

IN-CAMERA REPORT OF PROCEEDINGS BEFORE¹

**JOINT SELECT COMMITTEE ON THE ROYAL
NORTH SHORE HOSPITAL**

INQUIRY INTO THE ROYAL NORTH SHORE HOSPITAL

At Sydney on Friday 16 November 2007

The Committee met in camera at 8.30 a.m.

PRESENT

Reverend the Hon. F. J. Nile (Chair)

Legislative Council

The Hon. A. Fazio
The Hon. J. A. Gardiner

Ms J. G. Skinner
Ms C. M. Tebbutt

Legislative Assembly

Mr M. J. Daley
Mr P. R. Draper
Dr A. McDonald

¹ Published by resolution of the Committee, Friday 16 November 2007.

DEBORAH JANINE LATTA, Private Citizen, Former General Manager, Royal North Shore Hospital, sworn and examined:

CHAIR: Thank you for coming today to assist us in our inquiry. We appreciate your attendance. In what capacity are you appearing before the Committee?

Ms LATTA: I am appearing as a private citizen and as past General Manager of Royal North Shore and Ryde Health Service.

CHAIR: The Committee has agreed to hear your evidence in camera. At the end of your evidence we will ask you whether we should publish it. We will resolve that issue when you finish your evidence.

Ms LATTA: Thank you.

CHAIR: Would you like to begin by making a brief statement?

Ms LATTA: Yes, I would. Thank you for the opportunity to appear before the Committee. I was the General Manager of Royal North Shore and Ryde Health Service, responsible for both hospitals and with shared responsibility for 35 community health facilities from February 2003. I left the health service in August 2005. I have had the benefit of reading the transcript from Monday's hearing made available on the parliamentary website and note that there have been many statements made about the excellent and committed staff, the hospital's reputation as a major provider of high-quality health care and the admirable track record in research and in obtaining grants. I certainly concur with all such statements. I would add that there is a major commitment and significant achievement by highly skilled professionals in the areas of training and education of all clinical groups, some programs for which are leading edge.

In accordance with the terms of reference, I note that there has been a focus on the issues of bullying and harassment, both through this inquiry and in the recent media. As such, I would like to provide information about this to the Committee from my perspective. Soon after I was appointed to the position of general manager I was provided with a number of written complaints about bullying and harassment allegations that related to a senior nursing member of the Royal North Shore Hospital executive, which were up to a year old. My brief was to action these complaints. The area executive and I determined the approach to be taken, which included the investigation culminating in the September 2003 report that has been mentioned in recent times.

The person of interest was informed of the issues and of the investigation, and relevant senior nursing managers and those who were invited to participate in the investigation were informed of the investigator's focus. Those who submitted the original complaints were asked to participate. I met regularly with the person of interest during the period of the investigation regarding performance and progress of the findings from the investigation. My recollection is that this person resigned from the hospital prior to the report being received to take up an alternative position. Following her resignation and the subsequent receipt of the report, each of the divisional nurse managers were informed of the outcomes and of the need to provide leadership regarding not tolerating bullying and harassment and actioning any such behaviour.

Soon after this the area executive decided that a staff climate survey would be conducted for all staff across the area. This was undertaken a couple of months after the report was received. As such, I felt that the survey was an appropriate next step in determining the extent of the problem since the major contributor was no longer in the organisation. The survey demonstrated that bullying and harassment was still evident and that this was the case throughout a number of services in the area health service. Such surveys are often difficult to interpret and, as such, focus groups were conducted with staff within the departments of each of the divisions of Royal North Shore Hospital and Ryde Hospital to determine the most important aspect to be acted upon from the information received in the survey report. Action plans were developed and implemented in conjunction with the staff to address the issues.

I requested that the human resource manager allocated to Royal North Shore and Ryde Health Service from the area HR service undertake research into approaches for best addressing bullying and harassment. This is not an easy thing to address and, as such, I felt it worthwhile to gain some evidence in approaches that may have worked in regard to bullying and harassment—and may have worked well. Bullying and harassment is one of those types of behaviours that you could liken to addiction: people need to first understand that they actually have a problem. From my experience, most people do not understand that they have a problem, no matter what education or awareness raising they participate in. I was informed that the area HR service would be dealing with it across the area and, as such, individual hospital programs were not to be developed.

From the very early days of my appointment it was evident that there were many other areas of priority, including the major work that I needed to undertake as a result of changes in the area health service. This was to merge Royal North Shore and Ryde hospitals into one management structure, financial management, quality systems, clinician engagement, data management and reporting, and capital and equipment replacement. All of these were additional priorities apart from managing bullying and harassment. I am certainly happy to answer any questions.

Mrs JILLIAN SKINNER: Thank you very much. That is very enlightening. I am very pleased that you have addressed some of those issues, particularly around bullying. The Minister told this inquiry that former management at Royal North Shore had not immediately addressed bullying. I had assumed that she was probably referring to you, which would appear from your evidence not to be the case.

Ms LATTA: I am assuming that it was me. That is why I felt it was important to clear the record.

Mrs JILLIAN SKINNER: Much has been said about the latest bullying review—the 2007 review—conducted by Vern Dalton and Judith Meppem. The 2003 review that you commissioned is now in the public domain and the media has reported on it. The staff climate survey led in 2004, did it not, to a lot of staff briefings, including power point presentations?

Ms LATTA: That is correct.

Mrs JILLIAN SKINNER: Why do we still have in 2007 bullying and can we be confident, do you think, about the most recent claims that this will be a thing of the past?

Ms LATTA: I am not sure that we can be confident that this is the case. It is a very difficult thing to deal with and I think a lot of it has to be people, like senior people, actually modelling appropriate behaviour and I do not know that we always see that, unfortunately. It is not an easy thing to deal with, in that it is not a matter of saying, "Well, you are a bully and we are going to sack you" or whatever. You actually have to go through a proper process.

The other issue in regard to bullying and harassment is that people have to want to come forward to tell you that there is a specific issue. As a general manager I could not deal with issues of a specific nature unless people came to me and said, "I have an issue" and then I would take it up. In fact, I took up a number of those sorts of things personally when they were raised with me and dealt with them. That is one of the issues that means it continues to possibly bubble underneath the surface, if people do not feel that they can come forward.

Mrs JILLIAN SKINNER: One of the things that the Meppem-Dalton report has highlighted is the fact that the human resources area itself seems to be an area where there are some concerns. Was that the case in your day?

Ms LATTA: Absolutely.

Mrs JILLIAN SKINNER: That may be something we can focus on when Mr Dalton gives evidence.

Ms LATTA: Yes. And can I just add to that?

Mrs JILLIAN SKINNER: Yes.

Ms LATTA: I think one of the issues—and I raised it when I was within the organisation—was that often the bullying, harassment and grievance processes go hand-in-hand and the grievance process is actually very cumbersome and difficult to navigate. I think those sorts of processes need to be easy for staff to navigate so that things can be addressed.

Mrs JILLIAN SKINNER: Thank you, because that is my next question. I have had a number of nurses in particular—but not only them—say that there are still outstanding grievances that are a couple of years old, if not older, that have not been dealt with. Would you find that hard to believe or believable?

Ms LATTA: I think it is believable and it really depends on how much those grievances have escalated and who is actually dealing with them.

Mrs JILLIAN SKINNER: If there were suggestions that some staff, particularly nurses, were afraid or unwilling to come forward to this Committee because they need continuing bullying, harassment or behaviour that would lead to further grievances or make their lives more difficult, would that surprise you?

Ms LATTA: It would actually. I do not know that that is throughout the organisation. I have not seen any evidence particularly.

Mrs JILLIAN SKINNER: But if there were any that would say that?

Ms LATTA: I would expect there would be some people that would say that, yes.

Mrs JILLIAN SKINNER: I turn to page 4 of the Minister's evidence from the transcript the other day. She said that one of the areas that concerned her was management of Royal North Shore, particularly poor financial management. The context for her saying this was past practice was no longer the case. Do you think she was referring to you?

Ms LATTA: I do not know, to be honest. Throughout the transcript there are lots of things referring to management and it can be confusing as to who is talking about whom. I guess I have some views on how things were managed financially.

Mrs JILLIAN SKINNER: What was the financial position of Royal North Shore Hospital when you are general manager?

Ms LATTA: Royal North Shore Hospital had had a very longstanding financial issue, so it was not new when I came into the role and during the time I was there, there was an approximately \$20 million budget problem.

CHAIR: A deficit problem?

Ms LATTA: A deficit yes, on an annual basis.

Mrs JILLIAN SKINNER: You mean that every year it was \$20 million in the red?

Ms LATTA: Yes, pretty much. It was different from year to year but generally that was the amount. When I first started in the organisation, a couple of months after I started I was asked to present to the board at the time what I had found in regard to financial issues in Royal North Shore in particular because they were concerned that things were still not in a good state and what I had found as a new person coming into the organisation. So I presented to them—it was two or three months, I cannot remember exactly now, after I started in the role and I had found a number of issues that had developed over a period of time that assisted in them being in that position. So I presented all of those to them. They were things like new services being approved, additional appointments being made without any funding actually being put to any of those, and some of those were worth quite a number of millions of dollars.

Mrs JILLIAN SKINNER: Mr Barker said there was a review of the Royal North Shore budget allocation process in 2005. Were you there during that time?

Ms LATTA: That started just as I was leaving.

Mrs JILLIAN SKINNER: So you do not know the outcome of that review?

Ms LATTA: No.

Mrs JILLIAN SKINNER: Dr Matthews told us that there were significant performance issues at Royal North Shore, particularly about the cost per DRG compared to peer hospitals. He reckoned it was about \$400 per cost-weighted separation more expensive at Royal North Shore. Would you agree with that figure?

Ms LATTA: There were some parts of service provision that were more expensive, for sure. Also in those transcripts it talks about how some things cannot be compared quite so easily. If you look at orthopaedics, one of the major differences that I would see, having had experience in other hospitals, is that the senior medical staff in orthopaedics all attend for all of the trauma that happens, which does not happen in lots of other hospitals, so obviously that is an additional cost but it is also something that I think is very positive.

Mrs JILLIAN SKINNER: So it is a good practice but it adds costs; it has financial implications?

Ms LATTA: Yes.

Mrs JILLIAN SKINNER: The suggestion in one submission about a shift of trust funds at the end of the financial year to cover the bottom line, would you be aware of that?

Ms LATTA: I was. I believe something like that happened prior to me being there but it also happened during my time there and after much argument it still actually occurred. That trust fund has since been reimbursed with the funds that were taken out of it.

Mrs JILLIAN SKINNER: Was any action taken against the individual who shifted the funds?

Ms LATTA: No.

Mrs JILLIAN SKINNER: Do you think that was appropriate?

Ms LATTA: I do not believe so.

CHAIR: We will move on to Mrs Tebbutt.

Ms CARMEL TEBBUTT: You have identified in your evidence some of the priorities that were there when you first got to the position and you continued to work on. What were some of the challenges in addressing those priorities? You talked about bullying and the report, you talked about the challenge of merging Royal North Shore and Ryde. What were the challenges, in your experience, in the time that you were there in dealing with and addressing those priorities?

Ms LATTA: The Royal North Shore and Ryde merge actually went quite smoothly considering it was such a major change. It was really a matter of engaging clinicians, as well as managers to make that happen smoothly and for it to be effective at the end of the day. It was a situation of a small hospital thinking a big hospital is taking it over and a big hospital thinking, "Well, what has a small hospital got to offer? We all worked very hard on addressing that, so I think while that was a challenge it actually worked well and we all worked together in making it happen and further work has happened in order to make that even more streamlined. We have talked about bullying and harassment. Financial management I found particularly challenging. One of the reasons for that was that I guess I felt I did not have a lot of control over what was happening with the financial situation. I would find that cash flows had been altered without me knowing, so that money

had perhaps been brought forward to cover the costs of a month-by-month situation, which meant we would have less money towards the end of the financial year, and I found out that that had happened after the event.

Ms CARMEL TEBBUTT: Who would be responsible for that then?

Ms LATTA: Well, people within the area had made those decisions. So those sorts of things happening without any transparency made it extremely difficult for me to be able to manage the financial situation, and I did bring this to the attention of the area on numerous occasions and in fact actually at one point said to them, "If this approach to managing finances is going to continue, I don't believe I can be held responsible for the outcome of the financial situation." With the clinicians and the managers in the organisation I spent considerable time developing strategies to improve the situation, including setting up a clinical services group, which involved lots of clinicians, and we spent a lot of time—we met every week and we had subgroups that went and looked at every single service.

From that we developed a plan for what we saw the future of every service being. It was very detailed, it was all the FTEs, it was the finances, it was what clinics they had, it was all of that, and we put a report together as to what we felt as a group each service's future was and also recommendations for what we thought could happen that also related to financial management. None of those recommendations was approved, despite the fact that clinicians were involved in making the decisions, and I felt that those sorts of recommendations would have actually assisted with the \$20 million financial problem or deficit. So those sorts of things, like doing all of that work, no outcomes happening from it, became very frustrating, and with financial management being a focus—and you could not get over that hurdle I felt, you know, after all the work you just could not get past it—that meant that other work that I felt was important to get on with, like making sure that we focused on patient care, was sort of I guess satisfied to some extent because of the financial focus.

Dr ANDREW McDONALD: A number of submissions and witnesses have raised a concern about the relationship between management and clinicians, saying it was not very good. Were you aware of this?

Ms LATTA: Well, in fact I would dispute that. I do not know what timeframe they are talking about. In fact when I put in my resignation the medical staff in particular went to the director general at the time and said that she needed to fix the problems because they did not want me to leave, and I have lots of emails and so forth that support that, so I would dispute that it was during my time.

Dr ANDREW McDONALD: Were there any initiatives you tried to put in place to address the relationship? You have already talked about the clinical services group. Any other ideas as to what can be done to improve the situation?

Ms LATTA: I think the main relationship issue is actually between the hospital and the area health service, and that is not necessarily unusual with other area health services as well, but I think it was a particular issue at Northern Sydney. I believe that there needs to be more than lip service paid to the fact that we want to work together. I would hope that a positive outcome from this process is that one of the things is people do need to give more than lip service to the fact that we are supposed to be working together, we are supposed to be working to the same aim, you would hope, and that is excellent quality care for patients as well as looking after our staff, but that is not always evident and I honestly think at times we are actually at loggerheads with each other. I think that there really needs to be a very serious look at that.

The Hon. AMANDA FAZIO: I understand that before you went to North Shore you were the general manager at Sutherland hospital?

Ms LATTA: That is right.

The Hon. AMANDA FAZIO: What were the major differences you found in the way the two hospitals operated?

Ms LATTA: They are quite different hospitals, as you can appreciate. However, when I was at Sutherland a lot of the financial, for example, human resource, all of those sorts of support services

that helped us do what we had to do were the responsibility of the hospital, so they were under my responsibility, whereas at Northern Sydney they were at an area level. So I had no authority over those sorts of people whereas at Sutherland I did, which meant that strategically we could move forward together, I could help direct and they could be part of the team in moving forward.

For example, on the financial side of things, when I first went to Sutherland hospital—that was in February—they were expecting that they would be \$600,000 over budget by the end of that financial year. We put a lot of strategies in place, which I was actually able to work with the staff and the managers to do in an autonomous way, and we ended up coming \$600,000 under budget without cutting any services, and that was things like increasing revenue, looking at streamlining things, and we made an additional \$3 million revenue within the first year of me taking up that role and continued to develop that. I think it is that autonomy that is really important within a hospital and also I guess respecting the role of the general manager in being able to do the job that they are appointed to do and paid reasonably for.

Mr PETER DRAPER: There seems to be a lot of instability in the executive management of the hospital. I think there have been eight general managers in 10 years and 29 senior resignations. Can you let us know what contributes to that instability?

Ms LATTA: I think the financial part of it being the focus—and you will have seen that in a number of submissions I think, that that has become the focus—and, whilst it is obviously extremely important, it has to be balanced with ensuring that we are providing good patient care. I think that has upset a number of people and that is one of the reasons why there has been some instability. I guess I cannot talk on behalf of other people, but it is once again that relationship between the hospital and the area and while there are individuals that have worked really hard on that, both at the area level and the hospital level, to try to improve that, it has not been consistently applied and it has peaks and troughs and I think that is a difficult environment to work in.

Mr PETER DRAPER: Going through the submissions there was a report in I think 2004-05 that identified the capital needs of the hospital at about \$30 million, and I think the estimate now is \$50 million.

Ms LATTA: Yes.

Mr PETER DRAPER: Is it satisfactory that a hospital of Royal North Shore's standing seems to be so reliant on donations and charities to replace equipment? You mentioned that you were developing a plan for that. Was that actually put in place?

Ms LATTA: As to that 2004-05 document that you referred to, we generated that while I was there. There was no capital or asset replacement plan for the organisation when I started, so we actually developed that 10-year plan. The staff and managers within the organisation were not used to ever doing something like that, so what they used to do is put up what they called wish lists and they were not necessarily even the things that were really required because there had not been a proper planning process for it, and they were also called wish lists because they often did not get them. Anyway, I wanted to change that culture so that we actually did have a plan, that they knew that if we bought a piece of equipment now it may have a five-year lifetime, therefore we will put it on the plan for five years' replacement, and at least so that we could understand what the magnitude of the problem was. I think the capital expenditure is the first thing that goes when there are budgetary problems and the delegations for that sort of thing really sit at an area level now because those sorts of things need to be approved through that process.

What I tried to do is put a risk management process around it, given that the magnitude of the problem was so large. So it was asking that question: if we do not purchase this piece of equipment now, what is the outcome of that? How does it affect patient care? Then I was able to get things approved. But obviously there was a big backlog of those things. So, no, I do not think it is appropriate that a hospital like that mostly relies on donations. It certainly is part of how we run our health services and lots of hospitals do rely on it, but it should not be the main form of providing replacement equipment.

We did go down the track through the health system at one stage of leasing equipment, which did not always work in favour of the organisations but for some things, and particularly very expensive pieces of equipment, it did prove to be helpful. Throughout the system, Royal North Shore is not the only place that is like this, and I think that once again there needs to be a serious look at how we do this across the system.

CHAIR: You have indicated the way the area health service interfered with the running of Royal North Shore Hospital but they did not do it with Sutherland hospital. Is there any reason why they wanted an on-hands role with regard to Royal North Shore Hospital?

Ms LATTA: They were in two different area health services—

CHAIR: It was simply different policies?

Ms LATTA: Yes, different management approaches really. Plus, the other thing that was different was that in South Eastern Sydney not all of those support services were across the area; as I said, they were at hospitals. Whereas, Northern Sydney had moved to the approach some time ago of having all those services provided from an area level, which brought all of those resources together into the area. I think there are pluses and minuses for taking that approach.

CHAIR: It is hard to say whether it was more efficient or less efficient?

Ms LATTA: Yes. There is a potential for it to be more efficient, but I think the thing that then occurs is that there is no loyalty or real drive to want to work within the hospital to make that particular hospital function better. There are so many other competing priorities when they are sitting at the area level, so I think the dedication to particular facilities or hospitals is somewhat diluted.

CHAIR: Thank you for appearing before the Committee today and sharing with us your views as a former general manager of the hospital.

The Hon. AMANDA FAZIO: Would you be happy if we published the evidence you gave today?

Ms LATTA: Yes.

CHAIR: No names are mentioned.

Ms LATTA: No names are mentioned, and I think that from the way we have talked about the initial bit it is probably okay.

CHAIR: You would be happy for us to publish your evidence?

Ms LATTA: Yes.

Motion agreed to:

That the evidence of the witness be published.

(Conclusion of evidence in camera)

(Public hearing resumed)