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CONFIDENTIAL

The Hon Brad Hazzard MP
Minister for Health and Medical Research
52 Martin Place
SYDNEY NSW 2000

Dear Minister

Re: St Vincent's Health Network Strategy & St Joseph's Hospital

I write regarding **St Vincent's Health Network (SVHNS)** sustainability and future strategy and **St Joseph's Hospital at Auburn (St Joseph's)**, which is part of SVHNS.

Firstly, on behalf of the Board of **St Vincent's Health Australia (SVHA)** thank you again for the **NSW Government's recent investment of \$25m in the St Vincent's Darlinghurst Campus**. As we discussed when you came to the Campus last month, this investment will deliver immediate capacity enhancements, but is also a very welcome indication of **the Government's continued support of the specialist role of St Vincent's Darlinghurst** in the NSW Health system as we take our Campus redevelopment planning into the next stage.

As you are aware, **growth in our capacity at St Vincent's will require additional activity funding** when the capital works are complete. We also have demand to expand our specialist services at Darlinghurst and significantly increase our virtual and telehealth offerings to patients from across the state. This is of course very challenging with capped activity funding for the Network and constrained funding growth.

At the same time as we are experiencing acute pressure on our capacity at Darlinghurst, **activity at St Joseph's Hospital** at Auburn – also part of the SVHNS – has been declining for some time.

We have been facing many challenges at St Joseph's Hospital for a number of years. These challenges – which are interrelated – include:

- Lack of scale impacting operational efficiency as a small stand alone subacute facility.
- Dependence on referrals from facilities outside SVHNS which have weakened over time.

- Ageing infrastructure and no apparent capital investment source to redevelop the site.

In short, St Joseph's Hospital is currently operating at a material loss for SVHNS and is not financially or operationally sustainable in its current state.

Numerous attempts have been made over the past decade to address these challenges **without resolution. I am advised that St Joseph's Hospital** is not currently on the NSW Health Capital Plan and the Plan is fully committed. Western Sydney Local Health District have also advised that they have capacity in their own facilities to offer similar subacute services that are delivered at St Joseph's, and they are not seeking to preferentially **invest in St Joseph's given their own priorities**. Unfortunately we do not have any further **investment options to consider for St Joseph's**.

Considering the Government's recent capital investment at Darlinghurst, the SVHA Board considers that the future strategy for the Network is to build and grow our highly specialised services at Darlinghurst, consistent with the **St Vincent's** Darlinghurst Campus Clinical Service Strategy that you kindly launched for us in 2017.

This includes continuing to grow our world-class Heart Lung Vascular Centre of Excellence, continued investment in cellular therapies and other emerging treatments for cancer and degenerative conditions, precision medicine in collaboration with the Garvan Institute, as well as our flagship services for vulnerable populations and those at end of life in line with our core mission.

With continued constraints on funding growth and ongoing cost pressures of service delivery, continued delivery of our mission and supporting growth at Darlinghurst will require a reallocation of resources within the Network. As a small speciality network our options to reallocate resources are limited.

As such, the SVHA Board has deliberated that closing **St Joseph's Hospital** and reallocating the activity to Darlinghurst would be the best option to address these challenges, unless the Government recommends an alternative solution.

If we do proceed, there are a number of issues to be worked through with NSW Health and WSLHD.

If we ceased **public health services at St Joseph's** and it was removed from Schedule 3 of the *Health Services Act 1997* we would need to request that the Ministry enact its contingent liability to meet the employee and voluntary redundancy entitlements of these 250 public health system workers. This would be consistent with the undertaking provided by the then Director General of the Department of Health in 2009 to **St Vincent's and referenced precedents for St Luke's Potts Point and St Margaret's Darlinghurst**. We will of course work with WSLHD to seek any opportunities for **St Joseph's** staff to be redeployed within WSLHD.

This is not a decision taken lightly especially given St Joseph's was founded by the Sisters of Charity in 1882 and has been continuously operating as a public hospital at Auburn since. However, these strategic issues require resolution to ensure the future sustainability and mission of the Network as a whole. Please note that the Board's current deliberations remain confidential and have not been communicated with staff, patients and other stakeholders at this time.

I appreciate this is a difficult issue and please do not hesitate to contact me should you wish to meet to discuss these issues further.

Yours sincerely



Paul McClintock AO
Chair St Vincent's Health Australia

CC: Ms Elizabeth Koff, Secretary of NSW Health
CC: **Mr Toby Hall, Group CEO St Vincent's Health Australia**