

Submission
No 212

**INQUIRY INTO OPERATION AND MANAGEMENT OF
THE NORTHERN BEACHES HOSPITAL**

Organisation: Unions NSW

Date Received: 29 July 2019



Inquiry into the operation and management of the Northern Beaches Hospital

NSW Parliament Committee no. 2

29 July 2019

Submission by:
Unions NSW
Trades Hall Building
Level 3, 4 Goulburn Street
Sydney

Introduction

1. Unions NSW is the peak body for trade unions and union members in NSW and has over 65 affiliated unions and Trades and Labour Councils representing approximately 600,000 workers across the State. Affiliated unions cover the spectrum of the workforce in both the public and private sector.
2. Unions NSW thanks the committee for the opportunity to make a submission to the Inquiry. Unions NSW, along with health unions, took part in the initial consultation phase of the Northern Beaches Hospital, particularly in relation to its impact on staff including those transferring from the Mona Vale and Manly Hospitals.
3. The Unions NSW submission to this inquiry will focus on both the employment issues of the hospital, as well as the operation of the hospital as a public private partnership and its ability to meet the health needs of the Northern Beaches community.
4. The health professionals who work at the hospital are committed to providing world-class health care. The failures and mismanagement of the hospital since its opening in October 2018 have been widely publicized and have certainly had a negative impact on the morale of staff at the hospital. Additionally, staff employed have found the hospital to be a difficult work environment with understaffing issues and a clear lack of preparedness from administrators of the hospital. Staff are nervous to speak out publicly about their concerns in fear of recriminations, however some union members have provided anonymous feedback to their unions for inclusion in submissions to this inquiry.
5. This submission is based on consultations with relevant affiliated health unions including the Australian Salaried Medical Officers, the Health Services Union and the NSW Nurses and Midwives Association.
6. Unions NSW supports the submissions of the Australian Salaried Medical Officers, the Health Services Union and the NSW Nurses and Midwives Association.

Consultation process

7. Unions NSW, along with health unions, was a member of the ‘Northern Beaches Site Specific Consultative Committee (Northern Beaches SSCC)’, a group developed to discuss the industrial matters related to the hospital with the Northern Sydney Local Health District (LHD) and Healthscope. The Northern Beaches SSCC met every two months starting in October 2015.
8. Healthscope and the Northern Sydney Health District did not consult in good faith. On numerous occasions unions requested the LHD to provide details of the proposed transfer payments for staff transferring across to the new operators, confirmation in writing about the applicability of entitlements and details of the staff profile and models of care. Union representatives become increasingly concerned when the LHD promised to have answers to several issues at the August 2016 consultative committee meetings. However, the LHD did not provide answers and informed the unions they could not provide a timeframe for when they could be provided.
9. In October 2016, after a year of consultation meetings, Unions wrote directly to the Secretary of NSW Health, Ms Elizabeth Koff to raise frustrations with the lack of information being provided about employment issues as well as the disrespectful behavior of representatives from Healthscope in discussions. Unions felt the discussions with the LHD were not being accurately communicated to NSW Health. The correspondence to NSW Health outlined outstanding issues around the entitlements of transferring employees and requested a representative of NSW Health be present at future consultation meetings. NSW Health were dismissive of these concerns and did not commit to attending consultation meetings.
10. To escalate the matter further, unions filed a dispute in the Industrial Relations Commission regarding the insufficient consultation with employees. After two hearings and a number of meetings with NSW Health and the LHD over December and January 2016, unions were still no closer to receiving the answers to outstanding questions on employee entitlements.
11. In June 2017, Unions escalated the matter to the Minister for Health, Brad Hazzard.

12. Unions eventually received some requested information including the details of the transfer payment. However, unions have never received information on the staffing profile of the hospital, including the number of casual and agency staff engaged. Through the consultation process, there were unresolved issues regarding:
- a. The enforcement of employment commitments made outside of the copied Awards;
 - b. Recognition of previous NSW Health and subsequent Healthscope service;
 - c. Details of the staff profile to assist with job matching.

Staffing concerns

13. Union members at the Northern Beaches Hospital have raised concerns about job security, an overreliance on temporary and agency staff and excessive workloads. While members have raised concerns, they have done so anonymously in fear of repercussions. Union submissions have included direct quotes from members and survey findings on their experiences of staffing and workloads.
14. Healthscope have not provided unions with figures on the number of casual and agency staff being utilised by the hospital, however union members have reported a significant increase in insecure work at the hospital.
15. The Northern Beach Hospital is not bound by the minimum staffing, models of care or staffing mix requirements of public hospitals. The hospital does not need to report on LHD Improvement Measures like their public hospital counterparts. These Measures include an expectation for hospitals to increase front-line staff and reduce the use of agency and casual staff¹.
16. Union members have raised concerns about excessive workloads as a result of staff shortages and the inability to find replacement employees. An overreliance on agency and casual staff has meant significant institutional knowledge has been lost within the hospital, which only compounds work load issues.

¹ Information Bulletin, 2018-19 KPI and Improvement Measure Data Supplement

Lack of transparency

17. The operation and management of the Northern Beaches Hospital is not transparent. The Government has argued ‘commercial in-confidence’ to obscure key information about the hospital’s performance and the true costs of the hospital to tax payers. The performance and standards of a public hospital should be open to scrutiny to the public. The health outcomes of the Northern Beaches community must out-weigh the ‘commercial sensitivity’ of a for-profit provider of health services.
18. Key Performance Indicators and Improvement Measures are a key part of the NSW Health System. They set a standard for patient care, staffing and public health outcomes.
19. The Northern Beaches Project Deed and supporting Schedules lack transparency around the performance of the hospital, with key information about the required standards of the hospital’s operation redacted on the grounds of ‘commercial in confidence’². Further, the Northern Beaches Hospital is exempt from a number of KPIs and Improvement Measures which must be reported by LHDs.
20. The Northern Beaches Hospital Project Deed sets out 80 KPIs Healthscope must achieve³. Non-achievement of an indicator is defined as a ‘failure’. If such a failure occurs, Healthscope is required to notify the Government including its nature, cause and effect on service. Healthscope must also develop an action plan to rectify.
21. If Healthscope does not rectify the failure they will accumulate ‘failure points’. The accumulation of failure points may lead to the state charging an abatement fee. ‘Failure points’ may also be a trigger for the State to terminate the Project Deed.
22. The formula for calculating ‘failure points’ has been redacted from Schedules 18 and 20 of the Deed, with the government citing ‘commercial sensitivity’⁴. The number of ‘failure points’ needed to trigger a termination of the contract is also redacted from

² Government Information (Public Access) Explanatory Table, Northern Beaches Hospital: Construction and Operation

³ Project Deed, Northern Beaches Hospital, Schedule 18 (Performance).

⁴ Government Information (Public Access) Explanatory Table, Northern Beaches Hospital: Construction and Operation

the document.

23. The KPIs set for the Northern Beaches Hospital lack transparency. A description of each KPI is set out in Schedule 18, but the required standard expected for each has been redacted citing ‘commercial in-confidence’. Where comparable KPIs are in place in the public health system, the expected standards and how they are calculated are clearly detailed in a public document⁵. It is not clear if a lower standard has been set for the private operator. It is in the public interest for expected standards of primary health care providers to be made publicly available.

Inconsistencies with the public health system

Key performance indicators

24. The KPIs applicable to the Northern Beaches are not aligned with those applied to the public health system. The Northern Beaches Hospital does not have to report on key indicators which apply to the public hospitals. This includes indicators that have a broader social impact, such as the domestic violence routine screening and indicators for employees, including the number of compensable workplace injuries⁶. Healthscope is also not required to report on the Improvement Measures outlined for LHDs, many of which are targeted at population health outcomes, including the education of diabetic care for inpatients and immunisation rates. These Measures also include important staffing outcomes including an aim to increase the level of front-line staff and decrease the use of premium staff.
25. The lack of consistency and transparency around the performance of the hospital limits the ability of the public and Parliament to have trust that standard health outcomes are being met or that the contract is delivering for the tax payers of NSW.
26. The lack of consistency between the KPIs set for the NSW Public Health System and the Northern Beaches Hospital also undermines the role public hospitals play in driving population health standards across the community.

⁵ Information Bulletin, 2018-19 KPI and Improvement Measure Data Supplement

⁶ Information Bulletin, 2018-19 KPI and Improvement Measure Data Supplement

Patient records

27. Union members have raised concerns with the inconsistencies between the Northern Beaches Hospital electronic records and the records in the public health system. Prior to the opening of the hospital, Healthscope had made commitments to use an electronic medical records system which would be compatible with the public health system. Instead, they have introduced a system that doesn't appropriately interact with the records of other hospitals.
28. Union members at public hospitals have reported not being able to review all patient medical records of patients at Northern Beaches Hospital because of a mismatch with the electronic systems.
29. This is representative of the inefficiencies of a privately-operated public hospital. A key benefit of the public hospital system is the efficient and secure sharing of information between services. The incompatibility of the Northern Beaches electronic medical record system also poses significant risks to patient safety and health outcomes.

Flaws with the PPP model

30. Unions NSW is opposed to the privatisation or outsourcing of public health services, including in the form of public private partnerships. The provision of public health services is a critical responsibility of the NSW Government.
31. By privatizing the operation of a public hospital, the Government argues they have transferred the risk of the hospital's operation to the private operator. But in effect, if a failure occurs or key health outcomes are not met, the Government will be accountable for addressing the failures and potentially footing the bill. As outlined in a 2014 McKell Institute Report, history has demonstrated Governments assume significant risks when privatising public health services including negative budgetary impacts, loss of morale and expertise, a decline in patient care quality and a decline in access to services⁷.

⁷ McKell Institute, Risky Business: the pitfalls and missteps of hospital privatisation, November 2014.

32. While private operators assume some risk, the majority is still borne by the Government and taxpayers. Despite this, private operators will capture significant profits from their operations. The Healthscope 2018-19 annual report has not yet been published, however in 2017-18 the large private hospital operator posted a profit of \$89.4 and held \$905 million in assets⁸. These results pre-date the opening of the Northern Beaches Hospital but are indicative of the significant profits to be made by private health operators.
33. Australia's universal, public health system is the envy of the world, both in terms of accessibility and health outcomes. A report of the Productivity Commission in 2009 found Australian public hospitals outperform their private counterparts in a range of key health areas including in the performance of medical and diagnostic procedures⁹.
34. The outsourcing of hospital management to the private sector undermines NSW's strong health record and creates significant risks in service delivery as well as public accountability for health outcomes.

Port Macquarie Base Hospital

35. An important example of the failure of health PPPs and the significant risk borne by Government's is the failure Port Macquarie Base Hospital. In July 1991 the NSW Government announced that the new Port Macquarie Base Hospital would be designed, built and administered by a private company. Similar to the Northern Beaches Hospital, this would be a private hospital that treated public patients.
36. The experiment of privatising health care was not a successful one and the NSW Government was forced to buy the hospital back (at a significant loss) in 2005.
37. During its 20 year operation, the State Government paid a monthly 'availability' charge to the hospital, totaling about \$243 million, plus capital servicing and other charges.
38. Not only did the economics of the privatised hospital not add up, the services provided to the people of Port Macquarie suffered. The NSW Nurses and Midwives

⁸ Healthscope annual report, 2018

⁹ Productivity Commission, Research Report: Public and Private Hospitals, December 2009.

Association note that the hospital was not built to the Australian hospital standards and had smaller rooms, narrower corridors and fixtures that could be removed and used as weapons.

39. Staffing at the hospital was subjected to cost-cutting. It was clear to patients, the community of Port Macquarie and the Government that the private owners weren't interested in patient care as much as they were in making profits.

40. Issues of accountability and transparency also arose in the hospital. The independent board that was set up to oversee the operations of the hospital became more of an advisory committee and community voices were not acknowledged.

41. In 2005 the hospital was bought back by the Government at the cost of \$29 million plus \$6 million of employee liabilities.

Conclusion and recommendations

Just like the Port Macquarie Hospital before it, the Northern Beaches Hospital PPP has proven to be an ineffective mechanism to provide public hospital services. The private operation of the hospital has led to inefficiencies, poor staffing outcomes and a lack of transparency. The NSW Government must immediately begin a review of the contract deed, with a position to transfer the hospital back into public hands.

Recommendations

- a) The Northern Beaches Public Hospital contract be terminated and returned to the NSW Government to operate.
- b) The Northern Beaches Hospital to be required to publish their KPI standards and how they have performed on each KPI.
- c) The compatibility of the hospital's patient records must be appropriately aligned with the NSW public health system.

- d) The NSW Government makes a commitment to no further PPPs in health services.

- e) An immediate review of staffing levels of the hospital is conducted, including a requirement for Healthscope provide information on the current staffing arrangements to unions.