

Annual Report 03/04



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November 2004

Letter to the Minister

The Hon Morris Iemma MP
Minister for Health
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Mr Iemma

In compliance with the terms of the *Annual Reports (Departments) Act 1985*, the *Annual Reports (Departments) Regulation 2000* and the *Public Finance and Audit Act 1983*, I submit the Annual Report and Financial Statements of the NSW Department of Health for the financial year ended 30 June 2004 for presentation to Parliament.

Copies are being sent to the Auditor General, Members of Parliament, Treasury, other key government departments and Administrators of Area Health Services.

Yours sincerely



Robyn Kruk
Director-General

Contents

Organisation	2
Performance	6
Financial report	53
Appendices	103
Services and facilities	203
Glossary of terms	214
Compliance index	216
Index	217

Director-General's year in review

The 2003/04 year was a year of challenge and change for the Department of Health and NSW Health as a whole.

It was also a year that provided us with an opportunity to take a comprehensive look at the way NSW Health currently provides public health services to the people of New South Wales and to chart a clear direction on how we will provide better services in the future.

The one thing that impressed me most during the year was the way in which doctors, nurses and allied health professionals, and health support staff seized that opportunity and put forward their ideas on how the NSW health system can be improved.

NSW Health will continue to tap into the wealth of experience and ideas of clinicians and other staff, and engage the community in planning better health services.

During the year, the Department commenced work on changing the structure and governance of the public health system, including the development of proposals to aggregate management of health services from 17 Area Health Services to 8 Area Health Services and the abolition of Area Health Services Boards.

The Department also began work on developing a model for Area Health Advisory Councils, which will ensure clinicians, health consumers and other community members will be able to directly advise Area Health Service chief executives on the delivery of local health services.

A new Health Care Advisory Council and 13 specialist Health Priority Taskforces will provide clinicians and members of the community with an opportunity to provide the Minister for Health and me with advice on how to improve our public health system.

I would like to take this opportunity to focus on a number of important reforms during the last year that have set the future direction for providing public health services in NSW.



Looking to the future – Planning Better Health

In August 2003, the Independent Pricing and Regulatory Tribunal (IPART) found that NSW Health is doing a remarkably good job in light of the increasing demands being placed on the NSW public health system.

However, IPART also made it clear that changes should be made if NSW Health is to maintain, let alone improve, patient care in future years.

The demand for, and cost of, health care will continue to increase in NSW and across the developed world, as people live longer and new technologies and medicines are introduced.

In 2003/04, NSW Health spent \$9.69 billion on the public health system – that's \$26.47 million a day. The 2003/04 budget provided \$2.6 billion for public health services in rural and regional communities.

\$528 million was spent on capital projects in 2003/04, with the Department securing approval to increase capital expenditure above \$600 million a year over the next four years.

In November 2003, the Department was restructured to improve its focus on providing strategic direction for the NSW health system. Responsibility for delivering specific programs and services was devolved to Area Health Services and other appropriate bodies.

During 2004, the Department developed proposals to improve the way Area Health Services deliver health services. The Minister for Health announced the Planning Better Health reforms on 27 July 2004.

Planning Better Health involves the most significant reshaping of the health system since Area Health Services were created in 1986. The key principle that underpins these reforms is that more of NSW Health's resources will be spent on direct patient care, and less on administration.

The reforms will deliver a more efficient health system, with 17 Area Health Services being amalgamated into 8 larger Areas, reducing administrative duplication and inefficiencies and improving consistency in the way health services are delivered.

The changes will encourage the building of better clinical networks, enhance academic and teaching links and improve the distribution of the health workforce. They will also facilitate much needed corporate service reform – instead of each Area providing its own corporate and support services, the new structure will assist in these services being delivered on a statewide or regional basis.

These reforms, over time, are expected to free up \$100 million each year, with the savings being reinvested in additional frontline health services.

Access to treatment

Demand for health services continues to increase, particularly from patients over 75 years of age.

There is pressure on emergency departments, caused by a growing and ageing population and the decline in bulk-billing by general practitioners, with some patients who would have sought treatment from their local doctor in the past now presenting at public hospitals.

Older people often remain in acute hospital beds when they would be more appropriately cared for in a community or residential aged care setting, as there is a significant shortage of Commonwealth funded aged care beds and community support. This places additional pressures on our hospitals.

These pressures at both ends of the hospital system reduce the number of hospital beds available for elective surgery.

Admissions through emergency departments to wards, operating theatres and intensive care units rose by 4% in 2003/04 and the number of emergency department patients not admitted to a hospital ward within eight hours of active treatment increased from 28% to 32%. There was also an increase in the number of patients not transferred from the care of ambulance officers to emergency departments within 30 minutes of ambulance arrival, and in waiting lists for elective surgery.

Despite the increasing demands placed on the NSW public hospital system, people attending emergency departments, hospitals and community health services all reported more positive experiences in 2003 than they did in 2002.

Improving access to public hospitals is a critical priority for NSW Health. Additional beds and new approaches to managing access are being developed.

Director-General's year in review

(continued)

For example, the 2004/05 State Budget provides \$57 million to address bed capacity and \$35 million per year for additional elective surgery.

During the year, 9 hospitals with high emergency department workloads participated in the Access Block Improvement Program, which engages local staff in improving systems to better manage emergency department and hospital access.

NSW Health's Sustainable Access Plan 2004, released in June 2004, outlines how access to services will be delivered, with a particular emphasis on better managing older patients. The Plan provides an additional 563 overnight beds, in addition to the approximately 400 beds opened for the peak volume winter months.

Community Service Packages were provided to assist older people returning home from hospital, with the support provided minimising the need for readmission.

The Department continued to negotiate with the Commonwealth to provide appropriate support for the collocation of after-hours GP services with public hospital emergency departments, following the successful trial of this model in Maitland. Collocation provides better, faster and more appropriate medical services for those people who may not require emergency department treatment and frees up emergency departments to treat those who do.

Improving the quality of care

In April 2004, the Government committed \$55 million over four years to fund a range of patient safety and clinical excellence reforms.

The centrepiece of these reforms, the Clinical Excellence Commission, will promote improvements in clinical quality and patient safety in public and private health services and monitor clinical quality and safety processes and performance in public health organisations. It will also have important training, education and research roles.

Improvements to the quality of care can only occur if there is willingness to report and learn from mistakes, and to provide staff with support when they acknowledge errors.

Clinical Governance Units are being introduced in Area Health Services to coordinate the local management of clinical incidents and complaints and to strengthen quality and safety systems.

Improvements were made to the way the Health Care Complaints Commission (HCCC) responds to complaints about standards of care, with a new Commissioner, Deputy Commissioner and 15 new investigators appointed. The *Health Care Complaints Act 1993* was reviewed and legislation to improve the health care complaints system is now before the Parliament.

The Legislative Council's General Purpose Standing Committee No. 2 report on complaints handling procedures in NSW Health, released in June 2004, will also help inform further improvements to health complaints systems.

The health workforce

The NSW public health system is the largest health care employer in Australia, with almost 90,000 full-time equivalent (FTE) staff.

The doctors, dentists, nurses and allied health professionals involved in direct clinical care make up 58% of the health workforce, with remaining staff providing support functions.

Between 30 June 2003 and 30 June 2004, a further 1,362 FTE staff were employed in the public health system – 1,191 were doctors and nurses.

NSW Health needs to keep moving in this direction, with support services becoming more efficient so that additional resources can be provided for direct patient care.

However, national health workforce shortages remain one of the most serious challenges facing NSW Health. The workforce must also be better distributed so it can meet the needs of communities in outer metropolitan, rural and remote areas.

The Institute of Rural Clinical Services and Teaching, established in February 2004, will assist in attracting, retaining and supporting health staff in rural and remote NSW.



There is also a clear need for Australian universities and colleges to train more health professionals and the Department will continue to negotiate with the Commonwealth and the tertiary sector to train more health professionals.

The NSW Premier, the Hon Bob Carr, MP, convened a Roundtable on Medical Workforce on 16 April 2004 to develop strategies to address current and emerging health workforce pressures.

The Department established a new Workforce Development and Leadership Branch in April 2004, to continue the work of the Premier's Roundtable and oversee workforce development for the NSW public health system, with a focus on improving workforce supply, service delivery, culture and leadership.

The new Branch, and the newly established NSW Health Workforce Steering Committee, led the development of a NSW Health Workforce Action Plan to address workforce shortages and distribution. The Plan contains strategies to explore new workforce models, develop different skill mixes within and across professions, and enhance collaboration between the health, education and training sectors.

Mental health

The rising demand for mental health services presents one of the greatest challenges to the health system.

The Department assisted the Government in developing a \$241 million plan to boost mental health services over the next four years, with a further \$76 million to be provided over the same period to fund the recurrent costs of the mental health capital program. This builds on the \$715 million provided for mental health services in 2003/04.

The Plan provides for additional acute, sub-acute and community mental health services and more mental health professionals.

The Department worked with the Department of Housing and non-government organisations on the Housing Accommodation Support Initiative, which provided over 100 high-level accommodation support places to low-income people with mental disorders, helping them maintain successful tenancies and reducing the pressure on hospital beds.

The new 135 bed forensic hospital at Long Bay, approved in 2004, will provide separate and more effective treatment for NSW prisoners with mental health issues.

The Department commenced a comprehensive review of the *Mental Health Act 1990*, which has remained largely unchanged over the last 13 years and needs to be improved to better meet the needs of people with mental illnesses, their carers and their families.

The Department coordinated the development of the Government's response to the 120 recommendations of the Legislative Council Select Committee on Mental Health. The Committee's chair, the Hon Dr Brian Pezzutti, is leading the Implementation Taskforce that coordinates and monitors Area Health Service changes to services arising from the review.

The December 2003 Report of the NSW Mental Health Sentinel Events Review Committee, which deals with morbidity and mortality issues associated with the care of people with mental illness, was also referred to the Taskforce.

Aboriginal health

One of NSW Health's key priorities for 2003/04 was improving the health of our Aboriginal communities. This will continue to be a focus for the Department, as Aboriginal health standards remain well below those of others in the community.

There were some encouraging signs in 2003/04. For example, between 1999 and 2003 there was a 9% increase in the percentage of Aboriginal women attending their first antenatal visit before 20 weeks gestation – up from 65.5% to 74.7%.

It is important to involve members of the Aboriginal community as health care providers, not just as consumers.

During 2003/04, the Department provided scholarships of up to \$10,000 to support 34 Aboriginal and Torres Strait Islander students enrolled in a Bachelor of Nursing degree, as well as providing a range of Aboriginal health career advice initiatives. The Department also secured additional funding to employ more Aboriginal mental health workers.

Director-General's year in review

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The Far West Area Health Service deserves particular mention for its Aboriginal Employment Strategy, which received a Gold Award at the 2003 NSW Premier's Public Sector Awards.

It's also important to recognise the excellent work done by our Aboriginal Health professionals. In 2004, the Department established the Aboriginal Health Awards to support and acknowledge excellence in the provision of Aboriginal health services.

Healthy living

The Department has continued to promote healthy living activities during 2003/04 through a range of prevention and education programs.

These programs provide an opportunity to improve the health of the community and to reduce the demands placed on our hospitals.

The number of smoke-free households increased from 70% in 1997 to 83% in 2003.

During 2003/04, the Department ran a number of campaigns targeting smoking amongst women, young people, and parents and carers of children – all identified higher risk groups. The NSW State Cancer Plan also contained a number of anti-smoking strategies.

In August 2003, the NSW Government hosted the NSW Alcohol Summit. The Government's May 2004 response to the Summit, *Changing the Culture of Alcohol Use in New South Wales*, sets out the Government's alcohol management plan for the next four years and NSW Health plays a key role in giving effect to recommendations in the areas of alcohol education and information, drug and alcohol treatment services, relapse prevention, detoxification services for Aboriginal communities, and dual diagnosis management.

One of the greatest public health concerns is the rapid growth in the number of overweight and obese people. With 48% of the NSW population and 56% of the male population now overweight or obese, this is to be an area of further work by the Department.

During 2003/04, the Department worked on establishing the NSW Centre for Overweight and Obesity at the University of Sydney and played a central role in developing the *Prevention of Obesity in Children and Young People: NSW Government Action Plan 2003-7*, in recognition of the fact that it is important to develop healthy eating habits and exercise regimes at an early age.

I wish to thank all of the staff of the NSW public health system for their dedication to their patients, for the new ideas they have brought forward over the last year, and for the work they have done in supporting the health needs of the people of NSW.

I also thank the Minister for Health, the Hon Morris Iemma MP, for his support of NSW Health and its staff.



Robyn Kruk
Director-General