Despite the formidable and somewhat ominous title of the presentation you have asked me to make, I am delighted to do so.

Nothing is more central to my vision for NSW Health than the process of reform and the recognition that it is only by doing things better and smarter – making more effective use of people and resources – that we can deliver our promises to the people of NSW.

The O’Farrell Government was elected as a reforming government – pledged to “Make NSW Number One Again”.

After sixteen years of neglect by Labor, particularly neglect of infrastructure investment, and particularly in health, we are determined to turn this around.

Not, I should add, that we fail to understand the enormity and complexity of the task, nor the time and treasure that it will take to fix.

In health we face a very sharp challenge.

Demands for health services are increasing at a significant rate, while the State’s income is not growing at the same pace.

New technologies offer promises of greater productivity, but also do not come cheap.

Our medical workforce is ageing, as are our capital stocks (many of our hospitals are between fifty and one hundred years old).
Demand and supply are growing increasingly out of kilter, and it is only by starting with a fundamental rethink of HOW we do our business that this dilemma can be managed successfully.

**THE BUSINESS OF NSW HEALTH**

By any definition, NSW Health is very big business.

Our budget of $18.3 billion is the largest single component of the NSW State Budget, which accounts for 27% of total government expenditure.

We employ nearly 125,000 people in 227 public hospitals and in other health services.

On a typical day for NSW Health:

* Nearly 6,000 patients arrive at hospital Emergency Departments seeking treatment.
* Over 4,500 new people are admitted as in-patients.
* There are 14,700 people in hospital beds of whom nearly half are aged over 65.
* We will perform over 500 surgical procedures.
* Our ambulances will respond to a 000 call every 27 seconds.
* And $50 million will be spent.

That is every day – all 365 of them.

**THE ENVIRONMENT FOR REFORM**

This growing demand is the environment in which we must embed our reforms.

Between 2006 and 2031 NSW will have grown by almost 30% in terms of population – that is an extra 2 million people.

The growth in the population aged 70 years and older will be 102% so that they constitute 15% of the total population, and of course, this age cohort uses hospital services at four times the rate of people aged 16 to 44, and by the time people reach age 85 it’s up to 17 times.

Prior to the last election we released a series of comprehensive policy statements setting out very clearly what we intended to do to reform NSW Health.

Our key commitments were:

* To rethink how NSW Health does business by insisting on the simple principle that in relation to all our activities, the PATIENT MUST COME FIRST.
* To address the bullying that had been identified in the 2008 review of acute care in NSW, we committed to a new culture based on CORE VALUES – collaboration, openness, respect and empowerment.

* To encourage patients to take more direct responsibility for their own health and wellbeing with active programs to discourage smoking and alcohol abuse, promote healthy lifestyles, enhance levels of childhood immunization and reduce accidents.

* To DEVOLVE DECISION MAKING to newly constituted Local Health Districts and to give them the resources and support that encourages devolved decision making and responsibility at all levels.

* To rely upon our SKILLED MEDICAL WORKFORCE: physicians, clinicians, nurses and others to not only contribute in terms of service delivery but also to collaborate with management and policy development.

* To ensure that where possible treatments and care are delivered OUT OF HOSPITAL in settings that are more appropriate for the patient.

* To make use of NEW TECHNOLOGIES, ranging from high-tech procedures to personally controlled electronic health records (PCEHR) to enhance both the quality of medical services and to reduce their costs.

In developing the government’s policies, enhanced patient care was and remains our main objective.

**TWIN ARMS OF THE REFORM AGENDA**

I believe that the reform agenda must be based on twin arms:

* Investment – what we spend.

* Administration – how we deliver.

When it comes to investment there are four key elements:

⇒ First and most importantly – PEOPLE – by whom I mean patients, clinicians, nurses, allied health professionals and those who support them in providing clinical care, and administrators.

⇒ Secondly IDEAS – in which I include both the promotion of new ways of thinking by the people in whom we are investing, alongside the traditional support for activities such as Medical Research. And, you will know, that I am separately the Minister for Medical Research in recognition of the key role that research will play in our reform agenda.
Thirdly, PHYSICAL INFRASTRUCTURE – we have to have the facilities in which quality and timely health care can be delivered, research undertaken and services provided.

Fourth, INFORMATION TECHNOLOGY – which we must recognise as a key underpinning of all of the previous three areas for reform and restructuring.

In terms of administration the key elements are:

DEVOLUTION – because I believe that if decisions are made closest to the patients (and remember, it’s all about the patient) then they are more likely to be the right decisions – the further away from the patient decisions are made, the more likely it is that they will be wrong or inappropriate.

INFORMATION TECHNOLOGY – just as IT is a key element in investment decisions, so is it in administrative ones.

YEAR ONE ACHIEVEMENTS

When I addressed you in November last year I outlined the key elements of the reforms we were making to NSW Health In the context of the COAG National Health Reform Agreement signed in August 2011.

As part of our major restructure of NSW Health we:

- Replaced the Department of Health with a leaner, more strategically focused Ministry of Health.
- Abolished the middle bureaucratic layer relocating approximately 8,000 Full Time Equivalent public sector employees closer to the frontline where they can provide direct support to the 15 Local Health Districts that we have established in our devolved structure.
- Enhanced the Pillars recommended by the Garling Report on Acute Care:
  - The Clinical Excellence Commission with priorities in quality and safety;
  - The Agency for Clinical Innovation charged with the development of new models of care; and
  - The independent Bureau of Health Information, which publishes accurate performance data in a more transparent and accountable way.

Beyond those initial reforms, let me now share with you some of the other achievements of our first year in office before I go on to discuss plans for the next couple of years.
We are in the process of developing a Ten Year Health Professional Workforce Plan to address the need for a workforce that is growing in numbers with enhanced skills, working in new ways, with new roles and in collaborative teams.

We have employed an additional 2,500 nurses, meaning we have already delivered our promise to recruit 2,475 additional nurses in our first term of office. And we've provided another $68 million in this year’s budget to employ over 500 additional nurses.

We have increased intern training posts from 680 (in 2010) to 850 (in 2012) and are expanding opportunities in the Rural Preferential Recruitment Scheme and the medical specialist training networks.

For the 2013 intake, the number of intern positions has increased again, with 910 positions currently available for the 2013 clinical year.

The number of medical specialist trainees in NSW has increased from 3,033 in 2010 to 3,314 in 2011, an increase of over 9%.

We are on target to make 1,390 new hospital beds available over four years.

We treated more than 43,000 additional patients in Emergency Departments and provided an additional 9,100 surgical procedures.

We have established the Office of Medical Research, released the 10 Year Health and Medical Research Plan, and substantially boosted funds to support research in NSW.

This brings us back to a position where we are no longer the poor cousins of Victoria and Queensland in terms of medical research, which has been the situation over the last decade.

We have established the Mental Health Commission and delivered the largest boost to mental health funding in the State’s history.

We have introduced tobacco legislation to the Parliament that, if passed, will ban smoking in many outdoor areas where crowds – particularly families and children – gather. By 2015 this will include commercial outdoor dining areas.

We are also phasing in the banning of commercial ultraviolet sunbeds.

We have enhanced transparency and accountability by providing more direct information to people about health services such as real-time information on ED waiting times.

We are reforming the Organ Donation system to address the continuing need to find more donors to meet increasing demand and examining new initiatives in palliative care and pain management.
We have allocated more than $4.7 billion over four years to build new and upgrade existing hospitals with over $1.1 billion in capital spending in this year’s budget.

Some of the major metropolitan hospital redevelopments over the next few years will include Blacktown/Mt Druitt, Campbelltown, Northern Beaches, Hornsby, a new Cancer Centre at Prince of Wales and a further clinical services building at Royal North Shore.

By substantially increasing our investment in country infrastructure, we have also attracted a greater share of funds from the Commonwealth Health and Hospital Fund for Port Macquarie, Tamworth, Bega, Albury, Dubbo, Wagga Wagga, Lismore and Kempsey hospitals.

Finally, we are proposing to deliver on commitments worth nearly $400 million in new IT spending over the next four years.

INVESTMENT AND REFORM IN IT

Let me pause a little longer on this last point and spend some time with you on this issue of enhanced use of IT to improve patient outcomes – the purpose for which it must be justified.

The NSW health system can boast one of the largest IT portfolios of any government agency or corporate organisation in this country, with an investment of more than $1.5 billion over 10 years.

IT provides better systems so that clinicians have at their fingertips all the information they need to do their job such as instant access to patient history, medical imaging and pathology results, and online access to the latest medical research.

These technologies place information in the hands of the right people, at the right time, to achieve quality patient care.

Among our current major IT projects are:

- $170 million for a new electronic medications management system to prevent errors and reduce adverse drug events.
- $85 million on electronic medical records systems to improve patient tracking, clinical documentation, scheduling and reporting across a range of clinical specialties.
- $43 million on new clinical information systems to provide a single point that collates all relevant data to assist clinicians in our Intensive Care Units. This system will also integrate with the electronic patient record and the medications management system.
- We are also investing over $90 million to upgrade our corporate systems and to build new networks, data centres and messaging solutions, which will allow us to
implement Telehealth on a wider scale and allow for a common access email system that will connect all staff in all areas of NSW Health.

- Two important components of this clinical foundation are our electronic medical record and medical imaging capabilities.

PERSONALLY CONTROLLED ELECTRONIC HEALTH RECORDS

There is no doubt in my mind that the widespread introduction of Personally Controlled Electronic Health Records has the potential to revolutionise medical practice. It can enhance the quality of outcomes for patients and significantly reduce costs to the system as a whole.

As of 1 July people in NSW have access to the new system which allows their personal health records to be accessible online.

I recognise that there are still major issues to be faced, such as determining what should be on the record; who should have access to the record and who should control that access. It will take many years to get this sorted out properly.

Unless patients believe that the system is being operated for their individual benefit (and not simply to make life easier for the bureaucracy) then they will neither include the material which ideally should be included, nor grant the access which should ideally be granted.

On the other hand unless the treating clinician or nurse feels that they are dealing with a record which has both comprehensiveness and integrity they will be reluctant to rely upon it to the extent to which they should.

NSW has now achieved a record level of electronic medical record maturity within our hospitals, with electronic orders, results, operating theatre and emergency department electronic records rolled out to more than 80 per cent of beds across the State.

With 75,000 clinicians trained to use this patient record system, and with more than 5,000 unique users every day, NSW leads the way with Australia’s largest e-health program and one of the most comprehensive electronic medical record systems in use in health internationally.

At Manly Hospital clinicians have further developed the use of such records by trialling the integration of voice recognition software.

OTHER MAJOR IT INITIATIVES

We are enhancing our Medical Imaging capability to promote greater productivity and allow electronic access to images across all public hospitals in NSW – medical images which were previously only available in hard-copy. This initiative once again meets the twin tests – it enhances patient outcomes and it saves money.
While a number of new clinical programs are now being initiated, one of the most important will be the Electronic Medication Management initiative (into which we are investing $170 million) which will prevent errors in prescribing by managing medications electronically - not having to decipher a doctor's handwritten notes.

Let us not forget that:
Medication errors remain the second most common type of medical incident reported in hospitals.

Independent research has shown public hospital costs arising from adverse drug events and medication errors causing harm may be as high as $380 million per annum.

So this new program will enhance patient outcomes and save both money and lives.

We are in the process of developing a whole series of new Phone Apps (how did we ever live without them?) through which we will be able to help provide patients with, for example:

Up to date information about matters such as location and availability of health services, waiting times and schedules.

Advice about medication management.

Either general or specifically tailored information relevant to their own health or disease management programs and requirements, such as:

The Carb Counter app developed by Royal North Shore specialists to help diabetic patients maintain constant blood glucose levels;

Or the Blue Book app which is currently in development that will give parents on-line access to their baby health records.

PARTNERSHIPS

I want to now turn to partnerships.

The reform agenda is too big to be undertaken by the government alone.

Frankly, we have neither the resources nor all the level of expertise required, especially in areas such as IT.

Increasingly, we will be looking to you, in CEDA and in the private and non-government sector generally, for a greater level of partnership to make the health reform agenda deliverable.

I have welcomed the private sector response to our market sounding which has shown great interest in the new Northern Beaches Hospital.
Just as I welcome private sector delivery of other services – whether that is an extension of patient care contracts with the non-government sector such as is the case with the Forster Private Hospital on the mid-North coast, or the purchase of food services, security or asset management, radiology, records management or diagnostic imaging.

If a new way of doing our business will result in enhanced patient outcomes then I want to put that under examination.

To the extent any of you have ideas about how we can do better, or how you can help us do better, then I want to hear those and I take this opportunity to invite you to submit them.

**BACK TO SQUARE ONE**

As I draw this presentation to a conclusion, I want to come back to square one – the focus on the patient.

Having just opened the NSW Office of Preventive Health, one of my priorities is helping people to stay healthy, preventing ill-health and, for those with chronic disease – helping patients to manage their condition to avoid unnecessary hospitalisation.

I want investment in research and IT to drive new understanding of disease, development of new medicines and treatments.

I want clinicians to be excited about bringing forward new ideas about ways to treat patients and introducing innovative models of care.

In putting patients first we must be treating them with sensitivity and dignity when they need hospital care.

And I want their experiences to be as positive as possible – and that means addressing seemingly insignificant, but really frustrating things, such as hospital car parking, and hospital signage (“wayfinding”).

At a function when I was Shadow Minister I was asked what I’d like to write on a postcard to describe achievements in health one year after becoming Health Minister.

I replied:

“That patients are getting timely access to quality healthcare and that staff are coming to work in upgraded facilities happy and fulfilled because bullying has been dramatically reduced and morale lifted, and the focus was on providing for patient care that had motivated them to sign up as health professionals.”

We are on our way!