

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

**Organisation:** Australian Medical Association (NSW)

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*From the President's Office  
Dr Kean-Seng Lim*



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The Director

Portfolio Committee No.2

Health, Parliament House, Macquarie Street, Sydney NSW 2000

By Email: [portfoliocommittee2@parliament.nsw.com.gov.au](mailto:portfoliocommittee2@parliament.nsw.com.gov.au)

**Re: Inquiry into the operation and management of the Northern Beaches Hospital**

Dear Hon Greg Donnelly,

Thank you for inviting AMA (NSW) to provide a submission to the Inquiry into the operation and management of the Northern Beaches Hospital (NBH). This review presents the Committee with an important opportunity to examine the issues that affected the opening of the Northern Beaches Hospital, impacted staff morale, and compromised patient care. Whilst we are participating in this inquiry with interest and candour, we acknowledge the limited effect recommendations from previous hospital inquiries have had in generating change. AMA (NSW) suggests particular effort be made to produce recommendations that are neither too broad in scope nor vague to be implemented effectively.

AMA (NSW) acknowledges the terms of reference:

1. That Portfolio Committee No. 2 – Health inquire into and report on the operation and management of the Northern Beaches Hospital, and in particular:
  - (a) the contract and other arrangements establishing the hospital,
  - (b) changes to the contract and other arrangements since the opening of the hospital,
  - (c) ongoing arrangements for the operation and maintenance of the hospital,
  - (d) standards of service provision and care at the hospital,
  - (e) staffing arrangements and staffing changes at the hospital,
  - (f) the impact of the hospital on surrounding communities and health facilities, particularly Mona Vale Hospital, Manly Hospital and Royal North Shore Hospital,
  - (g) the merits of public private partnership arrangements for the provision of health care, and

(h) any other related matter.

AMA (NSW) is a medico-political organisation that represents more than 9,000 doctors-in-training, career medical officers, staff specialists, visiting medical officers and specialists and general practitioners in private practice in NSW.

AMA (NSW) played an important role in facilitating discussion between doctors and hospital administration – representing concerns regarding on-call rostering, on-call cover, mandatory training, and other clinical issues. Our organisation represented members in the collective VMO contract negotiations with Healthscope and conducted contract reviews for our Staff Specialist members.

### **Community need for public hospital infrastructure**

Prior to the announcement of the Northern Beaches Hospital project in 2013, it had become clear that Manly and Mona Vale Hospitals were no longer able to meet the growing healthcare needs of residents in the area. The population of the Northern Beaches area has steadily increased over the last decade, and currently sits at 271,278 (as of 30 June 2018). By 2036, it is expected to increase by 42,989 persons (16.14% growth). A centrally-located hospital was deemed essential to provide equity of access to residents. The Frenchs Forest site had an added advantage of being close to the Parramatta/Chatswood Rail Link, which was expected to be an attraction to staff from other regions.

After consultation with our membership, AMA (NSW) cautiously accepted the decision to build the hospital using a public private partnership arrangement, with the acknowledgement that partnering with a private or not-for-profit hospital operator would allow the State Government to build much-needed health infrastructure in the area and allow the hospital to be built faster at less expense to taxpayers.

Furthermore, a history of successive Government failures to provide appropriate infrastructure to the Northern Beaches had made it clear to the AMA (NSW) that the only way to deliver a first-class hospital in this area was through a public private partnership (PPP).

### **Public Private Partnership arrangements for the provision of healthcare**

Public private partnerships for hospitals have proven to be risky, with approximately 50% of these arrangements failing in Australia. Port Macquarie Base Hospital in New South Wales, La Trobe Regional Hospital in Victoria, and Queensland's St Vincent's Hospital at Robina were all bought back by State Governments at taxpayers' expense, after mismanagement by private operators.

In NSW, there are some comparisons to be drawn between the situations that led to building a PPP hospital in Northern Beaches Hospital and in Port Macquarie. Similar to the Northern Beaches area, at the time the Port Macquarie Hospital project was proposed, the region was experiencing both population growth and an ageing demographic. The Hastings District Base Hospital was no longer considered able to meet the healthcare demands of residents. With no public funding to build a new hospital, the decision was made to deliver a new hospital to the area via a PPP model, which allowed providers to fast-track the development of the regional hospital.

While the circumstances that led to the development of Port Macquarie Base Hospital (PMBH) are similar to the Northern Beaches Hospital, the contract and execution of the project are very different. The State Government at the time estimated it would save \$46m over 20 years by building

the PMBH using a PPP model. However, it failed to account for several additional costs. The NSW Auditor-General also noted in its report that in addition to providing fee-for-service payments to the private operator, it had also agreed to transfer the hospital, its land, and the hospital licence to the private operator after 20 years, which ultimately meant the State Government paid capital costs for the hospital twice without retaining ownership. Additionally, the hospital's operational costs were far beyond public hospital comparisons.

The failed experiment has made many health stakeholders in NSW wary of PPP arrangements. However, several lessons were learned from the failed PMBH experiment and PPP models have evolved significantly since then. AMA (NSW) has recognised that with the right conditions in place these models can work well. But even so-called 'success stories' have faced significant challenges.

In developing the arrangement for the Northern Beaches Hospital, former NSW Premier Mike Baird stated he drew confidence in the PPP model from the WA's Joondalup Health Campus and also for the new Midland Health Campus in Perth.

However, it's worth noting that while Joondalup Hospital is now seen as a successful public-private healthcare venture, an early Auditor-General report could not establish that the project was superior to a public sector alternative.

AMA (NSW) also acknowledges that private hospitals provide a setting for a significant amount of the healthcare in NSW. Private hospitals now provide a broad range of high-quality treatment and healthcare in NSW benefits significantly from having a strong public and private hospital system.

Under the Northern Beaches Hospital arrangement, the NSW Government owns the building and infrastructure, while Healthscope is paid to run the hospital. And operationally, the two would be managed as one, with staff working across both the public and private services.

AMA (NSW) cautiously accepts that the model has potential to work for the Northern Beaches. And despite the operational and management challenges faced early on by the Northern Beaches Hospital, it is too soon to declare the project a failure.

Northern Beaches Hospital was impacted by the ideology on which it was built. AMA (NSW) is concerned that to date the project has been positioned as private hospital providing services to public patients on behalf of NSW Health – rather than a public hospital being run by a private operator. This position was evident in discussions leading up to the hospital opening, as well as in negotiations with the medical workforce. We believe that steps are now being taken to revert to a mindset by which Northern Beaches Hospital is seen more as part of the public hospital networked system. We encourage this process to continue.

## **Contracts**

Lack of consultation with health stakeholders played a significant role in the problems faced by Bathurst Base Hospital and Orange Hospital during redevelopment, and it was a similar situation with the NBH.

AMA (NSW) entered initial discussions regarding the Northern Beaches Hospital with the Ministry of Health and Healthscope in the 2015. Despite regular meetings and emails, information regarding work arrangements and employment conditions was, at times, opaque. Requests to review

Healthscope's policy and plans regarding teaching, training, education and research, safety, quality and risk management, public patient bed numbers, and electronic information security policy were all denied. AMA (NSW) repeatedly had difficulty obtaining information from Healthscope on how it intended to manage and operate the PPP hospital. The Ministry of Health appeared effectively excluded from the contracting and planning process.

Despite these frustrations, it was Healthscope's approach to contract negotiations that was particularly obstructionist.

AMA (NSW) is authorised by the ACCC to advise VMOs in discussions with NSW Health and Local Health Districts. At the 20 July 2015 combined meeting, Manly and Mona Vale Staff Councils unanimously supported AMA (NSW) seeking such an authorisation to represent doctors who have (or may have) appointments at Northern Beaches Hospital in discussions with Healthscope.

In the months leading up to the hospital's opening, AMA (NSW) had serious concerns with Healthscope's approach to contractual negotiations with doctors. Despite AMA (NSW) being given ACCC authorisation to negotiate on behalf of doctors, Healthscope was not forthright in providing contracts for AMA (NSW) to review.

Senior Medical Staff were given information regarding remuneration and conditions just three weeks prior to the hospital's scheduled opening date. Doctors were further exasperated when examination of the contracts revealed conditions for some craft groups were inferior to what was previously suggested by Healthscope and the NSW Government. Doctors transferred from Manly and Mona Vale hospitals to be Healthscope employees under the assurance that existing terms and conditions would be honoured. Weeks out from the hospital opening its doors, Healthscope pressured doctors to sign last minute contracts that included unfair terms.

The VMOs were all required to incorporate a practice company at their expense in order engage with Healthscope. When questioned, Healthscope stated that the incumbent VMOs had been surveyed and the majority already had practice companies. This statement proved to be demonstrably false. In addition to the cost of establishing and maintaining a proprietary limited company, Sessional VMOs were to be denied the superannuation guarantee payments received from Manly and Mona Vale Hospitals.

Doctors understandably felt their good faith had been betrayed by Healthscope's bait-and-switch cost cutting tactics.

Despite prior assurances, Healthscope denied AMA (NSW)'s request for contracts. This forced our members to send the contracts directly to our organisation. Given the level of trust at that point, AMA (NSW) then had to read each member's contract to ensure they were identical.

Unfavourable changes were made without consultation and with less than one working day of notice prior to expiry of the offer– thus denying affected VMOs reasonable opportunity to challenge the unexpected, sudden and disadvantageous changes made to the offered contracts.

Healthscope failed to negotiate in good conscience – denying contractors sufficient time to consider an offer properly and denying opportunity to seek advice about the contract before having to sign it. Their actions appeared deliberate, unfair and unreasonable. AMA (NSW) notes that the three craft

groups with the most significant concerns had the most unfavourable changes made to their contracts after collective negotiations were commenced.

Similar tactics were applied to orientation days. Six business days' notice was provided prior to the orientation days, which were scheduled for Saturday 6 October and Sunday 7 October – a weekend during school holidays, and only 32 days before the opening of the hospital. Many doctors were on leave, and those working on that weekend would have been required to cancel commitments and forgo income to attend the orientation.

The mishandling of doctors' contracts played a significant role in the early failings of the hospital to meet patient needs. Had contract negotiations been handled with greater respect to clinicians, and doctors' concerns regarding potential problems were acknowledged, then early operation of the hospital would have been much smoother.

Changes in senior management at Healthscope made a significant difference to the engagement with senior medical staff. We acknowledge the assistance and support of Dr Victoria Atkinson, Dr Bennie Ng and Mr Stephen Gameren for their leadership during this time. They recognised the issues and the impact of those issues for doctors, they expressed sincere regret, and they opened up an immediate and direct channel of communication with AMA (NSW).

We also acknowledge the significant efforts of the Ministry of Health and the Northern Sydney Local Health District in working to address issues.

### **Early operation**

AMA (NSW) suggests patient care could have been better managed had there been greater overlap in health services in the area, thus reducing the immediate impact on the Northern Beaches Hospital. Keeping Manly Hospital open for a minimum period of a week would have reduced patient numbers, thus giving Northern Beaches Hospital greater capacity to get its systems and operations running at full efficiency.

The struggles faced by the Northern Beaches Hospital in the early days of operation were widely publicised in the media. This resulted in considerable damage to the hospital's reputation. An ongoing and visible commitment to addressing public perception of the safety and quality of services offered at Northern Beaches Hospital should be a priority.

### **Doctors-in-training: rostering, private patients, engagement**

Junior doctors raised several serious issues within the first few weeks of the Northern Beaches Hospital opening its doors. The NSW Government's contract with Healthscope stipulated junior doctors would care for public patients. In practice, however, doctors-in-training were expected to undertake ward rounds with VMOs for private patients and look after private patients in private wards.

Staffing levels were inadequate to meet the influx of patients and junior doctors were placed under onerous conditions, working unsafe hours with staff doing up to six hours a day overtime – up to 110 hours per week. Interns reported doing 80 hours a week, and one intern reported being responsible for up to 60 patients. There were high levels of fatigue among junior medical officers and no sick leave built in to the roster, nor was there staff cover for study leave.

Junior doctors reported a lack of supervision and inadequate handover, which left doctors-in-training to handle patients with little or no case information. Patients were also being discharged without formal release from JMOs.

Communication problems also plagued the hospital and staff in early weeks of operations. Problems were noted with the switchboard, work mobiles, EMR reports, fax machines and internet connection.

In the months following the opening of Northern Beaches Hospital, AMA (NSW) noted a marked change in the engagement between Healthscope and stakeholders. Rolling weekly meetings took place with representatives from Healthscope, AMA (NSW), ASMOF (NSW), Northern Sydney LHD, and the Ministry of Health. During the meetings, we discussed matters such as safety concerns, junior and senior medical workforce numbers, excessive workloads, night staffing, IT and communications issues, and the availability of policies and procedures.

Whilst significant progress has been on these issues, but many of them could have been avoided had there been better planning and appropriate engagement within the broader public hospital system.

### **Going forward**

It is essential that all hospitals have quality and safety of care as their primary focus. This focus should have been more strongly articulated in all the contractual documentation and should be the basis of the ongoing evaluation of the hospital. Where any hospital seeks to disengage or mistreat clinical staff, this will inevitably have implications for the provision of safe and appropriate care.

Despite the difficulties experienced when the Northern Beaches Hospital first opened, AMA (NSW) remains committed to making the hospital a safe, enjoyable and professionally stimulating environment for junior and senior medical staff – in the acknowledgement that medical professionals have a vital role to play in delivering quality care to the community.

We have seen and recognised the significant improvements in the operation of the hospital. Our members advise of their genuine commitment to ensuring the success of the hospital and we support them in their commitment.

### **Recommendations**

AMA (NSW) recommends:

- 1.) That there is clear recognition across government and the public and private health system that disengaging doctors, nurses and other healthcare staff will have a significant impact on the delivery of quality healthcare.
- 2.) That should further PPPs be considered, private hospital groups and the State Government engage with stakeholders early and often during planning and development stages of building a new hospital.
- 3.) That information regarding hospital operations and management be provided to doctors and their representatives in an open and transparent manner to ensure patients receive the highest possible quality care.

- 4.) That contract negotiations be conducted in a fair manner, with parties given appropriate timeframes to review and sign contracts.
- 5.) That Government explore alternatives to a hard transition between opening a new hospital and closing an old hospital, to ensure short-term problems do not impact on the care of patients in that area.
- 6.) That there be appropriate levels of transparency regarding the performance of the hospital in terms of cost, quality, and safety.
- 7.) That efforts continue to integrate the operation of Northern Beaches Hospital into the operations of the broader public health network, while also recognising and respecting the operation of the private hospital service.

Yours sincerely,

***Dr Kean-Seng Lim***  
***President, AMA (NSW)***