



Special Commission of Inquiry into Healthcare Funding

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SUBMISSION

The management of health in NSW is administered by the Ministry of Health as Systems Manager, reporting directly to the Minister of Health. There is a devolved system of a number of Local Health Districts, each with a local Board and Chief Executive. These LHDs operate with a high level of autonomy, under the control of a LHD Chief Executive and local Health Board. This system has been in place for a number of years as a result of recommendations from the Garling Inquiry into Acute Care Services in Public Hospitals in 2008.

Over time this devolved system has become dysfunctional due to lack of effective oversight by NSW Ministry of Health and by the appointment of demonstrably unsuitable personnel to LHD Board and Executive positions.

Anecdotal and media reports relating to adverse outcomes in NSW hospitals is damning. Areas of regulation, accountability, clinical governance and risk management are now dysfunctional in the system of management of the NSW Department of Health.

Unlike most areas of life critical activity, such as the transport industry, there is no independent Systems Regulator overseeing the administration of Health in NSW. The NSW Ministry of Health reports to the Minister and no other agency. A widely held impression is that the LHD Executive and Ministry “manage upward” and prioritize budget over health outcomes, particularly in the remote and regional health settings.

There appears to be no recognition at Ministry of Health level of the systemic risks arising from incompetent and budget driven decisions made at LHD Executive and Ministerial level.

The absence of a “Chain of Responsibility” system (as is in place in the transport and other industries) in the health system ensures that the front-line clinician and patient bears all risk of adverse outcomes. On the other hand, the system in place appears to be designed to insulate LHD Executives and Ministry staff from the consequences of their decisions.

The effect of this situation places any consequences of ensuing systemic risks onto the front-line clinicians and patients. A clear example of management failure is the lack of a functional fatigue management system for front line clinicians. It is known that an adverse clinical outcome can result in referral of the clinician to the Medical Board and their Regulator, Australian Health Practitioner Registration Authority, (AHPRA). For several medical practitioners, this has been a career-terminating situation.

The exclusion of clinicians from management decision making and the growth of managerialism in the health bureaucracy has led to disillusionment and withdrawal of many experienced clinicians from the public health system.

As a result, it appears that clinicians have now effectively disengaged from the health system. A recent NSW Auditor General report confirms this observation.

Based on these observations, the current management model is a case study in system failure. It is no longer fit for purpose.

SUGGESTION

This inquiry presents an opportunity to improve the system of management of NSW Health to align it with contemporary standards of governance such as those existing in Australian corporations and Federal government organizations.

My suggestions are as follows:

1. The appointment of a person or body such as an **independent** Inspector General, NSW Health. This appointment to be made under an Act of the NSW Parliament. It is essential that this individual and staff be selected from outside the NSW Department of Health bureaucracy. The Inspector General NSW Health would have a strong background in business corporate governance and risk management. The Inspector would have powers under the Act to monitor, audit and enforce compliance with all NSW Department of Health Policies, Procedures, and other relevant legislation such as Safe Work. The Inspector would also have powers of sanction over **all** persons working in the system up to and including Secretary Department of Health NSW. The Inspector would have powers to modify or remove a hospitals accreditation to operate.
 2. That the NSW Government engages reputable **independent , external** consultants such as the Productivity Commission to conduct baseline system wide audits of all areas of activity of the NSW Department of Health against current best practice health management documentation and related legislation.
 3. The consultants to recommend system redesign to ensure that the organization complies with and remain in continuing compliance with Australian Standard: AS/NZS 9001:2016 Quality Management Systems Requirements and with AS ISO 31000:2018 - Risk Management.
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