

## Special Commission of Inquiry into Healthcare Funding

### Statement of Terry Clout

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**Occupation:** Deputy Board Chair, Southern NSW 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.
2. This statement is provided in response to the letters dated 28 June and 31 July 2024 issued to the Crown Solicitor's Office, and addresses the topics set out in the 28 June 2024 letter relevant to my role.

#### A. INTRODUCTION

3. My name is Terry Clout. I am the Deputy Board Chair of Southern NSW Local Health District (**SNSWLHD, the LHD**). I have been a member of the Board at SNSWLHD since 2020, and commenced as Acting Deputy Chair in 2022, and the same year was appointed permanently to that role. I am the Chair of the Health Care Quality Committee, a member of the Performance Committee and I attend all other Board subcommittee meetings. I am also a member of the Medical and Dental Appointments Advisory Committee.
4. My previous roles include human resources and industrial relations roles, and various local health districts (**LHDs**) roles including Director of Operations, Deputy Chief Executive, and fourteen years in Chief Executive roles. I was the interim Chief Executive at SNSWLHD in the period between recruitment of the current Chief Executive and her commencement. A copy of my curriculum vitae is exhibited (**MOH.0014.0241.0001**).

#### B. ROLE OF THE BOARD

5. The functions of the Board are as set out at s.28 of the *Health Services Act 1997 (NSW)* and the Corporate Governance and Accountability Compendium for NSW Health. The Board functions centre on ensuring there are appropriate frameworks in place, within the LHD, to ensure the provision of high quality and safe health services to the community, and that facilitate those health services being provided in an appropriate and timely manner. Additionally, that systems and processes are in place to ensure that performance (clinical and corporate) is occurring as required by the annual Service

Agreement and that regulatory and compliance issues are being dealt with by management in an appropriate manner. The Board monitors the LHD's financial and operational performance against standards and key performance indicators. Importantly the Board approves LHD strategic plans, ensures appropriate clinical, consumer, community and service partners engagement in the development and delivery of health services, and works with the LHD Chief Executive (CE) to create an appropriate culture within the LHD. The Board is also responsible for monitoring the performance of the LHD CE. The Board does not have a role in operational management, rather to monitor what is occurring from an operational perspective.

6. The Board also discharges its role through its committees. The **Health Care Quality Committee (HCQC)** role is set out in its Terms of Reference (**TOR, MOH.0010.0437.0001**). As set out in the TOR, the HCQC monitors the quality and safety of health care provided by SNSWLHD and ensures continuous improvement.
7. The HCQC identifies risk areas by engagement with clinical leads and general managers, complemented by a raft of reports as set out in the TOR. The Committee assesses LHD performance against established national, state and clinical professional standards. The committee assesses impacts of risks, options to address the risks, asks what actions have been taken and assesses the appropriateness of the timeframe within which the risk is to be addressed. If it is a high-level risk to patient safety, quality of care being provided or compliance issue, the Committee monitors the implementation of the risk mitigation strategy actions including seeking evidence that the actions are being effective in addressing the identified risk.
8. Examples of issues this Committee has considered are the incidence of perineal tears, Aboriginal do not wait Emergency Department indicators, and the type of maternity services to be implemented at Cooma Hospital.
9. The **TOR** of the **Performance Committee** is exhibited (**MOH.0010.0440.0001**). The purpose of the committee includes to provide oversight, advice and assurance on financial, operational and clinical performance with particular reference to the annual Service Agreement between the Secretary, NSW Health, and SNSWLHD (**the Service Agreement**). The committee also reviews and monitors performance in the areas of capital works, workforce management, information technology and innovation. The TOR also set out the reports and resources the committee receives.

10. An example of an issue this Committee has considered is the significant adverse impact of medical and nursing premium labour costs on the LHD's objective to work towards addressing its financial performance relative to provided budget.

**C. MEDICAL AND DENTAL APPOINTMENTS ADVISORY COMMITTEE**

11. I am a member of the Medical and Dental Appointments Advisory Committee at SNSWLHD, and a copy of the TOR is exhibited (**MOH.0010.0438.0001**). As set out in the TOR, the purpose of the Committee is to provide advice to the CE regarding appointments of and/or privileges for visiting practitioners, staff specialists (including clinical academics) or dentists.
12. It is a mechanism by which assurance is provided to the community, the CE and the Board that the senior doctors being engaged to provide clinical services in the LHD's facilities are appropriately qualified, are properly registered, have undertaken the required police and working with children checks and have the required experience to safely and competently deliver the services they are being engaged to undertake. The Committee also ensures that the practitioner's scope of practice for a particular facility is consistent with the delineated role of that facility.

**D. COMMUNITY ENGAGEMENT**


13. There are and have always been challenges to effective and impactful community engagement.
14. SNSWLHD undertook a comprehensive review of its community engagement processes during 2023, leading to a new Community Engagement Framework. The extensive process of consultation on the development of the Framework was in itself an exercise in community engagement. Exhibited to this statement is a copy of The Southern NSW LHD Community Engagement Framework which is now being implemented (**MOH.0010.0427.0001**).
15. The SNSWLHD community engagement model centres on engaging with communities/community members at three levels. At the very local level, the engagement is on matters specific to a community. At the Network level, the engagement is on matters that need to be considered beyond one community and most often across the network of facilities and services. The third level is where the considerations need to be at an LHD-wide level (for example, longer term planning issues and/or clinical services development considerations).

16. The Board also has a Community Engagement Committee.
17. The Board has numerous mechanisms for engaging with its various communities including meeting with community members when visiting Hospitals, attendance at community engagement meeting and forums and direct engagements by community with Board members. The Board also has access to correspondence from community members and groups through Board and HCQC agendas.
18. Consumer engagement, as distinct from community engagement, is affected through a range of mechanisms by the LHD management. Comprehensive patient experience surveys are undertaken on a regular basis, and following analysis and risk assessment, corrective actions thought to be needed are put in place and their implementation monitored for effectiveness. These surveys and the outcome from them are regularly reported to the HCQC, the People and Culture Committee and the Board.
19. The Board also has regular and effective engagement with Local Councils. There are quarterly meetings with the representatives of Local Councils that the CE, and a Board member attend. I regularly attend these meetings. On specific issues, the Local Councils engage with the SNSWLHD Executive regularly, and this worked particularly well during the 2019 bushfires.
20. In relation to capital works and community engagement, the role of the Board is to work with and support the CE and her Executive in working with the various communities and their representatives in understanding the identified health needs of communities and more broadly the health needs of all the communities across the LHD, then to determine the most appropriate range and models of health service delivery to meet those needs, and finally to determine the necessary capital work required at each location to deliver those services. In this space many need to be involved in balancing the expectations of communities and their representatives with the ability of Government to fund all the health capital works that are highly desirable in terms of enhancing provision of health services across the State.

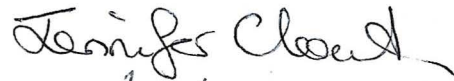
#### **E. CHALLENGES**

21. A significant challenge is the necessity for SNSWLHD to use high levels of medical and nursing premium labour to ensure that we can deliver the required level and range of clinical services to the Community we serve, whilst meeting the clinical safety and quality performance requirements of the Service Agreement and the National Safety and Quality Standards.

- 22. Another challenge is the Activity Based Funding (ABF) Model being applied to small rural hospitals from which specified clinical services are required to be provided, but from which the volume of activity cannot (under ABF) generate budget to anywhere near cover minimum costs. In my view, ABF funding for small hospitals does not work due to the structural cost of running those small facilities.
- 23. SNSWLHD does not have a major referral hospital within its network of Hospitals. As a result there are health services that have traditionally been provided outside the LHD, particularly by Canberra Hospital. This has hindered the development of clinical services and senior medical recruitment to hospitals in SNSWLHD. There needs to be a funding mechanism which enables such service development and workforce capability in SNSWLHD Hospitals so as to facilitate higher levels of initial referrals to SNSWLHD Hospitals, for services that those hospitals can appropriately provide to its residents, rather than to hospitals outside SNSWLHD, particularly Canberra Hospital.
- 24. More medical and nursing professionals are attracted to the lifestyle and high income of locum work, particularly since COVID-19. This has partly been dealt with by the Ministry of Health regarding agency nurses, with standard contracting arrangements with agencies. The medical locum workforce remains an ongoing challenge requiring a response at a whole-of-State level.

  
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 Terry Clout

6/8/2024  
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