Special Commission of Inquiry into Healthcare Funding

Statement of Cathryn Cox PSM

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Occupation:	Chief Executive, Sydney Children's Hospitals Network

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.

My role

2. I am the Chief Executive for the Sydney Children's Hospitals Network (**SCHN**). I have held this role since August 2020.

3. As the Chief Executive, I am responsible for strategic leadership, direction and management of the SCHN. In conjunction with the SCHN Board, I ensure sound governance of the SCHN and the obligations to deliver agreed services within budget, performance standards and strategic objectives are met.

The SCHN

4. The SCHN was formed in 2010 and is the largest paediatric health care service in Australia providing a range of tertiary and quaternary services for children and young people from across NSW, Australia and beyond. As a specialist network, SCHN does not have a defined geographical catchment.

5. The SCHN incorporates two tertiary paediatric hospitals which provide specialist inpatient and outpatient services, The Children's Hospital at Westmead (**CHW**) located in Sydney's west, and Sydney Children's Hospital, Randwick (**SCH**) located in Sydney's east. Although CHW and SCH fall within the geographical area of Western Sydney Local Health District (**LHD**) and South Eastern Sydney LHD respectively, they are within the governance structure of SCHN.

6. The third tertiary paediatric referral hospital in NSW is John Hunter Children's Hospital (**JHCH**) located in Newcastle. JHCH does not form part of the SCHN and instead falls within the governance of Hunter New England LHD.

7. The Network's core function is provision of specialist paediatric services in an acute setting rather than lower complexity acute care and community health services that are provided within a LHD. The majority of paediatric acute care across NSW Health as a whole is provided by non-SCHN services. The SCH and CHW emergency departments (**ED**) see around 15% of all public sector ED attendances for children up to the age of 16 years across NSW and around 30% of all public hospital acute admissions for children up to the age of 16 years are at Network facilities.

8. The SCHN does provide some secondary paediatric services. These are mainly to residents of the South Eastern Sydney LHD and Western Sydney LHD catchments whose local government areas are proximate to the two children's hospitals.

9. The SCHN does not provide primary health services for children. The SCHN may partner with other government or non-government services to provide specialist support and expertise where this may be needed.

10. In addition to SCH and CHW, the Network includes:

    a. Bear Cottage located in Manly which is the only paediatric hospice in the State and provides paediatric palliative care 24 hours a day;

    b. The statewide paediatric emergency retrieval service, Newborn and Paediatric Emergency Transport Service (**NETS**), based at Bankstown providing 24 hour a day clinical advice, coordination and emergency treatment and transportation for sick babies and children across NSW and the ACT;

    c. The Children's Court Clinic located in Parramatta and established under the *Children's Court Act 1987*, which undertakes independent clinical assessments for children to help magistrates and judges in NSW Children's and District Courts make decisions in the best interests of children; and

    d. The NSW Poisons Information Centre.

11. The SCHN also undertakes paediatric translational research through its research arm, Kids Research (**KR**), comprising more than 600 researchers, support staff and students. KR undertakes cutting-edge research into childhood diseases, resulting in significant advances in the treatments of cancer, obesity, kidney, heart, and respiratory problems, diabetes, muscular dystrophy, and other childhood conditions.

Governance of SCHN

12. The SCHN is not responsible for overall governance of paediatrics across NSW.

13. The SCHN is established as a specialty governed health corporation and consequently has a governance structure under the *Health Services Act* that broadly mirrors that of an LHD. As a result, the SCHN is required to have a Board. The role of the Board is to ensure effective governance of the SCHN, focused on leading, directing and monitoring the activities of the network and driving overall performance. The Board consists of 10 members who bring a mix of skills and experience to their Board functions.

14. SCHN brought together CHW which had been a stand-alone children's hospital and SCH which had been part of the then Area Health Service, into a single entity. There has been an ongoing process of change and evolution due to the history of SCH and CHW operating as two separate hospitals prior to the establishment of the network.

15. In 2019, an Expert Panel undertook a *Review of Governance for the Sydney Children's Hospitals Network* (**Alexander Review**) (MOH.0002.0143.0001). Further, in 2019, the *Review of health services for children, young people and families within the NSW Health system* (**Henry Review**) made nine recommendations relating to SCHN of a total of 77 recommendations.

16. Most recently, SCHN has undertaken a comprehensive review of its clinical operations structure, informed by these reviews and the 2023-27 SCHN Strategic Plan, moving to a clinical stream model and strengthened site-based leadership at CHW and SCH.

17. There are several benefits to the network structure utilised by SCHN. The network structure provides an opportunity for advocacy for paediatric services as part of the discussions on resources and investment. It is acknowledged that demand from a growing aged population is significant, and it can be difficult to balance those demands against highly specialised and other paediatric services.

18. A network also offers advantages in relation to standardising care, providing a recognised resource and support for LHDs, workforce development, training and education, and philanthropy. A network structure, complemented with strong "on the ground" relationships with our LHD partners, provides flexibility and an ability to focus on paediatric issues.

19. Tertiary and quaternary care of paediatric patients is very complex, often low in volume, is highly specialised and subspecialised, and provided by a small highly trained workforce. Provision via a network is considered to provide a sustainable way to provide highly specialised services.

Relationship with the LHDs

20. The CHW is located on the Westmead Health and Innovation Precinct along with Westmead Hospital, the Institute of Clinical Pathology and Medical Research, Cumberland Hospital, Westmead Institute of Medical Research and the Children's Medical Research Institute. SCH is located on the Randwick Health and Innovation Precinct along with Prince of Wales Hospital and the Royal Hospital for Women and a number of medical research institutes. SCHN provides local paediatric services for families living proximate to the two children's hospitals noting that parents and carers may choose to attend the children's hospitals emergency departments or seek care at the hospitals from across metropolitan Sydney and NSW.

21. SCHN meets regularly with Western Sydney LHD and South Eastern Sydney LHD as part of precinct governance processes as well as on a regular basis regarding clinical and corporate services. SCHN has a number of shared services provided to SCH by South Eastern Sydney LHD such as imaging and theatres, and corporate services.

22. Although JHCH does not form part of the network, SCHN also has a strong relationship with JHCH to ensure services are planned collaboratively and are complementary. SCHN and JHCH executive meet on a monthly basis to discuss areas of collaboration and service delivery. Statewide initiatives such as the virtualKIDS Urgent Care Service

and paediatric palliative care services are planned together to ensure consistency of approach and in some instances, rosters (after hours palliative care services) are shared.

23. LHDs are responsible for the planning and provision of services for their children and young people populations. This includes acute and community health paediatric care through their local services and determining their own level of paediatric service capability.

24. SCHN provides outreach services for a number of specialities, such as oncology and cardiology, through onsite clinics at hospitals as well as through virtualKIDS. SCHN may also work with a LHD in response to a specific service demand. For example, SCHN has recently reached an agreement with Far West LHD to provide virtual developmental assessments to children in Broken Hill.

25. SCHN recognises that the paediatric workforce in rural and regional areas is under significant pressure with staff shortages and significant demand. As well as options including outreach services, virtualKIDS, and service level agreements, SCHN hosts a monthly meeting with paediatrician clinicians across the State to share information and discuss issues.

Funding of the SCHN

26. The annual budget for SCHN for the financial year ending June 2024 is $986 million.

27. SCHN is ABF funded, except for KR which is predominantly funded by philanthropy and research grants; and NETS, Poisons Information Centre and the Children's Court Clinic which are block funded. Although ABF can work well in some healthcare settings, there are challenges when applied to paediatric settings and particularly for tertiary and quaternary paediatric services. There are a number of reasons for this. SCHN generally sees patients who are more complex and does not have significant high-volume low-cost episodes of care to offset the higher costs of the complex services. The resource intensity of providing care to paediatric patients is also significantly higher compared to adult hospitals. SCHN provides care from neonates to adolescents with large variability in the care requirements of these age cohorts due to differences in age, size and health status of children.

28. There are particular issues relating to activity, cost-price mismatches and block funded services that the Network provides.

29. Funding is challenging for paediatric services in a system where the main proxy for growth funding has been population growth and ageing. SCHN has been consistently over activity targets in the order of 6-7% over the last four years. The increase in activity is largely the result of increased ED presentations and medical and intensive care demand.

30. The ABF Neonatal Intensive Care Unit (**NICU**) model has been established based on a gestational NICU model of premature babies without complex surgical care. As a result, there is a significant financial impact where a neonate requiring surgery is treated in a NICU versus a Paediatric Intensive Care Unit.

31. NETS is another example where while the transport costs are determined by the Independent Pricing and Regulatory Tribunal (**IPART**) the increase in volume of calls and service growth has resulted in a funding shortfall. For example, the team may remain in Sydney but spend considerable time and resources providing support to local staff to manage a child locally (outside of Sydney). However, this activity is not counted by SCHN.

32. SCHN is also involved in providing high-cost gene therapies and drug discovery, for example, new therapies for spinal muscular atrophy and vosoritide for achondroplasia. While the therapy or drug cost may be reimbursed, there are fixed infrastructure costs to support the safe introduction and delivery of these advanced therapies which are not included in the funding models.

33. SCHN will also be commissioning significant redevelopments at both SCH and CHW in 2025 and 2026. There will be additional costs associated with the operation of the two facilities due to the increase in floor area (73% uplift in floor area) as well as funding for staff and activity.

34. The Sydney Children's Hospitals Foundation, SCHN's philanthropic partner, is contributing $75 million to the two redevelopments as well as an annual contribution in the order of $40 million towards a range of activities including KR, equipment and services.

Improvements

35. I see the following areas where paediatric services across NSW Health could be strengthened:

    a. Development of a statewide paediatric services plan to assist in delineating service scope, roles and responsibilities.

    b. Consideration of different models for services. For example, paediatric medical imaging and whether a statewide model would be feasible and more sustainable.

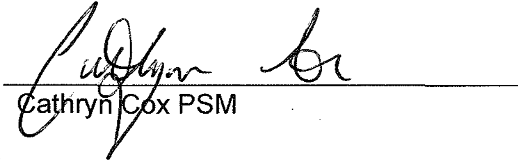
    c. Continue to develop partnerships with the LHDs to access expertise and support from the Network to support care for children close to home.

    d. Given workforce is anticipated to continue to be challenging, whether there are opportunities to network more closely with JHCH and paediatric services at Campbelltown Hospital.

    e. Development of a response to the National Strategic Plan for Rare Diseases. While an individual disease may be uncommon (<1 in 2000), collectively around 8% of Australians live with a rare disease. Around 80% have a genetic basis and intervening early has benefits for the health of the population across the lifespan.

    f. Continued and accelerated focus on sustainability. There is a large and growing body of evidence indicating the adverse effects of climate change on children's health noting children are more vulnerable than adults to climate-related health

threat. For example, respiratory impacts from bushfires and poor air quality and viral disease after flooding.



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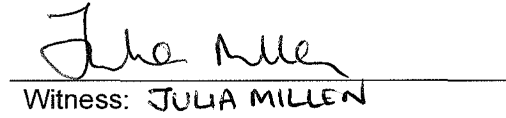

Witness: JULIA MILLEN

6 JUNE 2024
Date

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