

## Special Commission of Inquiry into Healthcare Funding

### Statement of A/Prof Anthony Schembri AM

**Name:** Adjunct Professor Anthony Schembri AM

**Professional address:**



**Occupation:** Chief Executive, Northern Sydney Local Health District

1. This statement made by me accurately sets out the evidence that I would be prepared, if necessary to give to the Special Commission of Inquiry into Healthcare Funding as a witness. The statement is true to the best of my knowledge and belief.

#### **A. BACKGROUND**

2. My name is Adjunct Professor Anthony Schembri. I am the Chief Executive of Northern Sydney Local Health District (**NSLHD**).
3. I have worked for the NSW public health system for 30 years as a hospital clinical social worker, senior worker, director of community and allied health and hospital general manager and before being appointed as the Chief Executive of NSLHD, in July 2023, I was the CEO of St Vincent's Health Network Sydney for nearly 10 years. My qualifications include a Bachelor of Social Work with Honours from the UNSW Sydney, a Graduate Diploma in Public Administration and a Masters of Public Policy with Merit from the University of Sydney, a Certificate in Health and Human Rights from Harvard University and I am a Fellow of the Australian College of Health Service Managers and completed the Company Directors Course of the Australian Institute of Company Directors. I hold academic appointments with the University of Technology Sydney (**UTS**), Macquarie University, the University of Sydney and the Australian Catholic University (**ACU**). A copy of my curriculum vitae is exhibited at Exhibit 13 in NSW Health Tranche 4 Consolidated Exhibit List.
4. In this role, I am responsible for the overall leadership and functioning of the NSLHD. I report to the NSLHD Board and the Secretary, NSW Health.
5. NSLHD serves a population of nearly 1 million people in a region covering approximately 900 square kilometres between Sydney Harbour and the Hawkesbury River, including the Local Government Areas of Hornsby, Ku-ring-gai, North Sydney, Mosman, Northern Beaches, Ryde, Hunters Hill, Lane Cove and Willoughby.

6. NSLHD has a budget over \$2.3 billion and a workforce headcount of 12,000.
7. Clinical services in NSLHD are organised across four acute hospitals (Royal North Shore Hospital, Hornsby Ku-ring-gai Hospital, Ryde Hospital and Northern Beaches Hospital), one sub-acute hospital at Mona Vale and an Adolescent and Young Adult Hospice at Manly and NSLHD operates a Virtual Care/Hospital in the Home Service.
8. There are also two clinical directorates in NSLHD: Mental Health Drug and Alcohol, which includes Macquarie Hospital; and Primary and Community Health. Clinical and other support services include Medical Imaging, Pharmacy and Allied Health, Aboriginal and Torres Strait Islander Health, Public Health Service and Population Health and Carer Support.
9. There are two affiliated health organisations that NSLHD has partnership arrangements with - HammondCare and Royal Rehab Group.

## **B. CORPORATE GOVERNANCE STRUCTURE**

### **LHD governance structure**

10. NSLHD is constituted under section 17 of the *Health Services Act 1997* (**Health Services Act**) for the purpose of facilitating the conduct of public hospitals and health institutions and for providing health services for residents of the Northern Sydney community. Its primary purposes under section 9 of the *Health Services Act* are to, within its area:
  - a. provide relief to sick and injured persons through the provision of care and treatment; and
  - b. promote, protect and maintain the health of the community.
11. Section 10 and Chapter 3 of Part 3 of the *Health Services Act* also set out the functions of Local Health Districts (**LHDs**).
12. NSLHD is subject to the governance, oversight and control by the Health Secretary, who may determine the role, functions and activities of any public hospital, health institution, health service or health support service under the control of the LHD and, for that purpose, give any necessary directions to the LHD.

13. Additionally the Minister may direct a LHD to establish any hospital, health institution, health service or health support service, close any public hospital or health institution, or cease to provide any health service or health support service, under its control, or restrict the range of health care or treatment provided by any public hospital, health institution or health service under its control, if the Minister is satisfied that it is in the public interest to do so.
14. NSLHD is currently implementing the *NSLHD Strategic Plan 2022-2027*, a copy of which is exhibited at Exhibit 62 NSW Health Tranche 4 Consolidated Exhibit List. The Strategic Plan is led by me, as the Chief Executive, and implementation of actions to achieve the outcomes articulated in the Strategic Plan is devolved to the hospitals and services within NSLHD. Implementation of the Strategic Plan is supported and monitored by the Chief Executive and NSLHD Senior Leadership Team and reported to the NSLHD Board on a biannual basis. The *Strategic Plan* provides a framework for how we will deliver care over the five years to 2027. It aligns with the *NSW Health Future Health: Strategic Framework 2022-2032* and focusses on six key strategic outcomes:
  - a. Patients and carers are our partners in their healthcare;
  - b. Safe, high quality, connected care;
  - c. Keeping people healthy and well;
  - d. Our staff are engaged and well supported;
  - e. Research, innovation and digital advances inform and improve the delivery of patient care; and
  - f. Our services are sustainable, efficient and committed to planetary health.
15. *NSLHD Corporate Governance Framework 2023 (NSLHD Corporate Governance Framework)* which is exhibited at Exhibit 61 NSW Health Tranche 4 Consolidated Exhibit List, outlines the key frameworks and activities in place to ensure the appropriate governance, accountability and risk management in all NSLHD operations.
16. The principal features of the *NSLHD Corporate Governance Framework* have been developed in line with and to implement the following key governance documents:
  - a. NSW Health Corporate Governance and Accountability Compendium;

- b. NSW Health Future Health Strategy 2022-2032;
  - c. NSLHD Corporate Governance Attestation Statement 2022-2023;
  - d. NSLHD Strategic Plan 2022-2027;
  - e. NSLHD Safety and Quality Account 2022-2023;
  - f. Health Services Act 1997 No 154;
  - g. NSLHD Model By-Laws;
  - h. NSW Health Code of Conduct PD2015\_049;
  - i. Service Agreement between the Secretary, NSW Health and NSLHD 2022-2023;
  - j. National Safety and Quality Health Service (**NSQHS**) Standards; and
  - k. NSLHD Clinical Governance Framework 2022-2025.
17. *NSLHD Senior Leadership Team Governance Framework*, which is exhibited at Exhibit 159 NSW Health Tranche 4 Consolidated Exhibit List, outlines the meetings, Committees and Taskforces to support the leadership priorities of NSLHD.
18. It is comprised of four tiers:
- a. Executive Leadership Team;
  - b. Operational Leadership Team;
  - c. Senior Leadership Team; and
  - d. Clinical Leadership Team.

### **Governance of Public Health Organisations**

19. The governance roles, relationships and responsibilities of NSLHD are outlined in the *NSW Health Corporate Governance and Accountability Compendium (the Compendium)* (Exhibit A.12 SCI.0001.0008.0001). In accordance with those requirements NSLHD ensures that:
- a. It has clear lines of accountability for clinical care and communicate these to clinical staff and staff who provide direct support to them;

- b. The authority of facility/network general managers is clearly understood;
- c. A Medical and Dental Appointments Advisory Committee (**MDAAC**) is established to review and make recommendations about the appointment of medical staff and visiting practitioners;
- d. A Credentials Subcommittee is established to make recommendations to the Medical and Dental Appointment Advisory Committee on all matters concerning the scope of practice and clinical privileges of visiting practitioners or staff specialists; and to advise on changes to a practitioner's scope of practice;
- e. An Aboriginal Health Advisory Committee is established with representation from Aboriginal Community Controlled Health Organisations (**ACCHOs**) and/or other Aboriginal community organisations, and with clear lines of accountability for clinical services delivered to Aboriginal people;
- f. There is a systematic process for the identification, and management of clinical incidents and minimisation of risks to the organisation;
- g. There is an effective complaint management system for the organisation;
- h. There are effective forums to facilitate the involvement of clinicians and other health staff in decision making at all levels of the organisation;
- i. NSLHD achieves appropriate accreditation of healthcare facilities, and their services, licensing and registration requirements are checked and maintained; and
- j. NSLHD adopts the *Decision Making Framework for Aboriginal Health Workers to Undertake Clinical Activities* to ensure that Aboriginal Health Workers are trained, competent, ready and supported to undertake clinical activities.

### **Governance of Affiliated Health Organisations**

- 20. Partnerships between NSLHD and Affiliated Health Organisations (**AHOs**) are supported by Service Agreements which set out the service and performance expectations and facilitate accountability to government and the community for service delivery and funding.

21. The overarching framework for governance for AHOs comprises:
- a. Service Agreements which include performance requirements, Strategic priorities and governance requirements;
  - b. The roles and responsibilities of AHOs and NSLHD;
  - c. Key performance indicators (**KPI**)s and the performance thresholds;
  - d. Transparent monitoring and reporting processes;
  - e. Expectations of responses to unsatisfactory performance or significant clinical issues or sentinel events; and
  - f. Robust processes for escalation and de-escalation.
22. Royal Rehab Group (**RRG**) is an AHO for which NSLHD has governance responsibility, however RRG has declined to sign a Service Agreement on the basis that it believes it is underfunded. Despite this, RRG performs the required services and participates in meetings with NSLHD to review performance, in accordance with the NSLHD & Royal Ryde Performance Committee - Terms of Reference at Exhibit 160 in the NSW Health Tranche 4 Consolidated Exhibit List, thus effectively operating under the governance structure that would be required by a Service Agreement.
23. HammondCare is another AHO which falls within NSLHD. NSLHD has a strong relationship with HammondCare, and the *Service Agreement 2023-2028 between NSLHD and HammondCare AHO*, which is Exhibit 161 in NSW Health Tranche 4 Consolidated Exhibit List, governs the delivery of services by HammondCare. HammondCare performs the required services and participates in quarterly meetings with NSLHD to review performance, in accordance with the Terms of Reference. NSLHD and HammondCare also participate in regular strategic and operational meetings aligned to the clinical services purchased by NSLHD from HammondCare; Palliative Care Steering Committee, Palliative Care Operations Committee, Older Persons Mental Health Service Operations Committee and Rehabilitation Operations Committee.

**LHD Board**

24. The NSLHD Board oversees the performance and progress of the NSLHD's services and facilities. The Board is governed by the *Health Services Act* and the NSW Health LHD Model *By-laws*, which are Exhibit 60 in NSW Health Tranche 4 Consolidated Exhibit List.
25. The LHD Board is responsible for setting the strategic direction and overseeing an effective governance and risk management framework for the LHD, while ensuring high standards of professional and ethical conduct are maintained. The Board, particularly the Board Chair, is responsible for holding the Chief Executive accountable for their performance.
26. I report directly to the Board, and I am responsible for the overall leadership and functioning of the LHD.
27. The following roles report to me:
  - a. Executive Director of Operations;
  - b. Executive Medical Director;
  - c. Executive Director, Nursing and Midwifery;
  - d. Executive Director, Finance and Corporate Services;
  - e. Executive Director, Clinical Governance and Patient Experience;
  - f. Executive Director, Office of the Chief Executive;
  - g. Executive Director, People and Culture;
  - h. Executive Director, Allied Health;
  - i. Executive Director Media and Communications;
  - j. Executive Director, Research;
  - k. Executive Director Northern Beaches Hospital Partnerships;
  - l. Service Director, Mental Health Drug & Alcohol;
  - m. Chief Digital Health Officer;

- n. Director, Population and Planetary Health;
  - o. Director, Aboriginal and Torres Strait Islander Health;
  - p. Director, Public Health;
  - q. Academic Director, Kolling Institute (in partnership with the Executive Dean of the Faculty of Medicine and Health at the University of Sydney);
  - r. Director, Internal Audit;
  - s. Manager, Health Services Planning;
  - t. Chief Risk Officer;
  - u. Director, Prevention and Response to Violence, Abuse and Neglect (**PARVAN**);
  - v. Chair of Research;
  - w. Director, Legal; and
  - x. Executive Officer to the Chief Executive.
28. The framework for governance within NSLHD is set out in the NSLHD Board Charter, which is Exhibit 66 in NSW Health Tranche 4 Consolidated Exhibit List.
29. I am not a board member, but I am invited to board meetings as is the chair of the NSLHD's Medical Staff Executive Council and at least one executive staff member.
30. The Board undertakes an annual review of its own performance, identifying opportunities for improvement, providing feedback on their attributes, competence, effectiveness and performance. The Board Chair meets annually with Board members to discuss their individual performance and that of the Board as a whole.

### **Ministry of Health**

31. The Ministry of Health monitors and assesses the performance of public sector health services to achieve expected governance, service levels, financial performance, and other requirements through Service Agreements.

32. *NSW Health Service Agreement 2023-24 (the Service Agreement)*, which is Exhibit 162 in NSW Health Tranche 4 Consolidated Exhibit List is an agreement between NSW Health and NSLHD which sets out the service and performance expectations for funding and other support provided to NSLHD. It facilitates accountability to the government and the community for service delivery and funding.
33. It is a term of the Service Agreement that the LHD must ensure that all applicable duties, obligations and accountabilities are understood and complied with, and that services are provided in a manner consistent with all NSW Health policies, procedures, plans, circulars, inter-agency agreements, Ministerial directives and other instruments and statutory obligations. I am responsible for ensuring that NSLHD and its hospitals and services deliver the requirements set out in the Service Agreement and are adequately supported to deliver on these obligations. Progress against targets is monitored locally and mandatory reports are provided to the Ministry of Health. The Service Agreement is overseen through the usual governance arrangements of the LHD such as at Clinical Council.
34. In terms of corporate governance, the NSLHD must ensure that services are delivered in a manner consistent with the Compendium.
35. In terms of clinical governance, the NSLHD health facilities are accredited against the *National Safety and Quality Health Service Standards*, which is Exhibit 22 in NSW Health Tranche 4 Consolidated Exhibit List.

## **C. CORPORATE GOVERNANCE PROCESSES**

### **LHD corporate governance processes**

36. The *NSLHD Corporate Governance Attestation Statement 1 July 2022 to 30 June 2023 (the Governance Statement)*, which is Exhibit 163 in NSW Health Tranche 4 Consolidated Exhibit List sets out the main corporate governance practices in operation within NSLHD for the 2022-2023 financial year. The Governance Statement is prepared annually and provided to the Ministry of Health following endorsement by the NSLHD Board upon recommendation by me. The Governance Statement is also published annually on the public-facing NSLHD website as required by the Compendium. It sets out:
  - a. Standard 1 - Establish Robust Governance and Oversight Frameworks;

- b. Standard 2 – Ensuring Clinical Responsibilities are clearly allocated and understood;
- c. Standard 3 - Setting the Strategic Direction for the Entity and its services;
- d. Standard 4 - Monitoring Financial and Service Delivery Performance;
- e. Standard 5 – Maintaining high standards of Professional and ethical conduct;
- f. Standard 6 – Involving Stakeholders in decisions that affect them; and
- g. Standard 7 – Establishing sound audit and risk management practices.

#### **LHD financial governance processes**

- 37. I am responsible for confirming the accuracy of the information in the financial and performance reports which are provided to the Board and to the Finance, Risk and Performance Committee and to the Ministry of Health.
- 38. I am also responsible for confirming that relevant internal controls for NSLHD are in place to recognise, understand and manage its exposure to financial risk. One of these controls is the *NSLHD Delegations Manual* which establishes the authority of NSLHD staff to act within the authority delegated to me as the Chief Executive, NSLHD by the NSW Ministry of Health. The Delegations Manual clarifies the delegation of individuals, or groups of individuals, to bestow authority to the appropriate person(s) in order for NSLHD to operate efficiently and effectively.
- 39. In Standard 4 of the Governance Statement, the Board and I certified that:
  - a. The financial reports submitted represent a true and fair view of NSLHD's financial condition and the operation results are in accordance with the relevant accounting standards;
  - b. The recurrent budget allocations in the Ministry of Health financial year advice reconcile to those allocations distributed to units and cost centres;
  - c. Overall financial performance is monitored and reported to the Finance, Risk and Performance Committee of NSLHD;
  - d. Information reported in the Ministry of Health monthly reports reconciles to and is consistent with reports to the Finance, Risk and Performance Committee;

- e. All relevant financial controls are in place; and
  - f. Write-offs of debtors have been approved by duly authorised delegated officers.
40. The Finance, Risk and Performance Committee has assisted the Board and myself to ensure that the operating funds, capital works funds, resource utilisation and service outputs required of NSLHD were being managed in an appropriate and efficient manner
41. The Audit and Risk Committee comprises 3 independent members who are appointed from the NSW Government's Prequalification Scheme for Audit and Risk Committee Independent Chairs and Members. Two Board members attend Audit and Risk Committee meetings as observers.
42. The Audit and Risk Committee receives and considers all reports of the external and internal auditors for NSLHD and ensures that recommendations from auditors and related external review bodies are implemented. For financial audits, regular meetings are held between NSLHD and Audit Office to discuss the Audit Plan, progress of the audit, early close review and the final report, all of which are reported through the Audit and Risk Committee. For performance audits, NSLHD has the opportunity to comment on the Auditor General report through the Ministry of Health. The Auditor General Performance reports are also tabled at the Board Audit and Risk Committee for review and consideration of any improvement actions.
43. The Chief Risk Officer meets informally and formally with me monthly and reports to the Board quarterly. A current Risk Management Plan identifies how risks are managed, recorded, monitored and addressed, including processes to escalate and report to me and the Audit and Risk Committee and the Board. The NSLHD Executive Risk Committee comprises members of the NSLHD Senior Leadership team, and is the peak management-level body regarding Enterprise Risk Management for NSLHD. The Committee provides advice to me on the NSLHD Enterprise Risk Management program and management of NSLHD risk registers.
44. The Risk Management Plan covers all known risk areas including: clinical care and patient safety, work health and safety, Financial Management, Governance and Performance, Health of Population, Legal, People and Culture, Reputation, Service Delivery and Infrastructure.

45. NSLHD completed and submitted an Internal Audit and Risk Management Attestation Statement for the 12 months to 30 June 2023 to the Ministry of Health without exceptions, which is Exhibit 164 in NSW Health Tranche 4 Consolidated Exhibit List. Exceptions are any departure from the NSW Health Internal Audit Policy Directive PD2022\_022.

#### **D. CLINICAL GOVERNANCE**

46. Section 5 of the Compendium deals with clinical governance.
47. The *NSLHD Clinical Governance Framework 2022-2025 (the Framework)*, which is Exhibit 64 in NSW Health Tranche 4 Consolidated Exhibit List, acknowledges Clinical Governance as an integrated component of organisational governance and relates to the NSLHD Strategic Plan, which is Exhibit 62 in NSW Health Tranche 4 Consolidated Exhibit List. The Framework promotes an organisational culture that supports openness, transparency and continuous improvement that lead to better patient care.

#### **LHD clinical governance structure**

48. One of my key accountabilities is to ensure that the clinical governance and quality assurance structures and processes are known, respected and followed by all staff.
49. At the LHD level, clinical stream director roles (where they are established), have well-defined responsibilities and their relationship to the health district management structure (at both hospital and local health district level) is clearly identified.
50. At the hospital level, the roles and responsibilities of general managers and heads of departments are clearly defined in their position descriptions. Similarly, where hospitals function as part of a network, there are clearly defined responsibilities and lines of communication between key personnel.
51. Clinical stream directors, general managers and the LHD executive have appropriate input into the development, operation and standard of clinical services within their stream/facilities and across their LHD.

#### *Bodies established under Model By-Laws*

52. The *Health Services Act* provides that the Secretary may make Model By-Laws for LHDs. The NSW Health LHD Model By-Laws, which are Exhibit 60 in NSW Health Tranche 4 Consolidated Exhibit List, require LHDs to establish a number of clinical governance bodies and provide for a number of functional and advisory committees including:

- a. Committees of the Board, being:
  - o Audit and Risk;
  - o Finance and Performance, and
  - o Quality and Safety,
- b. Medical Staff Councils and Medical Staff Executive Councils;
- c. Mental Health Medical Staff Councils;
- d. Hospital Clinical Councils and/or Joint Hospital Clinical Councils;
- e. a Local Health District Clinical Council; and
- f. Medical and Dental Appointments Advisory Committee.

*Medical Staff Councils / Medical Staff Executive Councils*

53. The role of the Medical Staff Council is to provide advice to the Board and myself on medical matters. Each NSLHD hospital has a medical staff council, which all liaise with and provide input to the overarching NSLHD Medical Executive Staff Council.
54. Medical staff councils are composed of visiting practitioners, staff specialists, career medical officers and dentists with appointments to the public health organisation or the public hospital/s which the council represents, and staff specialist pathologists appointed by NSW Health Pathology whose principal area of work is in NSLHD.
55. All visiting practitioners, staff specialists, career medical officers and dentists of the public health organisation are members of the medical staff council.
56. The Model By-Laws, which were most recently amended in 2021 to include a requirement for chief executives of LHDs to establish a Mental Health Medical Staff Council. The role of Mental Health Medical Staff Council is to enable engagement with all psychiatrists and CMOs working within mental health services in the organisation, including psychiatrists working in community health services.
57. The Medical Staff Executive Council is to provide advice to the chief executive and board on medical matters. The Medical Staff Executive Council also nominates a short list of up to 5 medical practitioners to be included on the NSW Health Board Appointments

Register to be available to the Minister for Health when considering the appointment of a member or members of the Board of an LHD or SHN.

*Hospital Clinical Councils/Joint Hospital Clinical Councils*

58. Local Health District Clinical Councils operate at hospitals or hospital networks to promote clinician engagement in local management decision making. These forums are multi-disciplinary (i.e. involve medical, nursing and allied health staff).
59. The objectives of a Hospital Clinical Council are to:
  - a. provide a local structure for consultation with, and involvement of, clinical staff in management decisions impacting public hospitals and related community services; and
  - b. be a key leadership group for its public hospital or hospital network and work with the management team in ensuring that the hospital/s deliver high quality health and related services for patients.

*Local Health District Clinical Council*

60. LHD Clinical Councils facilitate the input of clinicians into the strategic decision making process and bring together the LHD executive, clinical stream directors and general managers of hospitals/hospital networks on a regular basis.
61. The LHD Clinical Council provides the board and myself with advice on clinical matters affecting the LHD, including on:
  - a. improving quality and safety in the hospitals within the LHD;
  - b. planning for the most efficient allocation of clinical services within the LHD;
  - c. translating national best practice into local delivery of services;
  - d. developing innovative solutions that best address the needs of local communities; and
  - e. such other related matters as the board or chief executive may seek advice on from time to time.

62. Clinical service planning is a requirement for LHDs as set by the Ministry of Health. Clinical services planning enables service delivery that is responsive to the health needs of the NSW population. The NSLHD Clinical Services Plan (**CSP**) 2019-2022 outlines the major challenges and details the priorities, strategic directions and recommendations for clinical services across NSLHD, individual hospitals and directorates, and clinical networks. NSLHD is in the process of completing the next CSP with a completion date of June 2024.

Medical and Dental Appointments Advisory Committee

63. The Model By-Laws also provide for the LHD Board to establish a Medical and Dental Appointments Advisory Committee (**MDAAC**). The role of the MDAAC is to:
- a. provide advice, and where appropriate make recommendations with reasons, to the chief executive concerning matters relating to the appointment or proposed appointment of visiting practitioners, staff specialists or dentists,
  - b. consider any application that has been referred to the Committee by the Chief Executive for:
    - i. appointment of a visiting practitioner, staff specialist or dentist; or
    - ii. a proposal to appoint a person as a visiting practitioner, staff specialist or dentist.
  - c. provide advice and, where appropriate, make recommendations with reasons to the Chief Executive concerning the clinical privileges which should be allowed to visiting practitioners, staff specialists and dentists.
64. Advice on all matters concerning the clinical privileges of visiting practitioners, staff specialists or dentists must be referred to a subcommittee of the MDAAC (the Credentials (Clinical Privileges) Sub-Committee) that is also required to be established by the Model By-Laws.

*Clinical Governance Unit*

65. The roles of Clinical Governance Units (**CGUs**) are to develop and monitor policies and procedures for improving systems of care. CGUs contribute to the NSW Patient Safety and Clinical Quality Program by ensuring it is uniformly implemented across the State

and overseeing the risk management of patient safety and clinical quality by building upon existing incident management and investigation systems.

66. The Executive Director Clinical Governance and Patient Experience, NSLHD reports directly to me and leads the NSLHD Clinical Governance and Patient Experience directorate who manages patient safety, patient engagement, patient experience monitoring and response, medicolegal and clinical incident response for NSLHD.
67. Where it identifies a concern with clinician performance, such must be reported to me. Depending on the particular circumstances, such action might include; internal investigation; external investigation by a recognised expert; referral to the HCCC; referral to the professional registration council; or another appropriate agency (e.g NSW Ombudsman, Department of Family and Community Services).

*Incident management*

68. It is an underlying principle of the NSW Patient Safety and Clinical Quality Program that the public health system must operate in an environment of openness about failure, where errors are reported and acknowledged without fear or inappropriate blame and where patients and their families are told what went wrong and why.
69. The *Incident Management Policy Directive PD2020\_047*, which is Exhibit 34 in NSW Health Tranche 4 Consolidated Exhibit List outlines the roles and responsibilities across the NSW Health system with respect to the management of both clinical and corporate incidents.
70. To support the implementation of the policy and program, the electronic Incident Information Management System (**ims+**) has been developed and implemented throughout the NSW Health system. Ims+ has been established to provide a system for notification of all incidents, including those with corporate consequences.
71. *The Health Administration Act 1982* requirements as expressed in the Incident Management Policy requires that the Chief Executive appoints a team to undertake Serious Adverse Event Reviews (**SAERs**) of all Harm Score 1, Australian Sentinel Events and selected Harm Score 2 – 4 incidents. I am required to provide Reportable Incident Briefs (**RIBs**) on all incidents requiring a SAER to the Ministry within 24 hours of notification of the incident, in the incident management system. The subsequent SAER need to be conducted, and a report finalised and submitted to the Ministry, within 60 days.

### **Pillar support**

72. NSLHD is responsible for operating within the broader National and State health policy frameworks, requiring alignment with national and state clinical governance priorities. Priority setting relies on both consideration of local needs, risks and trends, but also integrates priorities that arise from NSW Health Pillars such as the Clinical Excellence Commission (**CEC**), the Agency for Clinical Innovation (**ACI**) and the NSW Ministry of Health (MoH). NSLHD routinely collaborates with its partner agencies, and these collaborations make available specialist expertise and support and reflect the organisation's commitment to the principles of collaboration, teamwork and partnership.
73. The Clinical Excellence Commission (**CEC**) is a statutory health corporation which was formed in 2004 to work with LHDs to identify issues of a systemic nature that affect patient safety and clinical quality in the NSW health system and to develop and advise on implementation strategies to address these issues.
74. The CEC provides statewide leadership in relation to incident management (in conjunction with the Patient Safety First Unit in the NSW Ministry of Health) and provides leadership, guidance and insights, gleaned from the statewide incident data and serious adverse events reviews, that are then developed into preventative programs that can be implemented locally to reduce or avoid further incidents across the health system. Examples of statewide programs where the NSLHD has collaborated with the CEC include: Between the flags program (to improve the recognition and management of deteriorating patients); sepsis kills program (to improve the recognition and management of patients with sepsis); patient falls-avoidance programs; and evidence-based programs to reduce Staphylococcus Aureus Bloodstream Infections (**SABSIs**) and Central line Associated Bacteraemias (**CLABs**).
75. NSLHD has also worked with the CEC on the Maternity and Neonatal Safety Program, which:
  - a. Provides a centralised contact point and support for clinicians and healthcare organisations to discuss health care quality and safety issues;
  - b. Ensures that maternal and neonatal healthcare issues emerging locally can also be addressed at a state level and appropriately incorporated into CEC safety programs; and
  - c. Works in partnership with the NSW Ministry of Health and other pillar organisations.

76. In 2021, NSLHD initiated a collaboration with the CEC to develop and implement a Real-time Patient Experience Survey (**RTPES**) to collect feedback from patients within 24 hours of discharge. This system is now being adopted by rural and regional LHDs to gather this form of patient feedback.

The CEC was also a major source of guidance and expertise in relation to infection prevention and control during the pandemic and provided important guidance in relation to infection-control, risk management and other issues such as mask fit-testing.

77. The Agency for Clinical Innovation (**ACI**) works with clinicians, consumers and managers within the broader NSW Health system, including NSLHD to design and promote better healthcare for NSW. The ACI is the lead agency for innovation in clinical care in NSW and works with clinicians, consumers and patients in:

- a. Clinical guidelines and models of care development;
- b. Patient engagement and co-design;
- c. Clinical evidence generation and mobilisation;
- d. Clinical innovation and research;
- e. Clinical redesign;
- f. Implementation support; and
- g. Evaluation and capability development.

78. NSLHD engages with the ACI through the ACI Clinical Networks and with program-specific teams aligned to key State-wide programs. There are approximately 40 ACI Clinical Networks including aged care, burns, cardiac, stroke and trauma and injury management. Examples of State-wide programs include Virtual Care, Telestroke and ICU Exit Block. NSLHD engages in the clinical areas of most relevance to our areas of need and expertise. Engagement is coordinated by ACI and governed via ACI committee structures that facilitate LHD input into State-wide priorities. This engagement results in the co-production of resources and co-design of clinical models of care.

79. Innovative programs of note in which ACI have engaged and partnered in NSLHD include:
- a. The Patient Reported Measures program, via the completion of patient reported outcome and experience surveys, gives patients the opportunity to provide direct, timely feedback about their health-related experiences and outcomes at the point of care. The development of this program included local input into the development and adoption of the Health Outcomes and Patient Experience (**HOPE**) portal and the selection of measures to be administered by local clinical teams.
  - b. Utilisation of virtual care models and tools is a priority area for NSLHD. Virtual care supports treating patients within or closer to their homes where it is safe to do so, ultimately reducing admissions into NSLHD hospitals. The ACI provides valuable resources, training and tools that support our local programs and virtual care strategy and adoption.
  - c. Leading Better Value Care (**LBVC**) is a state-wide program that aims to improve the health outcomes and experiences of people with specific conditions. This program has been running for approximately 10 years and has facilitated the spread of innovative models of care for specific diseases or problems. The identification of conditions to be included in the LBVC program of work was a consultative process led by ACI and engaged with local clinicians. The ACI provides ongoing support to assist LHDs and expand implementation of LBVC initiatives.
80. NSLHD also engages with the ACI Critical Intelligence Unit which provides contemporary evidence on novel healthcare topics, such as Artificial Intelligence, long COVID and approaches to reduce surgical waiting times.
81. The Bureau of Health Information (**BHI**) is tasked to provide independent reports to government and the community on the performance of the NSW public sector health system. The BHI provides routine reports on the quality of care, patient experience and the operational performance of the health system. The BHI reports are highly trusted and are utilised within NSLHD to feedback to clinicians and managers. BHI's specific patient experience surveys provide a detailed view of critical points in a consumer's journey through our hospitals and allows us to understand their experience at each step. This information is shared widely with clinicians, managers and consumers via consumer

participation committees across NSLHD and provides important insights that we utilise for improvement.

### **Clinical governance processes**

82. PD2024\_010 *Clinical Governance in NSW*, which is Exhibit 76 in NSW Health Tranche 4 Consolidated Exhibit List, sets out the clinical governance requirements of the NSW Health system. In accordance with its requirements, NSLHD has:
- a. Defined governance structures including a Health Care Quality Committee, which is a subcommittee of the NSLHD Board;
  - b. A Director of Clinical Governance who reports to me and a Clinical Governance and Patient Experience Unit to facilitate the implementation of a clinical governance program;
  - c. Met the requirements of the NSW Health Safety System Model;
  - d. Processes to ensure all staff are informed and aware of their responsibilities in safety and quality;
  - e. Documented requirements for safety and quality data surveillance strategy;
  - f. Safety and improvement capability building, to ensure staff are skilled in safety assessment and improvement methodologies; and
  - g. Compliance with legislative and regulatory requirements in relation to safety and quality.
83. The *NSW Health Enterprise-wide Risk Management Policy Directive*, which is Exhibit B.23.165 MOH.0001.0272.0001 describes the requirements for NSW Health organisations to establish, maintain and monitor risk management practices.
84. The Board is responsible for approving the LHD's risk management framework, including levels of risk appetite and tolerance, and for seeking appropriate assurance on the effectiveness of the framework.
85. The Audit and Risk Committee provide independent advice to the Board and myself. I have the ultimate responsibility and accountability for risk management, and I receive assurance from an internal audit of the risk management framework every five years.

86. The Chief Risk Officer supports me and is responsible for:
- a. the oversight and promotion of risk management within the organisation;
  - b. designing the organisation's enterprise-wide risk management framework; and
  - c. the oversight of activities associated with coordinating, maintaining and embedding the framework in the organisation.
87. Senior executives are responsible for managing specific strategic risks, managers and decision makers at all levels are accountable for managing risk in relation to the decisions they take and all staff are accountable for managing risk in their day-to-day roles including carrying out their roles in accordance with policies and procedures, identifying risks and inefficient or ineffective controls and reporting these to the appropriate level of management.

#### *Accreditation*

88. Under *Australian Health Services Safety and Quality Accreditation Scheme in NSW Health facilities Policy Directive PD2023\_011*, which is Exhibit 35 in NSW Health Tranche 4 Consolidated Exhibit List, NSW Health services must be assessed against the NSQHS Standards over a three- or four-year cycle and are required, at each assessment, to provide evidence to demonstrate implementation of the NSQHS Standards.

## **E. PUBLIC PRIVATE PARTNERSHIPS**

### **Northern Beaches Hospital (NBH)**

89. NSW Health and NSLHD has entered into a Public Private Partnership (**PPP**) with NSW Health and Healthscope for the delivery of public health services at NBH.
90. The NBH Project Deed (executed on 11 December 2014) describes the obligations and responsibilities of Healthscope and the State (NSW Health and NSLHD) and stipulates purchased volumes of clinical services as well as quality and safety indicators.
91. The NBH Project Deed includes operator (Healthscope) responsibility for the design, construction, commissioning, operation, and maintenance of NBH for the 20-year term of the 'public portion', and a further 20-year term for the 'private portion'. At the end of the contract period, the public portion of the hospital is to be handed back to NSW Health

at no cost. Healthscope then has a further 20 years to provide services to private patients before the remaining part of the hospital is also returned to the State.

92. Under the NBH Project Deed, Healthscope have an obligation to deliver services to the highest standard of patient care and safety at all times. Healthscope is responsible for operating NBH as a licensed private hospital to meet the needs of the Northern Beaches community for both public and private patients.
93. NSW Health, NSLHD and Healthscope have an established governance structure for the management of the NBH Project Deed, including a Senior Governance Board, the Operational Services Group, and a variety of working groups and committees across portfolio areas.
94. NSLHD manages the Project Deed through dedicated resources and monitors Healthscope's performance under a performance management framework through monthly performance meetings between NSLHD and NBH.
95. NSLHD continues to work closely with NBH to refine and enhance governance and partnership arrangements to ensure the delivery of public healthcare services to the residents of the Northern Beaches.

### **Infrashore**

96. The Royal North Shore Hospital and Community Health Services project has entered into a PPP. NSLHD, Royal North Shore Hospital and Community Health Services PPP – *Project Deed* is Exhibit 165 in NSW Health Tranche 4 Consolidated Exhibit List.
97. NSW Health partnered with InfraShore Pty Ltd, a consortium comprising ABN AMRO (finance and consortium leader), Thiess (design and construction), Thiess Services (hard facilities management and maintenance), Wilson Parking (car park services); and Zouki (retail).
98. The contract value is \$700 million (Estimated Capital Cost at the time of contract award) and its duration is 2008 to 2036.
99. The PPP project involved the redevelopment of the site to consolidate and replace more than 50 out-dated buildings and replace them with purpose-built facilities equipped with the latest technology.

100. The project involves:

- a. The financing, design, construction and commissioning of the new acute health facility, Community Health Facility, multi-storey car park and refurbishment of the Douglas Building;
- b. The facilities management and delivery of ancillary non-clinical services in both the new facilities and existing buildings under a Labour Services Agreement with Northern Sydney and Central Coast Area Health Service (predecessor to NSLHD);
- c. The performance based monthly payments to be made to the private sector over the term of the project; and
- d. The commercial components of the project include the private sector to manage and operate the car park facilities in return for payment of an annual licence fee (to Infrashore Asset Management) and a share in revenue generated and have a lease of the retail premises in return for payment of base and turnover rent.

### **Ventia**

101. Theiss Services entered into a 28 year contract in 2008, as part for the InfraShore consortium, providing core facilities, engineering and maintenance service. In 2015 Ventia was created following the merger of Theiss Services, Leighton Contractors Services and Visionstream. Ventia are engaged for the remaining contract term, until 2036, which is the continuation of the contract initially entered by Theiss Services.

102. For more than 5 years, the Ventia team at RNSH has been using a technology called HEPACART®, which enables its people to conduct important maintenance services in clinically sensitive locations of the hospital such as operating theatres, patient wards (particularly positive isolation rooms) and emergency wards. It is quick to set up, mobile and more importantly, keeps the primary focus on the health and safety of the hospital's patients at all times.

103. In addition to the use of HEPACART®, Venita has implemented several other innovative enhancements to systems and processes including:

- a. An online maintenance helpdesk utilizing software which streamlines our management of asset, building and service activities to optimise efficiency, improve service delivery and reduce operational costs. Both internal workshop

staff and contractors who are based on-site utilise the QFM app, enabling them to access the system on the go;

- b. The introduction of anti-vibration springs on equipment to improve environmental conditions; and
- c. New LED lighting for sustainability on the helipad, atrium, external lights, theatres, and other key locations.

## **F. WASTE MINIMISATION AND EFFICIENCY**

- 104. One of the 6 Strategic outcomes set by the *NSLHD Strategic Plan 2022-2027* is “Our services are sustainable, efficient and committed to planetary health”.
- 105. NSLHD has set a target of net zero carbon emissions by 2035.
- 106. The NSLHD Planetary Health Committee is chaired by the me and includes NSLHD Board Members Professor Emerita Mary Chiarella, AM and Dr Donna Lynch. The committee provides oversight of the NSLHD Planetary Health Framework and supports achievements against our Net Zero Target.
- 107. Planetary health remains a priority and has strong staff engagement across NSLHD. There has been significant progress toward achieving our commitment to Net Zero carbon emissions by 2035. There is green space across all our hospitals and services, solar panels are in place and utility usage and waste generation have been reduced. Initiatives have extended to clinical and non-clinical processes to reduce waste through reduction in low-value care and inefficient systems and processes. All new capital works developments are environmentally sustainable and contribute to our goal of Net Zero carbon emissions by 2035.
- 108. In March 2024, NSLHD launched the second planetary health framework 2024-2027 which is the second framework of the District and aims to reduce NSLHD carbon footprint that supports the health and wellbeing of our local population and creates a more sustainable healthcare system now and for future generations. This will be achieved through work on 6 priority domains including governance, models of care, people and places, procurement and capital works, waste management and resource recovery and energy and assets.

109. One of the ways that NSLHD seeks to achieve this strategic outcome is by ensuring robust corporate and clinical governance standards are embedded in all decision making processes:
- a. embedding appropriate governance, oversight, accountability, and risk management principles in all NSLHD operations;
  - b. Integrating clinical governance with corporate governance, in line with the National Safety and Quality Health Service Standards; and
  - c. Ensuring systems relating to internal control, ethical conduct, probity, risk management, management of information, and internal audit are regularly assessed and enhanced.
110. NSLHD is actively contributing to the Procurement Reform Program being led by the NSW Ministry of Health. The Procurement Reform projects that have, and continue to, contribute to minimising waste and improving efficiency are:
- a. DeliverEASE which provides improved inventory visibility, less stock on hand and greater availability of stock. Better organisation of storerooms and ordering process has also reduced the time needed in the ordering process and vastly reduces the amount of stock wasted through expired inventory;
  - b. Master Catalogue project which contributes to reducing number of free text orders by making more products available to order via the NSW Health catalogue;
  - c. Contract Spend Dashboard Implementation provides improved analytics for off-contract spend leading to reduced inefficiencies in the purchasing process and improved compliance with NSW Health contracts and optimising market share awards; and
  - d. Implemented New Procurement Policy which has Improved procurement governance and compliance to state-wide contract usage.
111. Low-value care is care that, according to the best available evidence, provides little-to-no benefit to patients, is likely to cause more harm than benefit, or is not financially efficient care given its benefits. In NSW, value-based healthcare means continually striving to deliver care that improves; health outcomes that matter to patients, experiences of receiving care, experiences of providing care, effectiveness and efficiency of care. NSLHD has engaged in a number of local initiatives in line with NSW

Ministry of Health value-based healthcare programs of work to reduce low value care. These programs include; Leading Better Value Care, Integrated Care, Collaborative Commissioning and Patient Reported Measures.

## **G. OPPORTUNITIES**

112. NSLHD has identified opportunities, related to governance, that I believe would benefit the District and the broader NSW Health system. These opportunities can be classified as; value-based healthcare, role delineation and health system research:

### **Value-based Healthcare**

- a. Divesting in low-value care, reinvestment in high-value care and a greater focus and support for the delivery of value-based healthcare, and
- b. Increasing integration throughout the district's hospitals and services (including services provided by AHOs) to ensure the district is working as a coordinated system, between local health districts, including supporting regional, rural and remote health communities and with primary care, disability and aged care sectors.

### **Role Delineation**

- a. Review of ambulatory care services to ensure services are meeting community needs but are also in line with our state-level responsibility (i.e. not filling primary care and Commonwealth Government gaps), and
- b. Enhancing referral pathways between acute, sub-acute and rehabilitation services to optimise patient flow and reduce bed-block.

### **Health System Research**

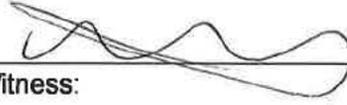
- a. Greater focus on health system research to ensure the system that supports clinical service delivery is optimised and drives efficiency and effectiveness, including enhancements to governance structures and processes.

Am M. Sch.

Anthony Schembri AM

12.04.2024

Date



Witness:

Tegan Mitchley

12/4/2024.

Date