

**Submission  
No 359**

**INQUIRY INTO HEALTH OUTCOMES AND ACCESS TO  
HEALTH AND HOSPITAL SERVICES IN RURAL,  
REGIONAL AND REMOTE NEW SOUTH WALES**

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**Date Received:** 14 December 2020

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## **Deficiencies in Medical Services in NSW**

NSW Health has over the years found itself wanting in the provision of medical services across the State. While I do appreciate that front line medical staff do their utmost to ensure that the patients are provided with services which meets their expectations at most times, failures occur when resources are not directed to areas which matters most.

Medical service is a growing business and the demand for such services is understandable when we have not only a growing population but also an ageing population. However, NSW Health has not been fluid in meeting its medical needs neither has it been proactive to realise the growing demands and as such we have instances of very poor services being delivered across NSW due to funding inefficiencies and elaborate and complex tiers of management levels.

Rural and Regional NSW has been a source of major problems and the population in these areas have justification in feeling neglected. Looking at the NSW Annual Report for 2018-19 (at the time of writing the Annual Report for 2019-20 has not been released) the total revenue of these areas which is made up of mainly recurrent and capital allocations is \$5.74 billion of which Hunter New England Local Health District (LHD) receives \$2.266 billion and has 12 Public hospitals in its area and an area population of 920,370. The other 6 LHDs have a combined population of 1.255 million receives \$3.5 billion and have a total of 64 Public hospitals to manage. This should indicate that the hospitals in the rural NSW with the exception of Hunter New England are poorly funded and hence service deliveries are affected.

In 2018-19 Metropolitan LHDs comprising of 8 LHD's, with a combined population of 5.57million have a revenue of \$11.927 billion and there are 44 hospitals. We are also aware that in Sydney Metropolitan, there are private hospitals which take away some of the pressure of Public Hospitals. It is also interesting to note that there are only 4 Public Hospitals in Western Sydney LHD which has a population of around 1 million and expected to grow to 1.35 million in 2035. This probably explains the complaints received from two of its major hospitals in Westmead and Blacktown recently. The capital works expenditure for 2018-19 was \$2.37 Billion, of which completed projects for the year amounted to \$886 million. Of this amount \$600 million was attributed to the Northern Beaches Hospital and \$72.3 million to the Westmead car park, hence just over \$200 million was for completed projects/upgrades in the other over 100 public hospitals and facilities in the State, which is a paltry amount as compared with the total expenditure, bearing in mind that capital works is on -going and hence one would wonder what billion dollar projects are forthcoming in the near future. While in Western Sydney \$72.3million was for the completion of the car park, only \$1.5 million was spent on hospital upgrades. This explains the lack of facilities to meet patient needs.

In the Finance Report for 2018-19, a summary of the completed capital works projects were provided by Local Health Districts as well as Ambulance Service NSW and Justice Health and Forensic Mental Health Hospital, and it was noted that there were no completed projects in Central Coast LHD and Justice Health, however in the summary milestones, it was highlighted that Gosford Hospital Redevelopment (\$348 million), Gosford Carpark (\$39

million), Forensic Medicine and Coroners Court Complex (\$91.5 million) . Further, Armidale Hospital Redevelopment was completed at a cost of \$59.2million and this project was not included in Northern NSW LHD's figures. It would appear that such discrepancies cast doubts on actual capital expenditure. It is very poor reporting that NSW Health cannot provide accurate figures to give a clear view of its utilisation of funds bearing in mind that the capital works expenditure was \$2.37 billion including capital expensing.

Looking at the workforce statistics, in 2016, there were 81,336 clinical staff employed and in 2019, the figure increased to 87,983 or an increase of 7.44% over 4 years or less than 2% average each year. NSW Ministry of Health together with its supporting organisations employed in 2016, 1,325 staff and this increased to 1,787 in 2019 or an increase of 13% over 4 years or slightly over 3% average each year. Surely as the demand is for clinical staff is critical hence why would corporate service staff be increased at a higher percentage than clinical staff. The NSW Ministry of Health is a Department of the NSW Government and the system manager for NSW Health. The governance framework establishes the accountability systems and relationships between the NSW Ministry of Health and the NSW Health organisations that make up the public health system. The framework also recognises each organisation's specific purpose, its legislative policy and ethical obligations, and its workforce and employment responsibilities. NSW Ministry of Health supports the executive and statutory roles of the NSW Minister for Health, the Minister for Medical Research, the Minister for Mental Health and the Assistant Minister for Health. The Ministry also monitors the performance of state wide and specialist, health service organisations that make up NSW Health. There are 5,219 full time corporate staff employed in NSW Health. Each LHD has its own corporate staff and one has to ask the question on why does NSW Health have the need to employ such a large number of corporate staff as it is quite possible that current structures would facilitate duplicate functions.

Based on the financials of 2018-19, the Ministry of Health has 96 Senior Executive Staff, with salaries ranging from \$215,000 to \$569,000. The 96 staff incurred employee related expenses of 21% of the total expense of employee related cost of \$163.6M or approximately \$34.3M. The number of staff under corporate services is 5,219 for NSW Health, of which 1,787 were employed in the Ministry of Health which includes the Clinical Excellence Commission, Bureau of Health Information, Health Education and Training, Agency for Clinical Innovation, Health Infrastructure, Health System Support group and Cancer Institute of NSW. On top of this NSW Health employed contractors amounting to \$162.3M of which the Ministry of Health incurred a cost of \$62.5M. NSW Health also incurred a cost of other management service of \$221M of which the Ministry of Health's cost was \$62.5M. Despite all of these cost, NSW Health paid consultants' fees of \$40.8M and Ministry of Health's portion was \$4.3M. Based on these figures one can see why there are no enough medical staff available to treat NSW patients. It would be in public interest to query why a sum of \$324 million (cost of contractors, other management services and consultants) was spent on such services by NSW Health and how much of this cost was directly related to the provision of front -line services to patients. In the financial statements the report accounted for \$1.4 million by the Parent (actual expenditure was \$4.3 million) spent on consultancies and the balance of \$38.6 million was unaccounted for. There seems to be lack of accountability on spending such large sums of money and there should be greater transparency in financial disclosures. The Ministry of Health is a cost burden to

NSW Health and there is a dire need of reform to ensure that it is in a position to fulfil its strategic priorities and meet the challenges of facing the health of NSW people. Unfortunately, its current structure is not in a position to tackle challenging times and it would appear that some of the structures within NSW Health may not be necessarily required and could be amalgamated to streamline the structure and promote greater accountability, efficiencies and effectiveness and fulfill the purpose of why NSW Health exists.

Based on the Workers Compensation Report in 2018-19, the frequency of reported incidences totalling 4,420 comprised of nurses 1,650 (37.2%) and Ambulance 636 (14.4%). Of these figures body stress was 1,874 (42.4%) mental stress was 596 (13.5%), slips and falls 797 (18.12%), hit by objects 455 (10.3%), assaults 167 (3.8%) being the major categories. The net incurred costs for the claim reported was \$1.06 billion which also includes incidents involving members of the public. Such costs are staggering and it gives rise to concerns whether NSW Health is a safe place to work. What measures have been taken to ensure that nurses and paramedics can go to work with a peace of mind and focus on their jobs rather than having to live with the stress of possible harm either physically or mentally in carrying out their duties.

Any organisation either private or public should make it a priority to collect their debts at the shortest possible time and to minimise the incidence of having to write off debts due to an organisation. NSW Health seems to take a lackadaisical attitude to trade debtors. In its report it states "Financial assets that are past due or impaired could be either 'sale of goods and services' or 'other debtors' in the receivable category of the Statement of financial position. Patient fees- ineligible represent the majority of assets that are past due or impaired. In the period ended 30 June 2018 under the category of impaired there is a total amount of \$62 million dollars which would be written off at some point in time. There is also an amount of \$630 million which while currently regarded as not impaired is yet to be collected. If services have been provided why are such debts not collected? Their narrative "The consolidated entity is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors" is poor excuse not to collect debts. While the Department takes great pride in providing statistics of paying its creditors on time, it does not provide any statistics on debt collection.

It is appalling the way which NSW Health is being managed and it is quite evident that there needs to be a review done to streamline the organisation to ensure that it is run efficiently and effectively with the focus on service deliveries striving to meet the provision of high quality medical services in New South Wales. It is also clear that over the years the organisation has grown complacent and the Management Team has not shown any desire to take measures to strive for a culture of continuous improvement. A radical change is long overdue and no further delays should be tolerated.