitals across NSW
- The Mid North Coast Area Health Service [MNCAHS] will be given increased authority to manage the contract at a local level with Mayne Health

[8] Evidence, Walsh 22 May 2002 at 2.

- The Hastings community will receive an equitable share of resources and growth funding from the MNCAHS

- The role of the community in monitoring and advising the Area Health Service Board on all health services (including PMBH) will be clarified and strengthened with the establishment of a new Consumer/Community Health Forum.[9]

2.3 It appears that the Four Point Plan has been the basis for a fairer and more transparent distribution of funding:

> **CHAIR:** … is [it] your view that you have been receiving your fair share of the funding of the Mid North Coast Area Health Service?
>
> **Mr WALSH:** I believe that under the four-point plan we now have about equal basis of the distribution of funding and we are very happy with that. The thing that concerns us is that the money will not be enough to meet the growth needs of the Port Macquarie area, which is growing at a very high rate, and not only the rate but the age profile of the people over 65, who are the users and consumers of health care is growing at a rate which is not equal to anywhere in New South Wales.
>
> **CHAIR:** Did you get from Mr Reid a direct idea of how he was going to split the money up fairly? There is a resource distribution formula [RDF], which is driving money, and we are told by the Government that for this year's budget all areas will be plus or minus 2 per cent of what they deserve to have. Did Mr Reid give you any indication of how the money was to be split between Taree, yourself, Coffs Harbour in terms of mid North Coast allocation of its funding, which is now meant to be getting a fair share from the State to you?
>
> **Mr WALSH:** The only indication was the RDF being 1 per cent or 2 per cent above and we believe in terms of equality of distribution of the allocation made to the mid North Coast Area Health Service that we will receive our equal share of that money, which will be based on the RDF.
>
> **CHAIR:** So that will overcome the problem of age, which you were talking about?
>
> **Mr WALSH:** We hope so.[10]

2.4 A critic of the management of Mayne Health and former Chief Executive Officer of PMBH, Ms Sandra O'Brien also saw the Four Point Plan as a valuable initiative.[11]

2.5 The Four Point Plan potentially has a major impact on many current issues, and will be referred to frequently during discussion of other issues in this chapter. The Committee welcomes the progress that has been made by NSW Health in addressing quality indicators as a result of this Four Point Plan since it began this inquiry.

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9 Mid North Coast Area Health Service, "Inquiry into Quality of Care and Valuer for Money in major non-metropolitan public hospitals", overhead presentation, 19 October 2001.

10 Walsh Evidence 22 May 2002 at 3-4.

11 O'Brien Evidence 22 May 2002 at 47, 51.

Transparency and Accountability

2.6 As discussed in the Interim Report, Port Macquarie Base Hospital is unique among non-metropolitan base hospitals in NSW in that it is a privately owned and operated yet publicly funded. As a result many of the concerns of community members regarding quality of care have a dimension not present in criticisms of other public hospitals, in that there is an underlying concern that a private interest, Mayne Health, is making substantial profits delivering services which in other areas are publicly owned. The appropriateness of the arrangement is outside of the terms of reference, and the Committee makes no comment on this threshold issue. However it is an important influence on public perceptions and may help to explain the level of interest in this base hospital compared to the other base hospitals.

2.7 The former CEO of the Hospital, Ms Sandra O'Brien highlighted the community concerns:

> … I was able to observe at first-hand the outcomes of the first privately owned and operated hospital in Australia, which had a contract with government to provide public services to a community. There is no doubt that the construction of a purpose-built facility was badly needed. The extent of community angst which followed the Government's decision to go down the privatisation path, however, was certainly unpredicted.
>
> The hospital has had many problems of acceptance to overcome, not only by its own community but the broader health community as well. It has only been recently acknowledged that Port Macquarie Base Hospital will be treated by New South Wales Health and Mid North Coast Area Health Service in the same manner as all public base hospitals across New South Wales. This has significant ramifications not only for the operator, Mayne, and the Mid North Coast Area Health Service but also for the Port Macquarie Base Hospital staff and the community which the hospital serves.[12]

2.8 Another former employee spoke at the public forum of this problem of community acceptance of a private operator:

> I think there is an issue related to that and it is the issue of transparency. The mental health service comes in for a lot of criticism from people in the community on the basis that there is a belief that Mayne is a making profit out of the mental health budget. My understanding is that that is not the case but that is a difficult question to make clear to people while things such as budget and amounts of money and so on are not transparent. It would certainly be of great benefit and would take a lot of unnecessary flak out of the situation if transparency was introduced into that kind of budget situation.[13]

2.9 Several representatives of the Hospital Action Group spoke at the forum of their concerns as to transparency. For instance Mr Neil Thrift said:

> Mayne must be made to conduct itself as if it were a public base hospital, that is all their reports, discharge papers, complaints and investigations must be performed

12 O'Brien Evidence 22 May 2002 at 41.

13 Boss-Walker Evidence 22 May 2002 at 66.

> on the same level expected of a public base hospital, and why not. It is our taxpayers money. This commercial confidentiality is a major problem and must be removed to be ever able to move forward. All public hospitals, including the Health Department, have freedom of information.[14]

2.10 Ms O'Brien argued that management at PMBH effectively had to serve two conflicting priorities: the corporate imperative to make a profit and the public goal of providing the best possible health services to Port Macquarie through the Hospital.[15] The difficulty in reconciling these priorities is that the relationship between the private operator and NSW Health is governed by a 20 year contract, the details of which remain commercial-in confidence so outside the area of public scrutiny. The establishment of the Four Point Plan to bring arrangements for PMBH into line with other base hospitals may be hampered, at least so far as public perception is concerned, by the confidentiality of the contract arrangements:

> **The Hon. RON DYER:** I come back to your concerns about the model applying to Port Macquarie Base Hospital. Under our procedures, I am not allowed to directly quote from your confidential submission, but it does appear to me that you have a concern about the degree of independence the senior managers at the hospital have and how that relates to their accountability to public bodies such as the area health service. Is that a central concern you have?
>
> **Ms O'BRIEN:** Yes. It is a concern. I just do not believe that under the current management structure a CEO has the local accountability factors at heart. I think the four point plan, however, if it is made to work like it should work, will be the driving force and overcome that concern.
>
> **CHAIR:** But all it does is ensure that Port Macquarie Base Hospital gets its fair share of the dollars, which will increase Mayne's profits even more.
>
> **Ms O'BRIEN:** There are lots of other issues in the four point plan than the dollars.
>
> …
>
> **The Hon. RON DYER:** You say that the four point plan will in some ways ameliorate the unsatisfactory or oppressive aspects of the contract.
>
> **Ms O'BRIEN:** If it is made to work, yes. If it is rigorously enforced, yes.
>
> **The Hon. RON DYER:** How can that be if the contract has known settled conditions, as it clearly would, being a contract? How can some external source cut across that?
>
> **Ms O'BRIEN:** I do not know. I could not answer that.
>
> **CHAIR:** You might just tell us what your perception is of the four point plan in terms of its advantage to the people of Port Macquarie. I have seen the press release but it has not been given as evidence to the Committee.

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14 Thrift Evidence 22 May 2002 p64.

15 O'Brien Evidence 22 May 2002 at 41.

> **Ms O'BRIEN:** I guess the first thing is transparency, and that in itself is a lot. The first point, as I heard this morning, PMBH will conduct itself and be treated by New South Wales Health and the area health service in the same manner as all public hospitals across the State. PMBH will meet all quality benchmarks, adhere to public sector employment policies and practices, which was an issue some time ago and hopefully that will be resolved now, ensure access on clinical need—that is a given—and enhance relationships with general practitioners, which I know is a vexed issue. …[16]

2.11 Ms O'Brien argued that the Four Point Plan, if properly implemented, should result in some re-negotiation of the contract:

> I think it should be reviewed. I think that any contract between a private operator and government should have a clause that both parties sit down every three years and review it, or certain things—like the four point plan, for example, of the former director-general, Mick Reid, which is an excellent initiative. Because of those points in the four point plan, the contract will need to be reviewed to reflect what he said.[17]

2.12 In response to questions from several Committee members in his response to Ms O'Brien's evidence, Mr Walsh argued that while costs of the Hospital should be a matter for public record, profits should not.[18] He denied that his accountability to public agencies is compromised by responsibilities to the Mayne Health corporation.[19]

2.13 The issue of profits is outside the terms of reference of the Committee's current inquiry, but is undoubtedly a source of community interest. When, for instance, the Hospital has 14 beds closed because the Hospital is not funded for these services, it is perceived by the community as an issue of profit-making rather than an issue of lack of public funding. Greater transparency and improved communication between the Hospital and the community could address some of these type of misunderstandings. The new Consumer Forum, discussed below, is the appropriate body to pursue this gaol. However it needs to have the same powers under the Port Macquarie Hospital contract as did the previous health advisory council appointed under s20 of the *Health Administration Act* 1982.[20]

2.14 The Committee believes the Four Point Plan provides a way forward to address this but believes that negotiation needs to take place between NSW Health and Mayne Health as to whether the terms of the contract need to be reviewed, by mutual consent, to facilitate the increased transparency which is the aim of the Plan.

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16 Evidence 22 May 2002 at 51.

17 O'Brien Evidence 22 May 2002 at 47.

18 Evidence 22 May 2002 at 74.

19 Walsh Evidence 22 May 2002 at 82.

20 This council became obsolete when the Minister ceased making appointments as statutory terms of members concluded.

Recommendation 1

That NSW Health and Mayne Health meet to discuss the implementation of the Four Point Plan so as to encourage greater transparency and improved communication between Port Macquarie Base Hospital and the community it serves.

Recommendation 2

That the Consumer Forum be given the same powers within the contract between NSW Health and Mayne Health as did the previous s20 health advisory council.

2.15 Regarding the community perception of the private hospital and its profitability, the Committee became aware during the inquiry that the access fee paid by NSW Health for using the site on which the Hospital is based is not paid to Mayne Health. According to evidence of the former CEO of the Hospital, the site is owned by a bank based in the United States.[21] This means that when funding comparisons are made which compare PMBH to other public hospitals the access fee should not be considered, as this is not a payment to Mayne and does not contribute to their profit. This was explained by Mr Walsh in a discussion comparing PMBH to Coffs Harbour:

> **CHAIR:** When we did the estimates committee hearing last year I found out that the department was paying $7.06 million for its access to Port Macquarie. That is a form of capital payment that I would call rent. The Minister admitted that although it was in the capital budget it was actually a form of rent. Would places like Coffs Harbour and Taree suffer from the same sort of notional allocation of capital money?
>
> **Mr WALSH:** No, they do not. I do not believe they do because my understanding is that the capital allocation for a new hospital up at Coffs Harbour is a one-off payment.
>
> **CHAIR:** Is the $7.06 million considered as part of your running costs?
>
> **Mr WALSH:** We do not see that side of it. The rent that is paid is between the managing body of Port Macquarie Base Hospital Pty Ltd and the Government.
>
> **CHAIR:** But would that come up in the Government's accounting figures in any way about your running costs?
>
> **Mr WALSH:** Yes.
>
> **CHAIR:** In other words, your DRGs?
>
> **Mr WALSH:** It does not come in our DRGs, no.

[21] O'Brien Evidence 22 May 2002 p59.

CHAIR: When Minister Refshauge used to say "Port Macquarie hospital is the most expensive to operate, $3 million more" he would have included that figure?

Mr WALSH: Absolutely.

CHAIR: That meant that you were $4 million less expensive really than any other hospital in the system?

Mr WALSH: Yes.[22]

2.16 During the hearing the Hon Dr Arthur Chesterfield-Evans raised the issue of laundry services being provided by the Base Hospital for other Mayne private hospitals. A concern was expressed that if the laundry services were being provided at a low cost or for no fee taxpayers would effectively be subsidizing the private hospital operation. Mr Bob Walsh explained that the laundry services were not part of the services for which funding was provide by the government, so any loss on provision of these to other hospitals came out of Mayne's profits, not the costs provided by taxpayers:

CHAIR: Because, as the Hon. Dr Arthur Chesterfield-Evans said, you could be charging out to Lake Road at half the commercial cost and the taxpayers of New South Wales would be subsidising that. That is the argument that the Hon. Dr Arthur Chesterfield-Evans is putting.

Mr WALSH: The argument is this: The Government says that this is the DRG price that we will pay you, as it is going to say to Coffs Harbour and to Manning. Here is the DRG price that we will pay you for a DRG. It pays us that. Provided we deliver quality health services that meet the standards and quality indicators, what does it matter?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You mean if you can, within the budget the DRG gives you for linen, do it sufficiently cheaply to do the linen and then send it somewhere else, that is your business. Is that what you are saying?

Mr WALSH: It is our business. It does not have anything to do with—

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: So if you do it cheaply enough on the DRG for laundry that you have from the base to then send it for free to your other hospitals, you would say that that is your business?

Mr WALSH: That is our commercial business activity.[23]

2.17 The committee also gained a further understanding of the funding of the Base hospital in regard to mental health, emergency, oncology beds and community health. These are not profit centres and funding for these are not transferable. As a result there is no capacity for Mayne Health to use cuts to these services to increase profits, contrary to some concerns expressed by the community. This was explained by Mr Bob Walsh in his evidence:

22 Walsh Evidence 22 May 2002 at 20-21.

23 Evidence 22 May 2002 p16.

> Port Macquarie Base Hospital has two streams of funding: One is for general in-patients funding and the other is for what we call direct bill funding. In this direct bill funding mental health services are funded, which was the centre of that report in 2002. Total budget areas for these direct bill areas is approximately $15 million per year and covers areas such as mental health, day hospital, physiotherapy, occupational therapy, oncology and the emergency department.
>
> Port Macquarie Base Hospital manages these contracts for the Government and obtains no financial reward or benefit for this management, but is held accountable if the budgets run over their allocated amounts. That is, Port Macquarie Base Hospital makes no financial gain but wears the risk if the hospital does not effectively manage those budgets. Services are not cross-subsidised unless budgets have not been fully utilised. Any cross-subsidisation is with the agreement of the area health service.[24]

2.18 This was confirmed in later evidence by the former CEO of the Hospital:

> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Do you believe mental health was downgraded to pay for other services while you were there?
>
> **Ms O'BRIEN:** We had to manage those budgets. Mental health was part of the direct bill budget, which meant there was no profit from that area and you always had to maintain the budget. If the budget was going over, you had to take steps to correct that.[25]

Funding Outflows

2.19 A matter of concern to the Committee has been that patient flows across the state have depleted the funding available for local services. This was addressed in Chapter Five of the Interim Report, and is a problem shared by other base hospitals.

2.20 PMBH is particularly affected by funding outflows because of the resources and skill base available. There is the potential to perform surgery which is not an option available to residents in some other regions. However if a resident of Port Macquarie finds that they are too far back on a waiting list for surgery at the base Hospital, they are able to contact a similar unit in Sydney and have the operation done immediately. Because the patient is within the area for which PMBH is funded, effectively the Hospital bears the cost of the surgery, reducing the ability to reduce its own waiting list.

2.21 This situation was explained by Mr Walsh during the hearing:

> **CHAIR:** I would like to go to the huge amount of outflow which is done from the mid North Coast to other areas. I notice that there are no numbers for the Port Macquarie Base Hospital. Figures produced by the Mid North Coast Area Health Service talks about the outflows from Bellingen, Gloucester, Greater Taree, Great Lakes and Hastings is there. There are large numbers of outflows. Do they relate to orthopaedic services?

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[24] Walsh Evidence 22 May 2002 p2.

[25] Evidence 22 May 2002 p56.

Mr WALSH: Amongst other things, ear, nose and throat [ENT] and orthopaedic.

CHAIR: The next table shows the top 10 surgical groups that refer to orthopaedic and the total public outflow is 482 of which 88 went to Central Sydney, 140 to Hunter and so on. Would these be total hips, total knees and so on?

Mr WALSH: Probably.

CHAIR: When they get transferred to Central Sydney, does the Mid North Coast Area Health Service have to pay for them?

Mr WALSH: No, I do not believe we have to pay for them. Certainly, Port Macquarie Base Hospital does not have to pay for them. We are capable of doing this work. The mid North Coast area is capable in orthopaedics of addressing the outflow. The difficulty is redressing the funding for those outflows.

CHAIR: Are you aware that the Mid North Coast Area Health Service had a deficit of $36 million for outflows because they are now counted?

Mr WALSH: Yes.

CHAIR: When you get your budget plus or minus the 2 per cent already you have lost $36 million. According to these documents that is going to the Central Sydney Area Health Service so if people on the waiting list for 1½ years at your hospital to have their total hip done choose the option to go to Central Sydney, the Mid North Coast Area Health Service is paying for it there but they will not pay for it here?

Mr WALSH: That is right.

CHAIR: Have you had discussions about that.

Mr WALSH: Yes we have. We are very conscious of that and we are working very closely with the Mid North Coast Area Health Service to redress these outflows. Of that $36 million it is important to remember that $12 million to $15 million maybe the tertiary activity, neurology, cardiology that we will never touch and do not want to touch. Also, we estimate in working with them that there is probably $20 million worth of outflow work that could be done here. We are able to do most of that work. In fact, apart from the super specialties of cardiology and neurology, all of the work that is indicated in the top diagnostic related groups [DRG] we are capable of doing in this region.

CHAIR: How do you stop patients jumping the queue when Central Sydney bone and joint says, "Come to us all ye who limp and we will fix you and we will charge your area health service."?

Mr WALSH: The only way of stopping that is for that outflow of funding to be allocated to hospitals on the mid North Coast that can do the work. It is a continual source of frustration to the medical specialists when patients who can be treated here have to wait and who can make a phone call and can be done in six weeks—every joint.[26]

[26] Evidence 22 May 2002 at 5-6.

2.22 The subsequent evidence from Mr Terry Clout, Chief Executive Officer of the Mid North Coast Area Health Service, on this issue confirmed that $33 million of services provided in public hospitals for residents of the Area Health Service are provided in facilities outside the area, primarily for cardiac and orthopaedic services.[27] However he argued that some of this was appropriate, and that residents of the mid north coast were not being disadvantaged:

> **Mr CLOUT:** Yes, and some general surgery. There is about $15 million of that that we will never attempt to reverse because it appropriately should be done in the major teaching referral hospitals. The others we need to plan for them to come back to the area health service. As you would know, that is not an easy thing to do but we are planning to do it. One of the difficulties for us is that before we do that we have to make sure that we have in place what I call the bread and butter services for each of our three base hospitals.
>
> Everyone recognises this as being an underfunded area health service. That is now being addressed but it is not going to happen overnight. Our strategy is to make sure that we have a suite of bread and butter services in each of our base hospitals and that we have those in place. One of our strategies for doing that is to make sure that our district hospitals within each of the clinical networks is doing what it should be doing so that we do not have work in the three base hospitals that will clog them up and should not be there. If they are clogged up with that work, we will not be able to reverse the flows from outside. That is the strategic plan that has the support of the three hospitals and the three clinical councils.
>
> **CHAIR:** This year's budget should give you your fair share.
>
> **Mr CLOUT:** This year's budget will take us to within 2 per cent of our equitable share.
>
> **CHAIR:** Your total budget will be about $200 million?
>
> **Mr CLOUT:** About $229 million in the next financial year.

2.23 Mr Clout stated that the $33 million net outflows were not included in the $229 million for the Area Health Service but in addition to it. The Committee understands that the RDF adjusts for the flows of patients between area health services.[28] The issue is one of transparency, to ensure that the full extent of funding being provided to residents of an area is being stated when figures of area health funding are produced. It is important for the community to realize that the RDF does not represent a division of the whole pool of funding available for health services. Instead it represents a means of distributing fairly the share of health funding left over after other items, such as mental health funding and funding outflows, have been removed from the pool of funds.

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27 Clout Evidence 22 May 2002 at 30.

28 A. Gibbs, J Pearse and R Sondalini "The NSW Health Resource Distribution Formula and Health Inequalities" *NSW Public Health Bulletin* Volume 13, Number 3 March 2002 p43.

Recommendation 3

That NSW Health review its reporting of funding available to area health services, to ensure the impact of net funding outflows on the available funding for Port Macquarie Base Hospital are included, and that NSW Health develop strategies to ensure there is a proper allocation of such outflows across the state.

Inflows: Use of the Hospital by non-residents

2.24 Residents from outside the area can and do make use of the facilities of the hospital for surgery and other treatment. As a result the people of Port Macquarie feel they are competing for service of their own hospital with people from areas that have their own hospital.

2.25 Mr Clout agreed this was an issue, but said that the inflows needed to be viewed in the context of the corresponding outflows from which Port Macquarie residents benefited:

> The outflows and inflows, the externally and internally. The measure is whether or not people of postcodes within the Hastings-Macleay are getting equitable access to services. You measure that by looking at what services they are actually having provided to them and where it is being provided. The reality is that out of a total budget or cost of services, both acute and non-acute, that is being spent in this central clinical network, which has a budget of some $68 million a year—that is for the total clinical network—the [in]flow component of that is about $2.5 million. While it is something that we look at and concentrate on, in the scheme of things there are pluses and minuses across that which do not change the equity of resources.[29]

2.26 When compared with net outflows of $33 million (see section above) an inflow of $2.5 million as a result of non-residents using the services does not appear a significant problem. Mr Clout further advised that inflows of this type are monitored and where appropriate and practicable changes are made to budgets to address the case mix:

> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Do you supervise the case mix of the base hospital, and is it the same as the other hospitals in the area?
>
> **Mr CLOUT:** Yes I do, and no it is not. When we look at case mix we look at the case mix broken down firstly between medical and surgical, and then we look at it within each of those by subspecialty. What we do is compare the case weight of the work that is being done in each specialty. For example, we look at the average case weight for orthopaedics at the three base hospitals. Bear in mind that there are 50 or 60 of those that we look at, and we look at that constantly. The clinical councils have access to that as well. One thing that we have picked up in that, for example with orthopaedics, is that the case weight of work being done in orthopaedics is about two to 2.1 at both Manning Base Hospital at Taree and at Port Macquarie Base Hospital. It is about 1.2 at Coffs Harbour.

[29] Clout Evidence 22 May 2002 p38.

> Looking at those figures, we say, "Why is that so?" We then go back to the clinicians and the managers and say, "Why is that so?" When we discover that one reason for that might be the fact that in the past we had different decision paths being made. In that particular one we have said to Coffs Harbour, "We don't think that mix is right." So when you put your budget and your activity budgets together next year you will have X budget, work on the basis that you will have the same case weight in orthopaedics as the other two do." If you look at the base hospitals across New South Wales it is about two. So we said to them, "Make the mix of your work so that it is two." We will have to accept in that less activity but the case mix should be similar for orthopaedics across the base hospitals. We monitor that fanatically almost.[30]

2.27 The Committee was told that the inflows to Port Maquarie of non-residents may reflect either the quality and range of services available at the Hospital, or the difficulty of attracting specialists to other non-metropolitan areas, or both.

Quality of Staff

2.28 A major concern expressed when the Committee began its inquiry was that Port Macquarie appeared to be seeking to introduce staffing practices, particularly with its nursing staff, that were out of step with other public hospitals in NSW. This was an important factor in the Committee establishing the inquiry, and the fact that the matter now appears to be satisfactorily addressed is one reason why the Committee has decided not to proceed further with the next stage of the inquiry.

2.29 At the 22 May hearing a representative of the Nurses Association, Mr Anthony O'Grady, explained how the situation had improved since their original submission:

> The specific impacts in some of these matters can, at times, relate to broader issues. I am alluding to a concerted drive by Mayne Health some 12 months or so ago across Australia to actively change the skill mix within nursing within its hospitals. That was right across Australia. It presented real issues for all nurses, not only in relation to some of the proposals which were made in various States that initially contravened legislation in some instances but also in terms of the concerns that staff had for the impact on care. At Port Macquarie Base Hospital as such, there was a commitment given at that time that the mix of RNs and ENs would not change within the hospital. It is my understanding that by and large that has been maintained: It was acknowledged by Mayne Health that some of their proposals just did not apply to acute care hospitals.[31]

2.30 This was confirmed by Mr Clout:

> However, I would say that in the past 12 to 18 months there has been great co-operation between the management of Port Macquarie Base Hospital and the area health service to enable us to be comfortable that the services being provided are being supported by appropriate staffing. The way that that is done is not

[30] Evidence 22 May 2002 p39.

[31] O'Grady Evidence 22 May 2002 p25.

necessarily by the hospital providing an establishment and us approving it. That is not something that I would do at any of the other base hospitals.[32]

2.31 The major issue of concern previously was that Mayne Health appeared to be seeking to replace registered nurses with trainee enrolled nurses. This issue has now been addressed, except to the extent that shortages of registered nurses prevent this occurring:

> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** There was some controversy, I gather, about the replacement of registered nurses [RNs] by assistants in nursing [AINs]. Is that right?
>
> **Mr WALSH:** Yes, there was.
>
> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** You then instituted a training program for enrolled nurses [ENs] in September last year?
>
> **Mr WALSH:** Yes.
>
> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Are all those trainee enrolled nurses supernumerary, or are they replacing registered nurses?
>
> **Mr WALSH:** No. They are meeting our workforce. There are three of them. Three people were trained. They are going through the program at the moment and are nearing completion soon. They will fill up vacancies in our workforce because we cannot recruit nursing staff.
>
> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** They will be replacing registered nurses?
>
> **Mr WALSH:** They will be, where they can be replaced or where there are no replacements available.
>
> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** They will only be used if you are unable to recruit registered nurses?
>
> **Mr WALSH:** Yes.
>
> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Are they currently replacing registered nurses?
>
> **Mr WALSH:** Where we cannot recruit.
>
> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Have you tried to recruit registered nurses for the positions that they are replacement for?
>
> **Mr WALSH:** Absolutely.
>
> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** But they are replacing registered nurses now?
>
> **Mr WALSH:** Yes, but remember that an enrolled nurse is a registered nursing position.

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[32] Clout Evidence 22 May 2002 p26.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: It is not the same. A registered nurse is usually one who has done three-year training, surely.

Mr WALSH: We gave an undertaking that we would not employ non-registered nurses, and an enrolled nurse is a registered nurse. They have to go through a training program. They are qualified.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: They are usually referred to as enrolled nurses, though, rather than has registered nurses in common parlance, are they not?

Mr WALSH: They are.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: They are not really registered nurses.

Mr WALSH: No, they are not registered nurses, but they are registered, as such. The AINs—I think you need to realise that in every hospital in Australia that I am aware of, because of the nursing shortages, we have to look at nursing and ask ourselves how we are going to structure our nursing force. Enrolled nurses are playing a significant role in meeting our nurse workforce demands across Australia at the moment. It is not peculiar to Port Macquarie. It is peculiar to every hospital in Australia.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I accept that, but you have made the unequivocal statement that no nursing positions would be replaced by unregistered nurses. You are now saying that these are being replaced by trainee enrolled nurses, or are they enrolled nurses who have completed the course?

Mr WALSH: They are being supplemented, being replaced, by nurses who have undergone a training program fully accredited by the New South Wales Nurses Board, and they are registered.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: But they are registered as enrolled.

Mr WALSH: That is right.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: So they are enrolled nurses and they are replacing registered nurses on the ward.

Mr WALSH: Where we cannot get nurses, yes.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: This only happens when you have advertised unsuccessfully for registered nurses?

Mr WALSH: Yes, yes.[33]

[33] Evidence 22 May 2002 at 6-7.

2.32 This was clarified in later evidence:

> **The Hon. RON DYER:** On the nursing issue, am I correct in assuming that there are no assistants in nursing at all?
>
> **Mr WALSH:** Yes, I believe so.
>
> **The Hon. RON DYER:** Well, you say you believe so. Is that the fact or not?
>
> **Mr WALSH:** There are no AINs employed at the hospital.
>
> **CHAIR:** What are you calling an AIN?
>
> **Mr WALSH:** Assistant in nursing is the classification of a person who has done—
>
> **CHAIR:** They are the sort of people you see in nursing homes.
>
> **Mr WALSH:** Yes.
>
> **CHAIR:** But you have none?
>
> **Mr WALSH:** We have none.[34]

2.33 This issue was also raised with the CEO of the area health service, who said that he had no evidence that Port Macquarie's nursing staff mix was any different from public hospitals in other areas:

> **The Hon. RON DYER:** Earlier Mr Walsh told the Committee that approximately 15 per cent of the nursing staff at Port Macquarie Base Hospital are enrolled nurses. Is that a satisfactory mix so far as the area health service is concerned?
>
> **Mr CLOUT:** I have no evidence of any inappropriate outcomes as a result of it or no issues on my desk or at the area's desk or otherwise that are indicating there is a problem with it.
>
> **CHAIR:** To be fair, Mr Walsh did say that he would check that figure and get back to us. But if you say 60:40 is the sort of mix across the area, that would include places like Macksville, and all sorts of places.
>
> **Mr CLOUT:** That is right.[35]

2.34 Aside from the nursing staff issue there has been little criticism of the quality of staff and services available. Representing the Medical Staff Council at the Hospital, Dr Stephen Begbie made a very strong statement to the effect that criticisms of PMBH overlooked the general excellence of staff and clinical expertise:

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34 Evidence 22 May 2002 at 18.

35 Evidence 22 May 2002 at 28.

> …I moved [to Port Macquarie]largely because of the thriving medical community and the new base hospital facility. There are only actually three specialist medical oncologists outside the corridor between Newcastle and Wollongong, with Wagga Wagga and Albury being the other two. The thing that disturbed me about the current discussions concerning the Port Macquarie Base Hospital is that we hear in the media and through local interest groups things that seem poles apart from the apparent excellence in medical services when compared with regional centres of similar size.
>
> In the department of medicine, Port Macquarie Base Hospital boasts 10 physicians covering a wide range of medical specialties and has a one in eight on-call roster which would be the envy of many similar sized hospitals. We have a varied surgical department and we have specialties that are supported by three full-time intensive care specialists, one of whom runs the accident and emergency department, and a variety of diagnostic services. There are various difficulties such as with anaesthetics and the provision of resident staff, but over all the medical staffing of the hospital has been excellent. In short, in my view it is an exciting time to be in medical specialty at this hospital from the perspective of peer support and a multidisciplinary approach to illness. However, it has been distressing to see recent media concerns about the management of Mayne Health spilling over into criticisms of clinical standards in the hospital.
>
> One only needs to read the *Sydney Morning Herald* on a regular basis to see that every hospital in New South Wales has problems with waiting lists, delays in, or closures of, accident and emergency departments and unfortunate patient outcomes, but for the staff of the Port Macquarie Base Hospital there seems to have been a persistent barrage of criticism for the same sorts of problems that are endemic across the system.[36]

2.35 He further commented on the question of whether private operators had a positive or negative impact on clinical care:

> First, doctors are drawn to centres where there is a critical mass of colleagues with whom they can work. The management of Port Macquarie Base Hospital has fostered an open and welcoming environment for doctors to move to Port Macquarie. This has had a self-perpetuating effect which has meant that we are well staffed medically.
>
> Second, despite a period of significant concern with the management style of Port Macquarie Base Hospital, the Medical Staff Council has been listened to over the past 12 months and local management has returned, as opposed to having distant management from head office. This has been a significant improvement but we are still working to improve the lines of communication with hospital management and will continue to hold them accountable for decisions. Third, it must be said that it makes life difficult when one is the meat in a sandwich at Port Macquarie Base Hospital. There have been a number of instances, most recently regarding Treasury Managed Fund cover for medical indemnity, where being one of only two hospitals in New South Wales run by a private operator has been a disadvantage….

[36] Begbie Evidence 22 May 2002 at 24.

> …Through no fault of the population of the Hastings Valley or the clinical staff at Port Macquarie Base Hospital, the New South Wales Government made a decision several years ago to sign a contract with Mayne Health for the management of Port Macquarie Base Hospital. As the submissions to the Committee roll in, you will be able to list both positive and negative outcomes of this decision. But as I look round at Port Macquarie Base Hospital, I see that the population of the Hastings Valley has an excellent facility and, I believe, excellent staff to look after health care. I ask that the Committee provide these clinical staff with relief from the political and media pressure that is often unjustly placed upon it. If the contract is there to stay—and at this stage, it appears that it is—let us get on with our work, and treat us like any other medical professionals in New South Wales.[37]

2.36 The Director of Clinical Training at the Hospital and the head of the new University of New South Wales School of Rural Health, Dr Peter Reed, also spoke highly of the quality of staff:

> I think the hospital provides excellent services to the community. I experienced the waning days of the old hospital, as we all did, and we were getting nowhere. The new hospital has provided a range of services and complexity which is quite extraordinary for a town of this size. I think it acts as a model for recruitment and retention of doctors in the community, which is flavour of the month. As far as its standards are concerned, we have had two recent independent external surveys. One survey was by the Australian Council for Hospital Services, which was looking at standards of hospital care delivery and management services, and the other survey was by the Postgraduate Medical Council, which looks at the welfare and training of junior doctors.
>
> Both of those surveys took place in April this year, and both survey teams complimented the hospital on the standards that had been achieved and were being maintained.[38]

2.37 Mr Clout for the Area Health Service also commented on the successful attempts by PMBH to attract quality staff:

> Dr Begbie is right when he says that if you approach it the right way and encourage it, you do well, and that has been what has happened. I give credit where it is due to Port Macquarie Base Hospital management and their doctors. They have managed that well.[39]

Waiting Lists

2.38 One of the more significant issues to arise from the hearing concerns the possible manipulation of waiting lists. This was given particularly clear expression by a local doctor frustrated at restrictions in the hip replacements or joint replacements he was able to perform as a result of funding constraints and waiting list considerations:

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37 Begbie Evidence 22 May 2002 at 24-25.

38 Reed Evidence 22 May 2002 at 70. Dr Reed did raise an issue of concern in relation to the need to increase the number of young doctors at the hospital.

39 Evidence 22 May 2002 at 29.

> …Statistical manipulations can influence funding and that worries me greatly. Under the instructions of the Department of Health, various things are being done at this stage both locally and across New South Wales. Clerical staff within the department are not prepared to blow whistles on this: I have heard that said, and I am personally a little fearful of what a local area health service can do to me by way of recriminations with a further limiting of resources at the base hospital. The current initiative by the Department of Health is to impact on long-wait patients. There is a desire in the current term of Parliament not to have many patients waiting longer than a year by the end of this term of Parliament. Despite assurances that long-wait patients would be funded, the majority of my patients I have found have been reclassified, really by sleight of hand as 'not ready for care'.
>
> I am told this is under a directive from the Department of Health. It is not the local decision. The local hospital really does not wish to get off side and is trying very hard to do everything by the letter. What we have is a situation where manipulations—I call it manipulations but there could be other names for it—where a reclassification has been done. We have seen this before where thousands of operations have been reclassified as non-operations so the waiting list disappeared in previous years. But local patients were then written a letter inviting them to have their operations elsewhere in other towns, other centres or by other surgeons. They were given an assurance that if they did not, that would not penalise them, but now they have all been reclassified…[40]

2.39 The practice of reclassifying patients to reduce waiting lists was openly conceded by Bob Walsh in his evidence in response:

> **Mr WALSH:** It is an initiative of the department that we write to any person who has been on the waiting list—and we do hear from people who have been on the waiting list for nine months—and we ask them would they be prepared to undergo their surgery with another surgeon in another place and we could give them a guarantee that that surgery would be within six months. People were asked whether they wanted to do that or whether they wanted to remain with their original surgeon. Very few said that they wanted to change.
>
> **CHAIR:** If they wanted to change what is that the impact on the waiting list?
>
> **Mr WALSH:** The waiting list would then come down once those people were allocated time.
>
> **CHAIR:** While they are waiting to be allocated somebody else and be accepted by the other surgeon, are they still counted?
>
> **Mr WALSH:** Yes, they are still counted.
>
> **CHAIR:** If they elect to wait, are they still counted?
>
> **Mr WALSH:** If they elect to wait, if they are not prepared to go to another surgeon within a time frame, then they come off the waiting list.
>
> **CHAIR:** So if they have been waiting for two years and you say, "Are you prepared to go to Adelaide to have your hip done" and they say "No, I would

[40] Baker Evidence 22 May 2002 at 68.

rather wait for my surgeon", they continue to wait and they stay on the waiting list but they are not counted anymore?

Mr WALSH: They are not ready for the classification.

CHAIR: So you can rapidly reduce your waiting list. They are still on the waiting list but they are not counted.

Mr WALSH: That is right.

CHAIR: Do you keep account of those people who are still on the waiting list who are not counted?

Mr WALSH: Yes, we do.

CHAIR: What would that make your waiting list at the moment?

Mr WALSH: That would not have changed much. It would have come down a little bit.

CHAIR: It is about 3,000.

Mr WALSH: I think it is about 2,600.

CHAIR: So if it suddenly drops to 2,200 I know that you have not done 400 extra operations.

Mr WALSH: I would like you to believe that, but no.[41]

2.40 The Committee acknowledges that this manipulation of waiting lists is not an issue peculiar to Port Macquarie, and as is clear from the evidence the fault in this practice lies with NSW Health, not Mayne Health. In view of its moves to transparency in other areas this ongoing practice remains completely unacceptable.

Recommendation 4

That to be consistent with other moves to greater transparency, NSW Health cease the practice of using reclassification of long-wait patients as a strategy to reduce waiting lists.

2.41 A further concern regarding waiting lists is that preference is given to smaller, cheaper operations so as to reduce waiting lists rather than the more complex operations such as joint replacements:

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: We have had the allegation made that the DRG has been manipulated so that the waiting list has altered and the smaller cases come to the top. You are saying that that does actually happen, but that it is openly done. Is that right?

41 Evidence 22 May 2002 p75-76.

> **Mr BAKER:** I think I can say that it is openly done. I mean, it is there for us all to see. When the budget gets tight the endeavour is to still get as many patients through as possible, but one joint replacement will equate to many other lesser operations. But what happens over time is that you end up with a whole waiting list becoming expensive operations and then nothing gets done, potentially.[42]

2.42 Dr Baker tendered a letter from Bob Walsh which stated:

> Currently, with the amount of trauma, cost of prosthetics that have been put through year to date we have found we will not be able to book major joint replacement surgery for the month of June.[43]

2.43 This was said by Bob Walsh, in later evidence, to be a problem for all hospitals:

> It is a standard initiative that occurs in every hospital. It is managing public hospitals and managing public contracts. The only way that we can control our throughput and our budget is to reduce elective surgery. We are moving to the next few months fearful of what the winter will be like. If it is a bad winter where we have an increasing number of people coming through our emergency treated with respiratory and cardiac problems and non-surgical then we have no alternative but to restrict elective surgery. We restrict elective surgery for two reasons. One is that we have run out of money and secondly if we have no beds because the hospital is full of medical patients.[44]

2.44 One limitation on the ability of Port Macquarie to manipulate waiting lists is the ratio of emergency to elective surgery:

> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** If you did more cystoscopies and less total hips you would have the same number of total separations but you would make more money from doing the cheaper DRGs, would you not?
>
> **Mr WALSH:** What you are saying is: Are we picking what we do?
>
> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Yes.
>
> **Mr WALSH:** No, and let me tell you why. Eighty per cent of the activity of the hospital comes through emergency so we have no control over it. So 80 per cent of our budget is consumed by stuff coming through emergency, obstetrics and children that come through. So we have 20 per cent of the budget approximately that we can control in terms of elective surgery. That elective surgery is controlled by the doctors, who assign an urgency category to a patient. A category one patient must be done within I think it is seven days, whatever it might be. We do not determine what goes on the list. The doctors determine what goes on the list because they categorise the degree of urgency of a patient they have seen in their consulting rooms and referred to the hospital for intervention.

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42 Baker Evidence 22 May 2002 at 68.

43 Tabled correspondence 22 May 2002.

44 Walsh Evidence 22 May 2002 at 76.

> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** But things like total hips might be a DRG that is not very lucrative because it has very high costs. Of course, they also have a low degree of urgency. Put those two together and the waiting list might be very long in, say, orthopaedics and quite short in, say, cystoscopies.
>
> **Mr WALSH:** But the degree of urgency is not determined by the cost of profitability. The degree of urgency is determined by the doctor's classification of the patient. A category one is more life threatening than a category two, which is more life threatening than a category eight, which is someone with a hip who might be waiting, whose life is not being threatened because they need a hip or knee replacement. Overriding all of that is an activity plan that is set by the department which we agree to, that we will do X amount of these procedures. We agree to sign off that we will do X amount, attempt to do this amount of procedures in any one year.[45]

2.45 An additional issue raised was whether the existence of a private hospital owned by the same company that operates the public facility creates the potential for a conflict of interest for both Mayne Health and NSW Health. A patient can come off the public hospital waiting list by being treated at the Port Macquarie Private Hospital. Former CEO Sandra O'Brien argued that during her time that decisions were made on the basis of clinical need, but did concede that some encouragement was given to patients where appropriate:

> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I note that the number of private patients in Port Macquarie Base Hospital is lower, I gather, than most and obviously they are going to private hospitals. We heard evidence from Mr Walsh that this is a patient choice; when they go from the emergency department they have the choice of going either to Port Macquarie Base Hospital or to Lake Road. Are they encouraged by management in any way to go to the other hospital?
>
> **Ms O'BRIEN:** Depending on their clinical condition.
>
> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** If so, how is that encouragement made?
>
> **Ms O'BRIEN:** It filters down from the management to the staff. If a patient's condition was okay, needed admission but not terribly ill, private patients were encouraged to use their private insurance at the Lake Road facility.
>
> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** How did that encouragement manifest? Was it a protocol?
>
> **Ms O'BRIEN:** No, there was no protocol. It was just a practice.[46]

[45] Evidence 22 May 2002 at 17.

[46] O'Brien Evidence 22 May 2002 at 50.

Community Consultation

2.46 One of the important features of the Four Point Plan is the establishment of the Port Macquarie Base Hospital Community Board of Advice and a new Consumer/community Health Forum. This is an important initiative which has occurred during the inquiry because at one point there was no formal structure, other than complaint mechanisms, for community consultation. This was because the Minister, by not making new appointments, effectively disbanded the health advisory council appointed under s20 of the *Health Administration Act* 1982.

2.47 The new Forum will be appointed by the Area Health Service. Mr Walsh outlined some of the role of the new Forum:

> The community health service will have an important role to play in determining and helping the area health service board be aware of community needs, that this community needs better access to mental health, renal dialysis, cancer care, palliative care. These are important issues for this community and I believe the community forum will take those issues directly to the area health service and their spokesbody for this community, I believe without bias.[47]

2.48 The Forum also provides a structure where consumer complaints can be given a hearing if not resolved to the patient's satisfaction:

> **CHAIR:** Okay. Having obtained community input, what sort of input can they get from you or what sort of investigative or close look at you can they have to advise the regional area health service on whether or not you are doing a reasonable job?
>
> **Mr WALSH:** Apart from the commercial-in-confidence financial side, we agreed to be—and I believe we have always been—transparent in all of our activities and are prepared to maintain that.
>
> **CHAIR:** If somebody is really concerned about what is happening at the hospital, they complain to you and they are not happy, they could actually go to this body?
>
> **Mr WALSH:** Absolutely.
>
> **CHAIR:** And if that body did not think you were making a reasonable fist of it, they could take it to the Mid North Coast Area Health Service?
>
> **Mr WALSH:** Yes.[48]

2.49 The area has a very active Hospital Action Group which has pushed for reforms and improvements in services in the past. The new Forum appears to provide a structure for input and participation and a means of seeking information on quality of care indicators.

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47 Walsh Evidence 22 May 2002 at 78.

48 Evidence 22 May 2002 at 78.

2.50 Ms O'Brien, who is an office holder on the new Forum, saw the Forum as a positive development:

> **The Hon. RON DYER:** There is reference in the four-point plan to the establishment of a new consumer community health forum. Has that occurred?
>
> **Ms O'BRIEN:** That has occurred. It is only in its infancy. There is no information flowing to that forum yet from the clinical indicators that Port Base and the area service agreed to.
>
> **The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Has the committee asked for that information?
>
> **Ms O'BRIEN:** No, we have not asked for it but we will.
>
> **The Hon. RON DYER:** You see the forum as a positive development, do you?
>
> **Ms O'BRIEN:** Yes, and it's statewide as well. It is not just for the four-point plan between the area health service and Port Base. It is a statewide initiative.[49]

2.51 The Committee understands the Forum had not met formally at the time of its visit, and has not begun to request the information on funding and quality of care. It is important that the Forum is a pro-active body that reports back to the community on a regular basis.

Recommendation 5

That the Mid North Coast Area Health Service ensure the new Consumer Forum meets regularly, and that the Forum also be encouraged to regularly consult with, and report to, the community.

Conclusion

2.52 The hearing on 22 May 2002 provided the Committee with an opportunity to explore many of the quality of care and value for money issues as they affect Port Macquarie Base Hospital. It is clear to the Committee that while when this Committee began its inquiry there were issues of concern, the instigation of the Four Point Plan is now a serious attempt to align PMBH funding with other non-metropolitan base hospitals. While problems remain, such as the state-wide manipulation of waiting lists, the Committee believes such problems are not unique to Port Macquarie.

2.53 Port Macquarie is unique in having a privately owned and operated public hospital, but the services it receives appear to be at the level of, and in may cases exceeding, other non-metropolitan base hospitals. There is now a structure for community input through the Consumer Forum. The Committee believes that gains during the inquiry mean that there is

[49] Evidence 22 May 2002 p52.

no further role for this inquiry in pursuing matters which can be better addressed through ensuring effective implementation of the Four Point Plan.

Appendix 1

Submissions

Submissions

No	Author
1	CONFIDENTIAL
2	Mrs S Hughes
3	Dr Warwick Wickham (East Port Medical Centre)
4	Mrs G J Gown
5	Mrs G Daley
6	CONFIDENTIAL
7	Mr A T Whitfield (The Audit Office)
8	Dr David Malikoff (Port Family Hospital)
9	Mrs Margaret Mauro (Combined Pensioners & Superannuants Association of NSW)
10	Dr Stuart Peacock (Health Economics Unit Monash University)
11	Ms Sandra Moait (NSW Nurses' Association)
12	Dr Murray Hyde Page (Manning Base Hospital)
13	Mr Robert McGregor (NSW Health Department)
14	CONFIDENTIAL
15	CONFIDENTIAL
16	CONFIDENTIAL
17	Professor R W Gibberd (The University of Newcastle)
18	Mr Stuart Homer
19	CONFIDENTIAL
20	Mr Alan Kirkland (Council of Social Service of New South Wales)
21	Mr Frank Piper
22	Mrs Margaret Mauro
23	Mr Neil Thrift
24	Ms Therese Mackay (Hospital Action Group)
25	Mrs Robyn Barrow
26	Mr Bob Walsh (Mayne Health)

Appendix 2

Witnesses, Site Visit and Public Forum

Witnesses

Wednesday, 22 May 2002 *(Port Macquarie Panthers)*

Mr Robert Walsh	Director of Hospitals Northern Region, Mayne Health, Port Macquarie Base Hospital
Mr Terrance Clout	Chief Executive Officer Mid North Coast Area Health Service
Dr Stephen Begbie	Chairman Medical Staff Council
Mr Christopher Jenkins	Chairman Port Macquarie Base Hospital Community Board of Advice
Mr Anthony O'Grady	Manager, Organiser Services NSW Nurses' Association
Ms Sandra O'Brien	Former Chief Executive Officer at Port Macquarie Base Hospital

Site visits

Wednesday, 22 May 2002	Port Macquarie Hospital

Participants in the public forum

Wednesday, 22 May 2002 Port Macquarie Panthers *(Port Macquarie RSL)*

- Ms Stella Hughes
- Ms Therese Mackay
- Mr Neil Thrift
- Mr Bob Boss-Walker
- Dr Mark Barker
- Mr Angelo Sicurelli
- Dr Peter Reed
- Mr Noel Craigie
- Mr William Thomas Beehan

Appendix 3

Minutes of the Proceedings

Minutes of the proceedings

Minutes No. 25
Wednesday 11 April 2001
At Room 1108, Parliament House at 1:30pm

1. Members Present

Dr Pezzutti (in the Chair)
Dr Chesterfield-Evans
Mr Corbett
Mr Dyer
Ms Fazio
Mr Moppett
Mr Tsang

2. Proposed terms of reference concerning Quality of Care for Public Patients and Value for Money in Major Non-metropolitan Hospitals in NSW

The Chair tabled a letter signed by himself, Dr Chesterfield-Evans, Mr Corbett and Mr Moppett, requesting that a meeting be convened to consider proposed terms of reference concerning quality of care for public patients and value for money in major non-metropolitan hospitals in NSW.

Mr Moppett moved:

1. That General Purpose Standing Committee No 2 inquire into and report upon the following matters concerning the quality of care for public patients and value for money in major non-metropolitan hospitals throughout NSW.

    a) The implementation of quality of care and value for money indicators in public and contracted major non-metropolitan hospitals during the period 1995 to 2001.

    b) Mechanisms for comparing quality of care and value for money between these hospitals.

    c) Progress in improving quality of care and value for money and reducing variability in quality of care in these hospitals during the period 1995 to 2001.

    d) The strategies and measures in place or proposed for improving the quality of care and value for money and for reducing the variability in quality of care in these hospitals for the period 2001 to 2003.

2. That the Committee report by 15 June 2001.

The Committee deliberated.

The question was put.

The Committee divided.

Ayes: Dr Pezzutti; Dr Chesterfield-Evans; Mr Corbett; Mr Moppett.

Noes: Mr Dyer; Ms Fazio; Mr Tsang.

The question was resolved in the affirmative.

Resolved, on the motion of Mr Moppett:

That the Committee advertise for submissions in relevant non-metropolitan newspapers, with the advertisements being placed as soon as possible, and noting the closing date for submissions as Friday 18 May 2001, and that the Chair write to the Minister for Health and relevant Area Health Services requesting submissions by Friday 18 May 2001.

Resolved, on the motion of Mr Moppett:

That a calender be circulated for members to indicate their availability for a deliberative meeting to consider the submissions received after 18 May 2001.

3. Proposed terms of reference concerning disability peak group funding

Dr Chesterfield-Evans tabled proposed terms of reference for an inquiry into disability peak group funding.

Dr Chesterfield-Evans moved:

That General Purpose Standing Committee No 2 inquire into the decision of the Minister for Disability Services and the Ageing and Disability Department to subject the funding of grants to peak, advocacy, information and related disability service providers to competitive tender. The Committee shall take into consideration:

1. The adequacy of consultations between the Minister and the Department with advocacy groups preceding and following the decision to change the current funding arrangements.

2. The possible impacts effecting the operation of organisations subject to the proposed funding arrangement.

3. Any possible impacts on the representative structure of the non-government disability advocacy sector and the effects on people with disabilities and their families in NSW.

4. The implications of implementing competitive tendering in the community services sector, particularly in relation to systemic advocacy.

The Committee deliberated.

Mr Dyer asked that the minutes record that he had raised the following issues in speaking against the motion:

- that the House had already debated the matter;
- that the Minister and Department was in the process of conducting a series of seminars around the State in order to consult relevant groups about the proposed changes to funding arrangements; and
- the capacity and appropriateness of the Standing Committee on Social Issues inquiring into the matters set out in the proposed terms of reference.

Dr Chesterfield-Evans asked that the minutes record that he had raised the following points in reply to Mr Dyer:

- that the Opposition and Cross-Bench had the numbers in the House to refer this matter for inquiry;
- that the funding changes the subject of the inquiry would be in place well before the Social Issues Committee is due to report on its inquiry into disability services; and
- that the consultation process being conducted by the Minister and Department were lacking in credibility.

The question was put.

The Committee divided.

Ayes: Dr Pezzutti; Dr Chesterfield-Evans; Mr Corbett; Mr Moppett.

Noes: Mr Dyer; Ms Fazio; Mr Tsang.

The question was resolved in the affirmative.

Resolved, on the motion of Dr Chesterfield-Evans:

That the Chair write to relevant Ministers, advocacy and related groups, and other relevant organisations, inviting submissions up until Friday 18 May 2001.

Resolved, on the motion of Mr Moppett:

That the calendar to be circulated to members also provide for members to indicate their availability for either one full day or two half day hearings in relation to the inquiry into disability peak group funding.

4. Adjournment

The meeting adjourned at 2.25pm *sine die.*

David Blunt
Committee Director

Minutes No. 34
Monday 27 August 2001
At Parliament House (Jubilee Room) at 1:40pm

1. Members present

Dr Pezzutti (in the Chair)
Dr Chesterfield-Evans
Mr Dyer
Mr Moppett
Mr Tsang

2. Apologies

Mr Corbett
Ms Saffin

3. Inquiry into the Quality of Care for Public Patients and Value for Money in Major Non – metropolitan Hospitals in NSW

Hearing
The Committee deliberated.

Resolved, on motion of Mr Moppett:

> That in accordance with the Resolution of the Legislative Council of 11 October 1994 the Committee authorises the sound broadcasting and television broadcasting of its public proceedings held today.

The public and media were admitted.

The Chairman welcomed the gallery and reminded the media of their obligation under Standing Order 252 of the Legislative Council in relation to evidence given before, and documents presented to, the Committee. The Chair also distributed copies of the guidelines governing broadcast of proceedings.

Mr Michael Reid, Director General, NSW Health and Dr Paul Tridgle, Deputy Chief Information Officer, Information Management Division, NSW Health, were sworn and examined.

Evidence concluded and the witnesses withdrew.

Prof Robert Gibberd, Associate Professor, Faculty of Medicine and Health Services, University of Newcastle was sworn and examined.

Evidence concluded and the witness withdrew.

Public hearing concluded, the media and public withdrew.

Inquiry progression
The committee deliberated.

Agreed that the secretariat circulate a diary for the committee to consider possible dates to consider further evidence.

4. ***

5. Adjournment

The meeting adjourned at 5:10pm, until Tuesday 4 September 2001, at 10:00am.

Steven Carr
Director

Minutes No. 35
Wednesday 5 September 2001
At Parliament House (Room 1108) at 10.35am

1. Members present

Dr Pezzutti (in the Chair)
Dr Chesterfield-Evans
Mr Dyer
Mr Ryan (Moppett)
Mr Tsang
Mr Hatzitergos (Fazio)

2. Apologies

Mr Corbett

3. Substitute member

The Chair advised that Mr Hatzistergos would be representing Ms Fazio and Mr Ryan would be representing Mr Moppett.

4. Confirmation of minutes

Resolved on motion of Mr Dyer, that the draft minutes of meetings numbered 29, 33 and 34 be confirmed.

5. Tabled Documents

Submissions - Inquiry into the Quality of Care for Public Patients and Value for Money in Major Non–metropolitan Hospitals throughout NSW

Submissions identified as public
The chair tabled 11 submissions identified as public:

- Submission 2 – Mrs S Hughes, private citizen, dated 14 May 2001
- Submission 3 - Dr W Wickham, Warwick Wickham Pty Ltd, dated 4 May 2001
- Submission 4 – Mrs G Gown, private citizen, dated 7 May 2001
- Submission 5 – Mrs G Daley, private citizen, dated 14 May 2001.
- Submission 7 – Mr A Whitfield, Acting Auditor-General, The Audit Office
- Submission 8 – Dr David Malikoff, Port Family Practice, dated 21 may 2001
- Submission 9 - Mrs M Mauro, Vice-President (Bathurst Branch) Combined Pensioners & Superannuants Association of NSW, dated 25 May 2001
- Submission 10 – Dr Stuart Peacock, Senior Lecturer, Health Economics Unit, Monash University, dated 25 May 2001
- Submission 11 – Ms Sandra Moait, General Secretary, New South Wales Nurses' Association, dated 29 May 2001
- Submission 12 – Dr M Hyde Page, Chairman, Medical Staff Council, Manning Base Hospital, dated 22 May 2001
- Submission 13 – Mr Robert McGregor, Deputy Director-General Operations, NSW Health Department, dated 28 May 2001

Resolved, on motion of Mr Dyer:
That: the submissions be made publicly available

Submissions identified as private and confidential
The Chair to table the following 4 submissions identified as private and confidential

- Submission 1 – Author, dated 6 May 2001

- Submission 6 – Author, dated 21 May 2001
- Submission 15 – Author, dated 29 June 2001
- Submission 16 – Author, dated 8 June 2001

Resolved, on motion of Dr Chesterfield-Evans:

That: the submissions be treated as private and confidential

Correspondence sent

The Chair tabled the following items of correspondence sent:

- Letter to the Hon Craig Knowles, Minister for Health, dated 4 June 2001 inviting the Director-General and other relevant staff to a public hearing on 13 June 2001 in relation to the inquiry into non-metropolitan hospitals.
- Letter to Mr Steve Dunn, Director, NSW Fisheries, dated 17 July 2001, regarding information relating to the commercial fishing trust fund.
- Letter to the Hon. Craig Knowles, MP, Minister for Health, dated 9 August 2001, advising of a public hearing on 27 August 2001 and requesting the attendance of Dr Paul Tridgle, Deputy Chief Information Officer, Information Management Division, NSW Health.

Correspondence received

The Chair tabled the following items of correspondence received:

- Letter from Mr Michael Reid, Director-General, NSW Health Department, dated 28 June 2001, providing comparative data on Port Macquarie Hospital.
- Facsimile from the Hon Eddie Obeid MLC, Minister for Mineral Resources and Minister for Fisheries, received 10 July 2001 regarding questions on notice.
- Facsimile from the office of the Hon Faye Lo Po' MP, Minister for Community Services, Minister for Ageing, Minister for Disability Services and Minister for women, received 24 July 2001 regarding questions on notice.
- Letter from the Hon Craig Knowles MP, Minister for Health, dated 26 July 2001, responding to questions on notice.
- Correspondence from the Hon Sandra Nori MP, dated 27 July 2001, providing answers to Questions on Notice, received 27 July 2001
- Letter from the Hon Eddie Obeid MLC, Minister for Mineral Resources and Minister for Fisheries, received 30 July 2001, relating to information requested on the commercial fishing trust fund
- Letter from the Hon Eddie Obeid MLC, Minister for Mineral Resources and Minister for Fisheries, received 30 July 2001 responding to questions on notice
- Letter from the Hon Faye Lo Po' MP, Minister for Community Services, Minister for Ageing, Minister for Disability Services and Minister for Women received 13 August 2001 responding to questions on notice
- Letter from the Hon Faye Lo Po' MP, Minister for Community Services, Minister for Ageing, Minister for Disability Services and Minister for Women received 17 August 2001 responding to questions on notice
- Facsimile from proxy of Author of submission no 15, dated 24 August 2001, requesting that the submission be identified as private and confidential

6. ***

7. Inquiry into the Quality of Care for Public Patients and Value for Money in Major Non – metropolitan Hospitals throughout NSW

The Chair circulated a committee briefing paper, dated 4 September 2001, entitled "Briefing paper and possible approach to inquiry" for consideration by the committee at its next meeting.

The committee deliberated

Resolved, on motion of Dr Chesterfield-Evans:

That: the committee convene a public hearing on Monday 17 September 2001 from 2:30pm to 4:00pm inviting Mr Michael Reid, Director-General, NSW Health Department and Dr Paul Tridgle, Deputy Chief Information Officer, Information Management Division, NSW Health Department to appear as witnesses before the committee.

8. Other business

Resolved, on motion of Dr Chesterfield-Evans:

That the committee secretariat circulates to Members proof copies of committee hearing transcript as it becomes available.

9. Adjournment

The meeting adjourned at 11:53am, until Monday, 17 September 2001, at 2:30pm

Steven Carr
Director

Minutes No. 36
Monday 17 September 2001
At Parliament House (Room 814/815) at 2:30pm

1. Members present

Dr Pezzutti (in the Chair)
Dr Chesterfield-Evans
Mr Dyer
Mr Moppett
Mr Tsang

2. Apologies

Mr Corbett
Ms Saffin

3. Confirmation of minutes

Resolved on motion of Mr Dyer, that the draft minutes of meeting number 35 be confirmed.

4. Tabled documents

Submissions - Inquiry into the quality of care for public patients and value for money in major non –metropolitan hospitals throughout NSW

Submissions identified as public
The Chair tabled the following 2 submissions identified as public:

- Submission 17 – Prof Robert Gibberd, Health Services Research Group, Faculty of Medicine and Health Sciences, University of Newcastle, received 5 June 2001.
- Submission 18 – Mr S Homer, private citizen, received 4 June 2001.

Resolved, on motion of Dr Chesterfield-Evans:
That the submissions be made publicly available.

Submissions identified as private and confidential
The Chair tabled the following 2 submissions identified as private and confidential.

- Submission 14 - Author, received 1 June 2001
- Submission 19 - Author, received 1 June 2001

Resolved, on motion of Dr Chesterfield-Evans:
That: the submissions be treated as private and confidential

Correspondence sent
The Chair tabled the following one item of correspondence sent:

Letter to the Hon Craig Knowles MP Minister for Health, dated 10 September 2001, inviting Mr Michael Reid, Director-General and Dr Paul Tridgle, Deputy Chief Information Officer, Information Management Division both of NSW Health to a public hearing on 17 September 2001 in relation to the inquiry into non-metropolitan hospitals.

Correspondence received
The Chair tabled the following two items of correspondence received:

- Memorandum from the Hon Peter Primrose MLC, Government Whip advising that the Hon John Hatzistergos MLC will be replacing the Hon Amanda Fazio MLC for GPSC 2 activities on 5 September 2001.

- Memorandum from the Hon John Jobling MLC, Opposition Whip advising that the Hon John Ryan MLC will be replacing the Hon Doug Moppet MLC for GPSC 2 activities on 5 September 2001.

5. Inquiry into the Quality of Care for Public Patients and Value for Money in Major Non – metropolitan Hospitals throughout NSW

Hearing

Resolved, on motion of Mr Dyer:

> That: in accordance with the Resolution of the Legislative Council of 11 October 1994 the Committee authorises the sound broadcasting and television broadcasting of its public proceedings held today.

Mr Michael Reid, Director General and Dr Paul Tridgle, Deputy Chief Information Officer, Information Management Division, both of NSW Health were reminded that they were still under oath from the previous hearing.

Evidence concluded and the witnesses withdrew.

Draft correspondence to Port Macquarie Hospital

Consideration of draft letter to Mr Robert Walsh, Chief Executive Officer, Port Macquarie Base Hospital

The committee deliberated.

Resolved, on motion of Mr Moppett, that: the draft letter be endorsed.

Inquiry strategy

The committee considered the secretariat briefing paper circulated at the meeting on 5 September 2001.

The committee deliberated.

The committee agreed to invite to a public hearing Chief Executive Officers from the following New South Wales area health services:

- Greater Murray Area Health Service
- Mid North Coast Area Health Service
- Mid Western Area Health Service
- New England Area Health Service
- Macquarie Area Health Service
- Northern Rivers Area Health Service

The committee identified representatives from NCOSS and the Health Care Complaints Commission as possible witnesses for its inquiry.

The committee requested that the secretariat coordinate with members to allocated two days for forthcoming public hearings.

The committee agreed to request the secretariat to prepare draft bid specifications and draft list of bidders for the purposes of engaging a consultant to consider quality of care indicators.

6. ***

7. Next meeting

The meeting adjourned at 4:30pm, *sine die.*

David Blunt
Acting Clerk Assistant Committees

Minutes No. 38
Thursday 18 October 2001
At Parliament House (Room 814-815) at 9:12am

1. Members present

Dr Pezzutti (in the Chair)
Dr Chesterfield-Evans
Mr Dyer
Mr Moppett
Mr Tsang

2. Apologies

Mr Corbett
Ms Saffin

3. Confirmation of minutes

Resolved, on motion of Mr Dyer, that the minutes of meeting number 37 be confirmed.

4. Tabled documents

Correspondence sent

The Chair tabled the following four items of correspondence sent:

- Letter to the Hon Craig Knowles MP, Minister for Health, dated 3 October 2001, seeking assistance to facilitate the appearance of various departmental officers to committee public hearings on 5 and 19 October 2001.
- Letter to Ms Karyn McPeake, Chief Executive Officer, Greater Murray Area Health Service, dated 3 October 2001, inviting attendance at the committee public hearing on 5 October 2001.
- Letter to Dr Joe McGirr, Director, Greater Murray Area Health Service, dated 3 October 2001, inviting attendance at the committee public hearing on 5 October 2001.
- Letter to Mr Alan Kirkland, Director, NCOSS, dated 26 September 2001, seeking information in relation to studies undertaken by NCOSS on rural transport to health services.

5. Inquiry into the Quality of Care for Public Patients and Value for Money in Major Non – Metropolitan Hospitals throughout NSW

Hearing

Resolved, on motion of Mr Moppet:

> That: in accordance with the Resolution of the Legislative Council of 11 October 1994 the Committee authorises the sound broadcasting and television broadcasting of its public proceedings held today.

The public and media were admitted.

The Chair welcomed the gallery and reminded the media of their obligation under Standing Order 252 of the Legislative Council in relation to evidence given before, and documents presented to, the Committee. The Chair also distributed copies of the guidelines governing broadcast of proceedings.

Ms Karyn McPeake, Chief Executive Officer and Mr Joe McGirr, Director, both of Greater Murray Area Health Service were sworn and examined.

Evidence concluded and the witnesses withdrew.

Public hearing concluded, the media and public withdrew.

6. Adjournment

The meeting adjourned at 10:47am, until Friday, 19 October 2001, at 9:00am.

Steven Carr
Director

Minutes No. 39
Friday 19 October 2001
At Parliament House (Room 814-815) at 9:25am

1. Members present

Dr Pezzutti (in the Chair) from 9:25am to 11:25am
Dr Chesterfield-Evans (in the Chair) from 12noon to 1:30pm
Mr Dyer
Ms Gardiner (Moppett) from 12noon to 1:30pm
Mr Pearce (Pezzutti) from 12noon to 1:30pm
Ms Saffin
Mr Tsang from 9:25am to 11:25am
Mr West (Tsang) from 12noon to 1:30pm

2. Apologies

Mr Moppett from 9:25am to 11:25am
Mr Corbett

3. Substitute members

The Deputy Chair noted correspondence received from the Opposition Whip, dated 18 October 2001, advising that Ms Gardiner would be replacing Mr Moppett from 12noon to 1:30pm at today's meeting.

The Deputy Chair noted correspondence received from the Opposition Whip, dated 18 October 2001, advising that Mr Pearce would be replacing Dr Pezzutti from 12noon to 1:30pm at today's meeting.

The Deputy Chair noted correspondence received from the Government Whip, dated 19 October 2001, advising that Mr West would be replacing Mr Tsang at today's meeting.

4. Tabled documents

Correspondence received

The Chair tabled the following six items of correspondence received:

- Letter from Mr Jim Munro, Principal Consultant, Planning and Review Consultants, received 12 October 2001, providing a bid proposal to the committee inquiry into the quality of care for public patients and value for money in major non –metropolitan hospitals throughout New South Wales
- Letter from Ms Diane Williams, Imagine Success Consortium, received 12 October 2001, providing a bid proposal to the committee inquiry into the quality of care for public patients and value for money in major non –metropolitan hospitals throughout New South Wales
- Letter from Mr Greg Anderson, Partner – Health Risk Management Practice, Price Waterhouse Coopers, received 15 October 2001, indicating that a bid proposal to the committee inquiry into the quality of care for public patients and value for money in major non –metropolitan hospitals throughout New South Wales will not be submitted.
- Letter from Mr Paul Marsh, Acumen Alliance, received 15 October 2001, indicating that a bid proposal to the committee inquiry into the quality of care for public patients and value for money in major non – metropolitan hospitals throughout New South Wales will not be submitted.
- Letter from Mr Arthur Delbridge, Bridges Delbridge Consultants, received 17 October 2001, indicating that a bid proposal to the committee inquiry into the quality of care for public patients and value for money in major non –metropolitan hospitals throughout New South Wales will not be submitted.

Dr Stuart Gowland Fracs, Urologist, received 19 October 2001, requesting to discuss with the committee the concept of mobile day surgery in rural New South Wales.

5. Inquiry into the Quality of Care for Public Patients and Value for Money in Major Non – metropolitan Hospitals throughout NSW

Engagement of consultant to consider appropriateness of quality of care and value for money indicators

The Chair tabled bids received from the following two consultants:

Mr Jim Munro, Principal Consultant, Planning and Review Consultants, received 12 October 2001.

Ms Diane Williams, Imagine Success Consortium, received 12 October 2001.

The Chair also tabled three items of correspondence received in relation to consultants not submitting a bid:

Mr Greg Anderson, Partner – Health Risk Management Practice, Price Waterhouse Coopers, received 15 October 2001.

Mr Paul Marsh, Acumen Alliance, received 15 October 2001.

Mr Arthur Delbridge, Bridges Delbridge Consultants, received 17 October 2001.

The committee deliberated.

The Chair tabled a review of the bids by the secretariat.

The committee deliberated.

Mr Dyer moved that: the committee does not proceed with the consultancy and that the bidders be advised accordingly.

Debate ensued.

Question put.

The Committee divided.

Ayes: 3
Mr Dyer
Ms Saffin
Mr Tsang

Noes: 1
Dr Pezzutti

The question resolved in the affirmative.

The committee deliberated.

The Chair advised that he may identify another tendering process as a future meeting agenda item for committee consideration.

Hearing

Resolved, on motion of Mr Tsang:

> That: in accordance with the Resolution of the Legislative Council of 11 October 1994 the Committee authorises the sound broadcasting and television broadcasting of its public proceedings held today.

The public and media were admitted.

The Chair welcomed the gallery and reminded the media of their obligation under Standing Order 252 of the Legislative Council in relation to evidence given before, and documents presented to, the Committee. The Chair also distributed copies of the guidelines governing broadcast of proceedings.

Mr Terry Clout, Chief Executive Officer, Mid North Coast Area Health Service, Dr George Bearham, Acting Chief Executive Officer, Mid Western Area Health Service and Mr Stuart Schneider, Chief Executive Officer, New England Area Health Service, all NSW Department of Health were sworn and examined.

Evidence concluded and the witnesses withdrew.

Ms Debra Thoms, Chief Executive Officer, Macquarie Area Health Service and Mr Chris Crawford, Chief Executive Officer, Northern Rivers Area Health Service, both of NSW Department of Health, were sworn and examined.

Evidence concluded and the witnesses withdrew.

Public hearing concluded, the media and public withdrew.

The committee deliberated.

Resolved, on motion of Ms Saffin:

> That pursuant to the provisions of section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and under the authority of Standing Order 252, the committee authorises the Clerk of the Committee to make the corrected transcripts of committee hearings on 18 – 19 October 2001 publicly available.

6. Adjournment

The meeting adjourned at 1:30pm, *sine die.*

Steven Carr
Director

Minutes No. 40
Thursday 15 November 2001
At Parliament House (Room 1108) at 12 noon

1. Members present

Dr Pezzutti (in the Chair)
Dr Chesterfield-Evans
Mr Dyer
Mr Moppett
Ms Saffin
Mr Tsang

2. Apologies

Mr Corbett

3. Confirmation of minutes

Resolved, on motion of Mr Dyer, that draft minutes numbered 38 and 39 be confirmed.

4. Tabled documents

Correspondence received

The Chair tabled the following item of correspondence received:

- Letter from Dr Stuart Gowland, Urologist, received 19 October 2001, requesting an opportunity to discuss with the committee the concept of mobile day surgery in rural New South Wales.

The committee deliberated.

Resolved, on motion of Mr Moppett:

That the Chair write to Dr Gowland to advise of the committee's current inquiry and invite him to appear as a witness before the committee in early 2002.

5. Inquiry into the Quality of Care for Public Patients and Value for Money in Major Non – metropolitan Hospitals throughout NSW

Inquiry strategy

The Chair tabled his draft discussion paper outline.

The Committee deliberated.

Resolved, on motion of Mr Moppett:

That the following draft discussion paper outline, as amended, be adopted.

Part 1 - Discussion brochure

1. General Purpose Standing Committee, its role and terms of reference

2. What is quality of care and value for money?

3. How does my rural hospital compare?

   Insert table of 1995-1998 Yellow book statistics

   Manning Base Hospital / Albury Base Hospital / Lismore Base Hospital etc

   - Strengths

- Weaknesses

4. Recent reforms

   Overseas trends in indicators

   4.1 NSW Health's new strategy for quality indicators

   Summary of evidence received from Mick Reid and Paul Tridgell:

   - Initiatives in Area Health Services - pockets of innovation/best practice
   - Government Action Plan for Health (outcomes eg day of surgery admissions, day only surgery, funding models, discharge planning, chronic and complex care etc)
   - Credentialling of doctors in rural hospitals
   - Clinical governance
   - Real time indicators

   4.2 NSW Health's strategy for value for money

   Insert comments from Gibberd submission and evidence from Ken Baxter and Jim Pearce:
   - Resource Distribution Formula
   - Hospital funding

5. What do clinicians and the public want from quality indicators?

   - Access to indicators
   - Indicators that are more user friendly
   - Benchmarking indicators
   - Government Action Plan for Health - Consumer and Community Participation Institute of Clinical Excellence – role

6. The next steps

7. How can you be involved?

Discussion paper (Part 2)

Appendix 1 – NSW Health's review of international trends in indicators

Appendix 2 – Overheads from CEO Area Health Services

Appendix 3 – Hospital statistics from CEO Area Health Services (as requested at public hearings)

The committee agreed that once the discussion paper is finalised copies should be lodged with hospitals, Area health Services and local councils in New South Wales.

Next hearing

The Chair identified Mr Ken Barker, General Manager, Finance and Commercial Services and Mr Jim Pearse, Director, Funding and System Policy, both of NSW Health potential witnesses.

Resolved, on motion on Mr Dyer:

> That the committee hold a public hearing on Monday 3 December 2001, from 2:30 – 4:30pm, inviting Mr Ken Barker, General Manager, Finance and Commercial Services and Mr Jim Pearse, Director, Funding and System Policy, both of NSW Health to appear.

6. Adjournment

The meeting adjourned at 12:40pm, until Monday, 3 December 2001, at 2:30pm.

Steven Carr
Director

Minutes No. 41
Monday 3 December 2001
At Parliament House (Room 1108) at 2:33pm

1. Members present

Dr Pezzutti (in the Chair)
Dr Chesterfield-Evans
Mr Dyer
Mr Moppett
Ms Saffin
Mr Tsang

2. Apologies

Mr Corbett

3. Confirmation of minutes

Resolved, on motion of Mr Dyer, that: draft minutes number 40, as amended, be confirmed.

4. Tabled documents

Submissions - Inquiry into the Quality of Care for Public Patients and Value for Money in Major Non-metropolitan Hospitals throughout NSW

Submissions identified as public
The Chair to table 1 submission identified as public:

- Submission 20 – Mr Alan Kirkland, Director, Council of Social Service of New South Wales, received 29 November 2001.

Resolved, on motion of Mr Moppett:
That the submission be made publicly available.

Other material
The Chair tabled a media release from Ms Jillian Skinner MP, Member for North Shore, Shadow Minister for Health, dated 30 November 2001, on hospital waiting lists for country residents.

Correspondence sent
The Chair tabled the following item of correspondence sent:

- Letter to Dr Stuart Gowland, dated 29 November 2001, inviting him to discuss matters relating to mobile day surgery before the committee in 2002.

Correspondence received
The Chair tabled the following item of correspondence received:

- Letter from Mr Robert McGregor, Acting Director General, NSW Health, received 28 November 2001, providing an explanatory material on "day only surgery" and "day of surgery admissions"(attached).

5. Inquiry into the Quality of Care for Public Patients and Value for Money in Major Non – metropolitan Hospitals throughout NSW

Hearing
Resolved, on motion of Mr Moppett:
That in accordance with the Resolution of the Legislative Council of 11 October 1994 the Committee authorises the sound broadcasting and television broadcasting of its public proceedings held today.

The public and media were admitted.

The Chair welcomed the gallery and reminded the media of their obligation under Standing Order 252 of the Legislative Council in relation to evidence given before, and documents presented to, the Committee. The Chair also distributed copies of the guidelines governing broadcast of proceedings.

Mr Jim Pearse, Director, Funding and Systems Policy, NSW Health, was affirmed and examined.

Mr Ken Barker, General Manager, Finance and Commercial Services, NSW Health, was sworn and examined.

Evidence concluded and the witnesses withdrew.

Public hearing concluded, the media and public withdrew.

The committee deliberated.

Resolved, on motion of Mr Dyer:

> That pursuant to the provisions of section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and under the authority of Standing Order 252, the committee authorises the Clerk of the Committee to make the corrected transcripts of today's committee hearing publicly available.

Discussion paper / interim report

The committee considered the discussion paper outline resolved upon at its previous meeting.

The committee deliberated.

Resolved, on motion of Mr Moppett:

> That the committee's resolution be amended by deleting "Part 1 - Discussion brochure" and inserting instead "Part 1 - Interim Report".

The committee deliberated.

Resolved, on motion of Mr Moppett:

> That: the committee's resolution be amended by deleting "Discussion paper (Part 2)" and inserting instead "Part 2 - Interim Report".

The committee deliberated.

Mr Moppett moved, that:

> The committee secretariat provide a draft version of the interim report by Friday 21 December 2001.

Debate ensured.

Mr Dyer, moved, that:

> Mr Moppett's motion be amended by deleting "Friday 21 December 2001" and inserting instead "Monday 14 January 2002".

Question of Mr Dyer's motion, put and passed.

Question of Mr Moppett's amended motion, that:

> The committee secretariat provide a draft version of the interim report by Monday 14 January 2002.

Question put and passed.

6. ***

7. Adjournment
The meeting adjourned at 5:02pm, *sine die.*

Steven Carr
Director

Minutes No. 42
Tuesday 12 February 2002
At Parliament House (Room 814/815) at 9:55am

1. Members present

Dr Pezzutti (in the Chair)
Dr Chesterfield-Evans (from 10:15am)
Mr Dyer
Mr Tsang

2. Apologies

Mr Moppett
Ms Saffin

3. Confirmation of minutes

Resolved, on motion of Mr Dyer, that: draft minutes number 41be confirmed.

4. Tabled documents

Inquiry into the Quality of Care for Public Patients and Value for Money in Major Non-metropolitan Hospitals throughout NSW

The Chair tabled the following documents:

- Letter from Mr Robert McGregor, Acting Director General, NSW Health, dated 22 December 2001.
- Non-Emergency Health-Related Transport – Facilitating Access to Health Services in NSW – Discussion Paper, December 2001
- Non-Emergency Health-Related Transport – Facilitating Access to Health Services in NSW – Discussion Paper, December 2001, Attachment A, Initial Consultations
- Capital Assets Charging Policy, NSW Health, October 2001
- Resource Distribution formula Technical Paper, 1998/99 Revision, NSW Health
- Episode Funding for Acute and Emergency Services, September 2001.

5. Draft Report

The Committee agreed to defer consideration of the draft report until the next meeting.

The Committee adjourned at 10:00am, and resumed at 10:15am.

6. Inquiry into the Quality of Care for Public Patients and Value for Money in Major Non – metropolitan Hospitals throughout NSW

Hearing

Resolved, on motion of Mr Tsang:

> That in accordance with the Resolution of the Legislative Council of 11 October 1994 the Committee authorises the sound broadcasting and television broadcasting of its public proceedings held today.

The public and media were admitted.

The Chair welcomed the gallery and reminded the media of their obligation under Standing Order 252 of the Legislative Council in relation to evidence given before, and documents presented to, the Committee. The Chair also distributed copies of the guidelines governing broadcast of proceedings.

Dr Bill Hunter was sworn and examined.
Mr Robert Bosshard was sworn and examined.
Dr Stuart Gowland was sworn and examined.

Evidence concluded and the witnesses withdrew.

The Committee adjorned at 12:05.
The Committee resumed at 12:15.

Dr Gary Eckstein was affirmed and examined.

Public hearing concluded, the media and public withdrew.

The committee deliberated.

Resolved, on motion of Mr Dyer:

> That pursuant to the provisions of section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and under the authority of Standing Order 252, the committee authorises the Clerk of the Committee to make the corrected transcripts of today's committee hearing publicly available.

Tanya Bosch
Director

Meeting No 43
5:30 am Tuesday 26 February 2002
Room 1108, Parliament House, Sydney

1. Members present

Dr Pezzutti (in the Chair)
Mr Dyer
Dr Chesterfield-Evans
Mr Moppett
Mr Tsang

2. Apologies

Ms Saffin
Mr Corbett

3. Confirmation of Minutes

The minutes of meeting number 42 were adopted on the motion of Mr Dyer.

4. Consideration of chairman's draft Discussion Paper on Quality of Care for Public Patients and Value for Money in Major Non-metropolitan Hospitals in NSW

The Chair submitted his draft Discussion Paper on the quality of care for public patients and value for money in major non-metropolitan hospitals in NSW, which having been circulated to Members of the Committee, was accepted as being read.

The Committee considered the draft report.

Chapter One read and agreed to.

Chapter Two read.

Resolved, on the motion of Mr Moppett:

> That Paragraph 2.9 be amended to omit the word "Perspective".

Resolved, on the motion of Mr Moppett:

> That the first sentence in Paragraph 2.12 be amended to omit the words "Over the three year period from July 2000, the State Government has allocated $2 billion cash for the health system" and to replace them with "The Government is injecting $2 billion cash into the system over the three year period from July 2000".

Chapter Two, as amended, agreed to.

Chapter Three read.

Resolved, on the motion of Mr Moppett:

> That Paragraph 3.40 be amended to omit the words "The Committee notes the relatively recent private delivery of such public funded care (ie Port Macquarie Base Hospital – by Mayne Health), contracted to the Health Department in monitoring its performance in the key areas of quality of care", and replace them with "The Committee notes the relatively recent development of private delivery of public funded care contracted to the Health Department (ie Port Macquarie Base Hospital – by Mayne Health) and seeks to monitor performance in the key areas of quality of care".

Resolved on the motion of Mr Moppett:

> That Paragraph 3.43 be amended to omit the words "Whilst Port Macquarie Base Hospital has not been required to provide quality indicators in the past to the NSW Health Department..." and be replaced with "Whilst the complete quality indicators for Port Macquarie Base Hospital have not been published..."

Chapter Three, as amended, agreed to.

Chapter Four read.

Resolved, on the motion of Mr Moppett:

That the sub-heading above paragraph 4.58 be omitted and replaced with "Preventing avoidable harm – real time data".

Chapter Four, as amended, agreed to.

Chapter Five read.

Resolved, on the motion of Mr Dyer:

That Paragraphs 5.43 through to 5.49 be amended to replace the word "returned" with the word "reported".

Chapter Five, as amended, agreed to.

Chapter Six read.

Resolved, on the motion of Mr Moppett:

That the date for submissions be amended to replace the date "Monday 15 April" with the date "Tuesday 30 April".

Chapter Six, as amended, agreed to.

Committee agreed that Appendices 4 and 5 would be published as a separate volume and the slides presented to the Committee during the hearings by the relevant Area Health Services would be published as a third volume to the report.

Resolved, on the motion of Mr Tsang:

That the Draft Report, as amended, be the Report of the Committee and that the Chairman and Director be permitted to correct stylistic, typographical and grammatical errors.

Resolved, on the motion of Mr Tsang:

That the Report, together with the transcripts of evidence, submissions, documents and correspondence in relation to the inquiry, be tabled and made public.

5. General business

The Chair briefed the Committee on potential visits, meeting program and hearings for the next stage of the inquiry. The Committee agreed that a deliberative meeting date is to be set after the closing date for submissions, and two additional dates are to be set for mid-to-late May for either two hearings or one hearing and a visit.

The Secretariat undertook to distribute calendars to ascertain Member's availability.

6. Adjournment

The committee adjourned at 6:30pm.

Tanya Bosch
Director

Meeting No 44
11:00am Monday 29 April 2002
Room 1108, Parliament House, Sydney

1. Members present

Dr Pezzutti (in the Chair)
Mr Dyer
Dr Chesterfield-Evans
Mr Moppett
Mr Tsang

2. Apologies

Ms Saffin
Mr Corbett

3. Confirmation of minutes

Resolved, on the motion of Mr Dyer that the minutes of meeting number 43 be confirmed.

4. Inquiry into the Quality Of Care and Value for Money in Major Non-Metropolitan Hospitals in NSW - Proposed Visit to Port Macquarie for Public Hearing

The Committee noted the resolution from the previous minutes (No.42), to conduct a public hearing in Port Macquarie on the 22nd May 2002.

Resolved, on the motion of Mr Dyer:

> That witnesses are to be arranged by the Secretariat in consultation with the Chair.

Resolved, on the motion of Mr Moppett:

> That a public forum be included in the hearing from 2:00pm-3:00pm with opportunity to speak to up to 5 minutes.

Resolved, on a motion of Mr Moppett:

> That the Secretariat be authorised to place notices of the public hearing, including advertising the hour for a public hearing in the local media.

5. Adjournment

The committee adjourned at 11:30am, until the next hearing at 1:00pm 9 May 2002.

Bayne McKissock
Project Officer

Meeting No 45
1:00 pm Thursday 9 May 2002
Room 1108, Parliament House, Sydney

1. Members present
Dr Pezzutti (in the Chair)
Mr Dyer
Dr Chesterfield-Evans
Mr Moppett

2. Apologies
Ms Saffin
Mr Corbett
Mr Tsang

3. Confirmation of minutes
Resolved, on the motion of Mr Dyer that the minutes of meeting number 44 be confirmed.

4. Inquiry into the Quality Of Care and Value for Money in Major Non-Metropolitan Hospitals in NSW - Proposed Visit to Port Macquarie for Public Hearing
The Committee noted the program for the visit and hearing on 21-22 May 2002.

5. Adjournment
The committee adjourned at 1:30pm, until the next hearing at 8:30 am on 22 May 2002.

Steven Reynolds
Director

Minutes No. 46
Wednesday 22 May 2002 at 8:30 am
At Port Macquarie Base Hospital, then Port Panthers, Port Macquarie.

1. Members present

Dr Pezzutti (in the Chair)
Dr Chesterfield-Evans
Mr Dyer
Mr Moppett

2. Apologies

Mr Corbett
Ms Saffin
Mr Tsang

3. Inquiry into the Quality of Care for Public Patients and Value for Money in Major Non – metropolitan Hospitals throughout NSW

Site Visit

The committee members were shown on a tour of Port Macquarie Base Hospital, accompanied by Mr Robert Walsh, Director, Northern Region, Mayne Health, and senior hospital staff.

Hearing

Mr Robert Walsh, Director of Hospitals, Northern Region, Mayne Health was sworn and examined.

Mr Walsh tendered the following documents:

- opening statement
- figures on performance indicators re triage.

Evidence concluded and the witness withdrew.

Resolved, on the motion of Mr Dyer:

> That the Committee publish the documents tendered by Mr Walsh and his submission to the Committee on behalf of Mayne Health.

Mr Chris Jenkins, Member, Port Macquarie Base Hospital Community Board of Advice, Mr Tony O'Grady, Organiser, NSW Nurses' Association; Mr Terry Clout, Chief Executive Officer, Mid-North Coast Area Health Service, and Dr Stephen Begbie, Chair of Medical Staff Council, Port Macquarie Base Hospital, were sworn and examined.

Evidence concluded and the witnesses withdrew.

Ms Sandra O"Brien was sworn and examined.

Evidence concluded and the witness withdrew.

Community Consultation

The committee conducted a conducted a community consultation. Members of the Port Macquarie community that participated were:

- Mrs Stella Hughes
- Ms Theresa Mackay
- Mr Neil Thrift
- Mr Bob Boss-Walker

- Dr Mark Baker
- Mr Angelo Sicurelli
- Dr Peter Reid
- Mr Noel Craigie
- Mr William Bean

Following the community consultation Mr Walsh resumed his sworn evidence, and addressed matters raised.

Evidence concluded and the witness and the public withdrew.

Publication of Proceedings
The committee deliberated.

Resolved, on the motion of Dr Arthur Chesterfield-Evans:

> That pursuant to the provisions of section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and under the authority of Standing Order 252, the committee authorises the Clerk of the Committee to make the corrected transcripts of today's committee hearing and community consultation publicly available.

4. Next meeting
The meeting adjourned at 4:00pm, *sine die.*

Steven Reynolds
Director

Minutes No 52
Thursday 29 August 2002
Room 1108, at Parliament House at 1:00pm

1. Members Present

The Hon Dr Brian Pezzutti RFM MLC *(Chair)*
The Hon Dr Arthur Chesterfield-Evans (*Deputy Chair*)
The Hon Duncan Gay MLC
The Hon Ron Dyer MLC
The Hon Henry Tsang MLC

2. Apologies

The Hon Janelle Saffin MLC
The Hon Alan Corbett MLC

3. Confirmation of Minutes

Mr Dyer noted the spelling of the Hon Dr Chesterfield-Evans name needed to be amended in minutes 46.

Resolved, on the motion of Mr Dyer:
That minutes of meeting number 45 and meeting number 46, as amended, be confirmed.

4. Inquiry into the Quality of Care for Public Patients and Value for Money in Major Non – metropolitan Hospitals throughout NSW

The Chair tabled his Final Report. Once circulated, the draft report was accepted as read.

Chapter One was read.

Resolved, on the motion of Mr Dyer:
That Chapter One be adopted.

Chapter Two was read.

Resolved, on the motion of Dr Chesterfield-Evans:
That the Committee secretariat prepare a paragraph concerning laundry services at Port Macquarie Base Hospital, and that after circulation by email among members this paragraph be inserted after 2.15 in the report.

Resolved, on the motion of Dr Chesterfield-Evans:
That the Committee secretariat prepare a paragraph concerning the funding of mental health, community health and oncology services at Port Macquarie Base Hospital, and that after circulation by email among members this paragraph be inserted after 2.15 in the report.

The Committee deliberated.

Resolved, on the motion of Mr Gay:
That Chapter Two as amended be adopted.

The Chair indicated he wished to append to the report the press release of NSW Health regarding the Four Point Plan.

Resolved, on the motion of Mr Gay:
That the Report as amended be adopted as the report of the Committee.

Resolved, on the motion of Mr Dyer:

That submissions, tabled documents and correspondence, excepting those for which confidentiality has been requested, be tabled with the report and made public.

5. Adjournment

The Committee adjourned at 1:45 pm

Steven Reynolds
Clerk to the Committee

Appendix 4

Four Point Plan

Port Macquarie Base Hospital (PMBH)

Four Point Plan

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Health Public Affairs — Media Releases

Friday, 22 June 2001

COMMUNITY CERTAINTY AND INVOLVEMENT IN HEALTH SERVICES

A four point plan proposed today by NSW Health Director-General Mick Reid will ensure a comprehensive range of clinically appropriate health services will continue to be provided to the Port Macquarie/Hastings community. Mr Reid outlined the plan at a meeting of stakeholders which was held in Port Macquarie today.

"Following today's meeting there is agreement between the Mid North Coast Area Health Service, Mayne Health and the Port Macquarie Base Hospital Management, Board of Advice and the Health Council about the way forward for health care in the region," Mr Reid said.

The four point plan includes:

- Port Macquarie Base Hospital being treated, and conducting itself, in the same manner as all other Public Base Hospitals across NSW.
- Mid North Coast Area Health Service being given increased authority to manage the contract for services with Mayne Health and Port Macquarie Base Hospital.
- The Port Macquarie/Hastings community will receive an equitable share of resources and growth funding from the Mid North Coast Area Health Service. This will cover a range of clinical services at Port Macquarie Base Hospital including elective surgery, chronic and complex care and cancer services.
- Clarifying and strengthening the role of the community in monitoring and advising all health services through a new and strengthened community health forum - the Macleay/Hastings Consumer/Community Health Forum. The Forum will be the primary source of community advice to the Area Health Board.

There will be a steering committee of representatives from existing consultative groups to guide the creation of the Forum. Mr John Avery, Chair of Port Macquarie Base Hospital Health Council and Mr Chris Jenkins, Chair of the Port Macquarie Base Hospital Board of Advice, have agreed to co-chair the steering committee.

In light of the four point plan and to ensure the agreement remains contemporary and relevant, Mayne Health has agreed to consider reviewing the service contract between Port Macquarie Base Hospital and NSW Health. However, there are no plans to alter the important role of Port Macquarie Base Hospital in providing health services under the contract.

"It's now my intention to report back to the Minister for Health Craig Knowles and Premier Bob Carr and indicate a consensus has been reached about the way forward for health care on the Mid North Coast," Mr Reid said.

The existing stakeholders group, under the chair of Mr Wayne Richards, has agreed to reconvene to receive the details of the four point plan.