I was recently speaking to a former Labor Minister who told me “no one really wants to be the Minister for Health in Government because it is the poisoned chalice.” I was the Shadow Minister for Health for over 5,000 days. It has been just over 147 days that I have been in this job, and I can tell you that Labor Minister was wrong. I want to be the Minister. And I love this job.

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It is 20 weeks since I last talked to you all during my first week as Minister for Health and Minister for Medical Research.

On that occasion, I spoke of the importance of focussing on what is in the best interests of patients. I also spoke of the need to change the culture of the NSW Health system – a system that had been described by Peter Garling as ‘toxic’.

I described my CORE values of Collaboration, Openness, Respect and Empowerment.

I outlined the changes I intended to make in the role, responsibilities and operations of Local Health Districts (LHDs).

I spoke of my serious commitment to devolution… of shifting the focus of power and control away from the centre… of giving you real power and authority to allow local decision-making and as a consequence, local responsiveness and accountability.

In the twenty weeks since that day, I have visited 22 hospitals – spending time, without the Media, listening to you, to your clinicians, the Medical Staff Councils, the nurses and allied health professionals, the paramedics, the cleaners, security officers, administrators, patients and their families.

My hospital visits haven’t been hurried and they haven’t been mere photo opportunities.
I intend to continue the process of listening, in which I invested so much time and effort prior to the election – over 16 years in fact. What I hear on the ground is primary information which helps me in decision-making.

I thank all of you who have been so generous with your time and I look forward to continuing my travels to your Districts.

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Before I turn to the specifics of reform, I want to outline where I want to be in the next five to ten years... to give you an idea of the objectives of the partnership I want you to share with me:

- **A “joined-up” health system that focuses on patients.** I want to see a system where patient care is seamless and integrated... where the patient – respected, listened to and informed – is the object of an integrated service that includes preventive care and primary care, general practice and home-based care, hospital and post-hospital care, pharmaceutical and allied health care, in the public and private sector, in ways that flow seamlessly and efficiently throughout the System;

- **A health system where staff are proud.** I want us all to be part of a health system people are proud to work in, one in which they derive personal satisfaction and reward from their work. That applies equally, no matter what part of the System a person is engaged in. I want cleaners and wards people, record keepers and security officers, managers and administrators, nurses and clinicians, head office personnel and Board members, all to derive satisfaction, pride and personal self-fulfilment from being part of our team working in the NSW health system; and,

- **A health system that reflects realistic community expectations.** I want the people of New South Wales to have realistic and sound expectations of what the health system can do for them – and what it cannot. I want them to understand what they have a right to expect and what they are entitled to, but equally, I want them to understand their own responsibilities around caring for their own health and that of their families.

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Today I also want to talk to you directly about what we are doing in the process of reform. You will have received the reform paper prepared by Dr Foley and I hope you have all had time to digest it.

Thank you to those of you who have given such positive feedback.

This is about devolution. It is about EMPOWERMENT.

Throughout all the policy documents and statements which I have issued, stretching back to at least 2008, I have advocated the devolution of power and responsibility to
local communities with local health Boards capable of accepting and discharging those responsibilities.

As you know, I have made changes to the membership of LHD Boards, to ensure that each Board has the capacity to meet new challenges, including financial management and governance.

The first task I gave Dr Mary Foley as my new Director General was to conduct a comprehensive review of the governance arrangements of NSW Health. Her review was predicated upon the need:

- To enhance patient outcomes
- To devolve power to the LHDs
- To work through our policy commitment and remove unnecessary layers of bureaucracy by abolishing the Clusters
- To make effective use of the expertise of the Garling ‘Four Pillars’
- To maximise opportunities to achieve efficiencies within the system.

Apart from the Director General’s review, my thinking has been deeply influenced by feedback I have had from you.

As you know, when I first addressed you in April, I asked you for short and long term assessments of your District’s strengths, challenges and potential initiatives.

I have studied your responses in detail. I have noted the commonalities of problems - problems of resource adequacy and management, problems of aging infrastructure and IT capacity, and the feeling of disempowerment and disrespect throughout the system.

Equally, I have noted those LHDs who are addressing these challenges in a positive fashion, who are displaying the sort of leadership and forward thinking I want to see embraced by all.

Consistent with my overarching policy requirements, the Director General’s review of the governance structures in NSW Health proposes the following key reforms:

- Structurally, the NSW Department of Health will become the Ministry of Health – a clear indication that its primary focus is the development of policy and not the delivery of services;

- The Ministry will negotiate a Service Agreement with each LHD specifying which services will be purchased or funded, the volume and price for Activity Based Funding (ABF) services, and block funding, as appropriate, for some services; and,
• The LHD will be responsible for determining how it will deliver services and meet its Service Agreement responsibilities. In this it will be empowered to:
  o Delineate the role of hospitals and health facilities within its District
  o Employ staff, including the Chief Executive Officer, to achieve these objectives
  o Purchase appropriate services from Affiliated Health Organisations and other NGOs.

The enhancement of the responsibilities of the LHDs will be matched by an increase in resources.

With the abolition of the three Clusters, around 8,000 staff members – most involved in supporting the delivery of clinical services – will be devolved directly back to the LHDs.

The Department itself will be subject to significant reorganisation and downsizing.

The Director General is completing the details of reorganisation around four Divisions which will deal with:

• Strategy and Resources
• Service Purchasing and Performance
• Population and Public Health
• Governance, Workforce and Corporate Services.

Overall, I anticipate a reduction of 25% in the overall FTEs in the new Ministry – with major devolution of Departmental functions, not just to the LHDs but to the Pillars, as well.

The Clinical Excellence Commission will play a lead role in policy and strategy related to system-wide improvement of quality and safety, and will take over many of these responsibilities from the Department.

The Agency for Clinical Innovation will undergo a major reorganisation and refocusing to concentrate on the design and implementation of new models of care and improved patient pathways that will be adopted across NSW.

The Bureau of Health Information will be augmented, so that its position is made even more independent and its remit widened. It will assume responsibility for the Patient Survey and will be encouraged to publish, as widely and as transparently as possible, to bring relevant facts and data into the public debate.

The Clinical Education and Training Institute will be restructured and expanded. It will have an increased focus on clinical and non-clinical leadership development, and
undergraduate and vocational training, in addition to postgraduate services. It will be renamed the Health Education and Training Institute (HETI).

Finally, so as to give you the widest possible picture of reform, Health Support Services will become HealthShare NSW and will have a governing Board with majority LHD representation. This will give you an even greater stake in the development and delivery of health care policies and services.

Because we recognise that eHealth is the way of the future, ICT state-wide services will become eHealth NSW and its Chief Executive will become part of the Director General’s executive team.

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Let me now return from the broad picture to the specifics of what you and your Boards will be expected to do.

In the first instance, I intend to develop a small – repeat, small – set of KPIs for Board Chairs which will make clear, in precise detail, what I expect from each of you. These will not be overly prescriptive or onerous. They will be measures of leadership, and assessments of innovation and responsiveness. This is a matter to which I am giving priority attention.

Clearly, once your Service Agreements have been negotiated, you will need to determine the ways in which you want to discharge your new responsibilities and implement your new ideas.

I hope you find the prospect of these changes as exciting as I find being your new Health Minister. Challenging but exciting!

In brief the task will involve:

- **Being responsive to and guided by your patients.** In many instances, they know best. Find out what they think, ask them what you could do better, encourage them to participate, enrol them as advocates.

- **Engaging with your local community, including your local MPs.**

- **Budget responsibility.**

- **Being good managers of resources – especially your people.** Value and listen to them. As I’ve found on my visits, everyone has something to contribute.

  Trust and invest in your CEO. Do not micro-manage them – support them. Make sure they, in turn, have the resources and the authority to do their jobs properly.

  Encourage and if necessary, insist that they also devolve decision-making and authority. It will profit none of us to devolve power from Head Office, only to
concentrate it just a little lower down the management chain. I do not want 15 mini-Head Offices and it is your responsibility to ensure this doesn’t happen.

- **Get the best out of your Board.** Make your Board meetings meaningful. Have agendas that combine the necessary statutory obligations and functions with opportunities for creative discussion and debate.

  Consider opening your Board meetings to a wider audience of clinicians, administrators and other relevant people.

  Have a clear understanding of the proper procedures to be followed in the decision-making process. All too often, right decisions are upset by poor process and failure to follow procedures.

- **Know and understand your facilities.** You should visit every facility within your District on a regular basis.

- **You will be a major EMPLOYER.** Through the CE, you will have responsibility for employment within your LHD. As Minister, few complaints come to me more often or with a greater sense of frustration than the complaint about how long it takes to employ new and temporary staff, and how many layers of bureaucracy have to be navigated for often simple authorisations. There is to be an end to this. Decisions will be made locally – by your CE – not micro-managed by the Board and if there is excessive delay or bureaucracy, accountability will lie with you.

- **You are responsible for maintaining outstanding COMMUNICATION with your local community.** It is up to you to explain to the people in your District what you are doing, why you are doing it and how they will benefit from your decisions.

- **I want you to become the source of INNOVATION within the System.** A recent survey of all LHDs and Networks highlighted local initiatives being done in various parts of the System that were new and innovative or specifically tailored to the special needs of a local community.

  The survey uncovered some amazing local success stories. But of course – and this will surprise none of you – this information was hidden in silos and not shared with the rest of the System. I want to see local initiatives encouraged, fostered and above all, shared.

- **I want you to be COLLABORATIVE.** I accept there will be some things that are too difficult or would prove inefficient if they were to be undertaken by every LHD. As such, the Governance Review envisages that some functions being devolved from the ‘centre’ will be ‘hosted’ by one LHD on behalf of others or via joint management arrangements. All LHD borders are artificial and so, cross-District activities will not be unusual. Similarly, some LHDs might possess greater experience or expertise than others and they will be in a position to host or lead co-operative service management or delivery.
I want to make it clear that while this devolution places a great deal more responsibility with you, your Boards and CEOs, the Director General is still the principal leader of NSW Health. Nothing I have proposed or said is in any way designed to diminish or devalue her leadership role and responsibilities. The Director General has my complete confidence and I rely upon her as my principal advisor – and that should be the case with you.

I have appointed each of you because of my trust in your capacities and abilities. As a consequence, each of you has the right to come to me directly to discuss matters that are of pressing concern to you, although as I have just said, your principal relationship should be with the Director General.

Advice from bodies such as HETI, CEC and ACI will also be available to your LHDs, as required, and you will be able to negotiate with the Pillars about how they can help meet your particular needs.

The tasks and challenges that lie ahead are great. I would not attempt to understate that. Managing with finite resources will need to be the order of the day.

What I am offering you is a challenge to embrace change and make local empowerment work... for our patients and our people.

And let me assure you, I am excited to be sharing the challenge and the journey with you.

Thank you.