



ANNUAL REPORT 2007-08

NSW Department Of Health

NSW DEPARTMENT OF HEALTH

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DECEMBER 2008

LETTER TO THE MINISTER

The Hon John Della Bosca MP
Minister for Health
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Minister

In compliance with the terms of the Annual Reports (Departments) Act 1985, the Annual Reports (Departments) Regulation 2005 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 2008 for presentation to Parliament.

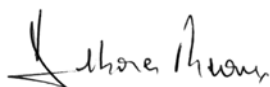
Submission of the Department's report by 31 October was not possible due to the late emergence of a number of issues requiring resolution by the Department:

- The clarification of the accounting treatment of various grants credited to the Department and its controlled Health Services with an expectation that expenses are incurred in 2008/09.
- The miscalculation of expenses and revenues associated with patient flows between Area Health Services.
- The need to clarify reporting requirements under the Charitable Fundraising Act.
- The revision of Health Service disclosures regarding their effectiveness as going concerns given the unique situation among Budget sector entities where Long Service Leave liability is predominantly shown as Current Liability and therefore results in a low current asset to current liability comparison.

All these accounting issues have now been satisfactorily addressed for 2007/08 audit.

Copies are being sent to the Auditor General, Members of Parliament, Treasury and other key Government departments.

Yours sincerely



Prof Debora Picone AM
Director-General

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Director-General's

YEAR IN REVIEW 2007/08

This has been a challenging yet rewarding year. The continued growth in demand for health services from an ageing population, the need for care of the chronically ill and the increased use of emergency department services are constant pressures on our health system.

We are striving to provide the best possible care for the people of NSW. To assist us in meeting demands and expectations we are implementing new models of care to provide greater flexibility and efficiency in our treatment of patients.

For example, we have instituted a Community Health Review to examine current investment in community health services operated by NSW Health, identifying challenges and gaps in service delivery, and make recommendations for reform.

The Review is examining linkages with other primary and community health providers, such as GPs, non-government organisations and other human service agencies of Government, as well as other parts of the health system.

NSW Health is a lead agency for five of the NSW Government's State Plan priorities. These priorities and our contribution to 11 other State Plan priorities drive our agenda for quality health services for the people of New South Wales. We have been making good progress against these targets.

During the last year, 1,961,602 people attended one of the 72 emergency departments in NSW. The performance in four of the five triage categories remained above national benchmarks with Triage 3 (within 30 minutes) improved and just below target.

Elective surgery waiting lists have been further reduced with the number of patients waiting longer than 12 months at its lowest rate ever.

With a budget of \$12.5 billion in 2007/08, we have been working with NSW Treasury and the Department of Premier and Cabinet to improve health efficiency, introduce episode funding and working with health services to effectively manage their resources in light of continued increases in demand for services.

We are also committed to improving the efficiency of corporate services across the health system to deliver savings for reinvestment in frontline health services. In addition, we aim to harness the full purchasing power of the statewide health system to achieve optimal value, aligned with quality in the procurement of goods, services and infrastructure.

This year, Health Support Services became the delivery arm of the NSW Health Shared Services Program following the merger of HealthSupport and HealthTechnology. This merger presents a unique opportunity to maximise efficient, effective and innovative business practices to benefit healthcare delivery and it is one we intend to pursue. We have also increased our focus on early intervention services, recognising the important role health promotion, disease prevention and the delivery of health care services in the home and in the community play in our health care system.

The year has reaffirmed the critical and strategic importance of clinician engagement. We have reviewed priorities and strategies to strengthen formal clinical networks, consultation processes and communication mechanisms. We have seen the continued success of networks such as the Greater Metropolitan Clinical Taskforce which has provided opportunities for engagement and input into planning and health service delivery.

We have been active across a number of high level cross-jurisdictional and interagency forums including the Council of Australian Governments (COAG) and the Australian Health Ministers' Conference. We will continue to work with the Commonwealth through COAG to ensure the interests of NSW are represented in the delivery of the reform agenda and in the determination of cooperative Commonwealth-State financial arrangements.

Of the reform priorities being addressed by COAG the most significant and far reaching proposals relate to preventative health, complex chronic disease management, hospitals, the intersection of aged care and disability services and indigenous health. These reforms will complement the work being undertaken in examining the current funding formula of the new Australian Health Care Agreement including indexation arrangements and performance reporting requirements.

This year has also seen a number of inquiries being conducted. While inquiries can place additional demands on resources, the outcomes can be used to address areas of poor performance and assist in the development of a better health care system.

Commissioner Peter Garling was appointed to lead the Special Commission of Inquiry into the delivery of acute care services within the NSW public health system. The reporting date for the Special Commission of Inquiry has been extended until 28 November 2008, and the work of the Special Commission of Inquiry will add to the significant work underway to reform the public health system across NSW through 2008/09 and beyond.



We have also seen the initiation of a Legislative Council Inquiry into the management and operations of the Ambulance Service of NSW. We have already seen the Ambulance Service respond positively to issues raised by the Inquiry in relation to training and management.

Attracting and retaining quality staff is a key challenge for the NSW Health System, with shortages facing workforces worldwide. We have invested significantly in educational and professional development opportunities for our workforce and have worked to improve conditions to attract and retain staff.

A major focus this year was the development of bargaining agendas and negotiations for Memoranda of Understanding to operate post 1 July 2008, consistent with the Government's Public Sector Wages Policy 2007. Negotiations were successfully concluded and agreement was reached with the Nurses' Association and the Health Services Union, and Memoranda of Understanding were subsequently entered into with those unions.

We have also seen the making of new awards providing an integrated structure and better career path for a number of allied health professional classifications, including social workers and therapists. Improved conditions for Ambulance Officers with the agreement of a death and disability award, along with improved conditions for oral health staff with agreement of altered structures and salary rates, are further examples of the work being done to attract and retain staff.

Health facilities play a central role in the delivery of health care. The recently established Health Infrastructure Board chaired by Mr Bob Leece is managing and overseeing the delivery of the NSW Government's hospital building program.

The Board's purpose is to ensure that appropriate planning and consultation is undertaken on every major health infrastructure project. This will assist in delivering projects on time and on budget.

A key priority for the department is to provide more effective support and build partnerships to improve the health outcomes of Aboriginal communities. We have been increasing our focus on screening and early intervention programs to prevent chronic disease from taking hold.

The Aboriginal Health Partnership Agreement was renegotiated in 2007/08. It provides a strong framework for NSW Health, the Aboriginal Health and Medical Research

Council of NSW, and Aboriginal Controlled Community Health Services to work together to deliver real improvements in health for Aboriginal communities.

From 2007/08, we will see \$4.4 million per annum allocated to extend the NSW Aboriginal Maternal Infant Health Strategy from 14 to 31 sites across the state. This program is aimed at engaging community midwives and Aboriginal health workers to reach Aboriginal women in a culturally appropriate way on the importance of antenatal and postnatal care.

We are also working to create better experiences for those using public health services by ensuring services are of high quality, appropriate, safe, available when and where needed, and coordinated to meet individual needs. Our health system should provide ready access to health services while keeping patients and their carers informed and involved in decisions.

We have undertaken a number of initiatives to facilitate this. In 2007/08, the first annual patient survey was conducted with around 75,000 responses from patients in nine different health service categories. I have also strongly supported open disclosure. Open disclosure refers to the frank discussion with a patient and their support person about an incident that may have resulted in harm or injury to the patient.

Following the report from Federal Court Judge, Deirdre O'Connor, into the issues relating to the appointment of Dr Graeme Reeves, we have seen the passing of the *Medical Practice Amendment Bill 2008* through NSW Parliament. This legislation provides further protection for patients against medical misconduct. Provisions under this legislation include the introduction of mandatory reporting by medical practitioners of their colleagues in instances of serious misconduct.

Overall, the health of all Australians continues to rate well on a global basis, with Australian Institute of Health and Welfare Report *Australia's Health 2008* reporting that in 2005, Australia's life expectancy at birth had risen to be one of the highest in the world. We are doing well, but as always there is much more to do.

Prof Debora Picone AM
Director-General

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About us

NSW DEPARTMENT OF HEALTH

We work to provide the people of NSW with the best possible health care

The NSW Department of Health supports the NSW Minister for Health and two Assistant Ministers to perform their executive and statutory functions.

This includes promoting, protecting, developing, maintaining and improving the health and wellbeing of the people of NSW, while considering the needs of the state and the finances and resources available.

The NSW Department of Health was established in 1982 under section 6 of the Health Administration Act 1982.

The Department has statewide responsibility for providing:

Advice to Government

Provides advice and other support to the Minister for Health and the Ministers Assisting the Minister for Health (Cancer and Mental Health Services) in the performance of their role and functions.

Strategic planning and statewide policy development

Undertakes system-wide policy and planning in areas such as inter-Government relations, funding, corporate and clinical governance, clinical redesign, health service resources and workforce development.

Improvements to public health

Enhances community health through health promotion, preventative health, management of emerging health risks and protective regulation.

Performance management

Monitors health services' performance against key performance indicators and improvement strategies such as performance agreements, statewide reporting, and managing property, infrastructure and other assets.

Strategic financial and asset management

Manages financial resources and assets, coordinates business and contracting opportunities and provides financial accounting policy for NSW Health.

Community participation

Liaises and fosters partnerships with communities, health professionals and other bodies.

Employee relations

Negotiates and determines wages and employment conditions and develops human resource policies for the NSW health system.

Workforce development

Works in collaboration with other agencies and stakeholders to improve health workforce supply and distribution.

Regulatory functions

Manages professional registration, licensing, regulatory and enforcement functions to ensure compliance with the Acts administered by the health portfolio.

Legislative program

Provides advice and support for the Legislative Program and Subordinate Legislative Program for the health portfolio.

Corporate governance

Provides advice, support and coordination for sound corporate governance across the health system.

Corporate support

Provides resources and support to enable Department staff effectively fulfil their roles.





Department of Health Priorities

The Department of Health is a lead agency for achieving five of the Government's priorities in the NSW State Plan. They are:

- S1** Improved access to quality health care
- S2** Improved survival rates and quality of life for people with potentially fatal or chronic illness through improvements in health care
- S3** Improved health through reduced obesity, smoking, illicit drug use and risk drinking
- F3** Improved outcomes in mental health
- F5** Reduced avoidable hospital admissions

It is also a contributing agency for the following State Plan priorities:

- R1** Reduced rates of crime, particularly violent crime
- R2** Reduced re-offending
- R3** Reduced levels of antisocial behaviour
- R4** Increased participation and integration in community activities
- S8** Increased customer satisfaction with Government services
- F1** Improved health and education for Aboriginal people
- F2** Increased employment and community participation for people with disabilities
- F4** Embedding the principle of prevention and early intervention into Government service delivery in NSW
- F6** Increased proportion of children with skills for life and learning at school entry
- F7** Reduced rates of child abuse and neglect

- P7** Better access to training in rural and regional NSW to support local economies
- E8** More people using parks, sporting and recreational facilities and participating in arts and cultural activity.

The NSW State Health Plan – A New Direction for NSW Health: Towards 2010 and long range vision, Future Directions for Health in NSW – Towards 2025 identify seven strategic directions to achieve these priorities.

Seven strategic directions

- 1** Make prevention everybody's business
- 2** Create better experiences for people using the health system
- 3** Strengthen primary health and continuing care in the community
- 4** Build regional partnerships for health
- 5** Make smart choices about the costs and benefits of health and health support services
- 6** Build a sustainable health workforce
- 7** Be ready for new risks and opportunities

The NSW Department of Health Annual Report 2007/08 reports on our activities and achievements according to our vision, values, goals and priorities under the seven strategic directions.

HEALTHY PEOPLE - NOW AND IN THE FUTURE

WHY WE ARE HERE	STRATEGIC DIRECTION 1	STRATEGIC DIRECTION 2	STRATEGIC DIRECTION 3	STRATEGIC DIRECTION 4	STRATEGIC DIRECTION 5	STRATEGIC DIRECTION 6	STRATEGIC DIRECTION 7
WHAT WE DO	<p>Make prevention everybody's business</p> <ul style="list-style-type: none"> Health improvement Re-investment Immunisation Child health and wellbeing Mental health Obesity Chronic disease Tobacco Drugs and alcohol Sexual health Oral health Healthy ageing Urban planning 	<p>Create better experiences for people using health services</p> <ul style="list-style-type: none"> Clinical services Patient safety within a quality framework Children and young people Clinician and community engagement Patient satisfaction Public responsibility Decision making Information management and technology Carers Aged care/chronic care/community acute care Mental health Rural and remote health Drugs and alcohol People with a disability Culturally and linguistically diverse communities including refugees Transport 	<p>Strengthen primary health and continuing care in the community</p> <ul style="list-style-type: none"> Integrated primary health care Rural and remote areas General Practice access Early intervention Early screening, triage and assessment Chronic care Mental health Aboriginal health Carers Disability support programs 	<p>Build regional and other partnerships for health</p> <ul style="list-style-type: none"> Community engagement Regional health planning General practitioners Information sharing Aboriginal health Mental health Non-government organisations Private health sector Older people 	<p>Make smart choices about the costs and benefits of health services</p> <ul style="list-style-type: none"> Health investment and re-investment Prevention and early intervention funding Equity – resource distribution formula Asset management Information management and technology Health technology Electronic medical and health information systems Corporate services 	<p>Build a sustainable health workforce</p> <ul style="list-style-type: none"> Recruitment and retention Improving workforce flexibility and strengthening career pathways Mental health workforce Staff satisfaction Education and training Aboriginal workforce Rural and remote workforce Workforce planning 	<p>Be ready for new risks and opportunities</p> <ul style="list-style-type: none"> Health reform Health choices Smart choices Integration across Government Teaching and research Risk management Disaster preparedness Environmental factors
MEASURING SUCCESS	<ul style="list-style-type: none"> Improved health through reduced obesity, smoking, illicit drug use and risk drinking Improved survival rates and quality of life for people with potentially fatal or chronic illness Improved dental health Reduced vaccine preventable conditions Reduced fall injuries among older people Increased participation in community, recreation, sporting, artistic and cultural activity Reduced levels of anti-social behaviour 	<ul style="list-style-type: none"> Improved access to quality health care Emergency departments Elective surgery Increased customer satisfaction with health services Ensuring high quality care 	<ul style="list-style-type: none"> Reduced avoidable hospital admissions through early intervention, prevention and better access to community based services Improved health for Aboriginal communities Improved outcomes in mental health Increased focus on early intervention Reduced rates of crime, particularly violent crime 	<ul style="list-style-type: none"> Improved outcomes in mental health Implement key plans and frameworks Improved health outcomes for Aboriginal communities 	<ul style="list-style-type: none"> Make the most effective use of resources for health 	<ul style="list-style-type: none"> Build a sustainable workforce 	<ul style="list-style-type: none"> Ensure the NSW health system is ready for new risks and opportunities

What we stand for

OUR CORPORATE CHARTER



Our vision, values, goals and priorities are a set of guiding principles for how we go about our work. Being clear about our role enables us to move forward with common purpose and to work effectively with our partners.

Our Vision

The NSW Department of Health provides system-wide leadership to ensure high quality health services which are responsive to consumers, the community and the challenges of the future. Our vision 'Healthy People – Now and in the Future' and our goals reflect these aspirations.

Our Values

The Department is guided by the public sector principles of responsibility to the Government, responsiveness to the public interest, and promoting and maintaining public confidence and trust in the work of the Department. Our Values Statement applies to the Department, its staff and contractors, and forms the basis for decisions and actions on which performance ultimately depends.

The NSW Department of Health's Statement of Values is:

Integrity

Honesty, consistency and accountability in decisions, words and actions.

Respect

Recognising the inherent worth of people.

Fairness and Equity

Providing good health care based on need and striving for an equitable health system.

Excellence

Highest level of achievement in all aspects of our work.

Leadership

Looking to the future of health and building on past excellence.

Our Goals

Our focus is on meeting the health needs of the people of NSW within the resources available to us. Our goals are:

Keep people healthy

- More people adopt healthy lifestyles
- Prevention and early detection of health problems
- A healthy start to life.

Provide the health care that people need

- Emergency care without delay
- Shorter waiting times for non-emergency care
- Fair access to health services across NSW.

Deliver high quality services

- Consumers satisfied with all aspects of services provided
- High quality clinical treatment
- Care in the right setting.

Manage health services well

- Sound resource and financial management
- Skilled, motivated staff working in innovative environments
- Strong corporate and clinical governance.

Our Principles

The following principles underpin the Department's accountabilities to deliver quality health services. We will:

- Focus on our fundamental accountability to promote and protect the health of the people of NSW and to ensure they have access to basic health services
- Perform effectively and efficiently in clearly defined functions and roles
- Promote our values for NSW Health and demonstrate these values through leadership and behaviour
- Take informed, transparent decisions and manage the risks we encounter on a daily basis
- Develop our capacity and capability to ensure we provide effective and safe health services
- Engage stakeholders and make accountability real for us all.

Corporate governance

THE NSW HEALTH SYSTEM

Corporate governance in health is the manner by which authority and accountability is distributed through the health system.

The NSW health system

The NSW Department of Health's corporate governance focus follows system-wide reforms over the past few years, and the recognised need to ensure consistent management practices and accountability across the health system.

This Annual Report is a key corporate governance report for NSW Health. It outlines the Department's achievements in leading and facilitating health outcome across the state's public health system.

The NSW public health system consists of the:

- NSW Minister for Health
- Minister Assisting the NSW Minister for Health (Cancer)
- Minister Assisting the NSW Minister for Health (Mental Health)
- Health Administration Corporation
- NSW Department of Health
- Area Health Services
- Ambulance Service of NSW
- Cancer Institute NSW
- Children's Hospital at Westmead
- Clinical Excellence Commission
- Other public health organisations.

NSW Minister for Health

The NSW Minister for Health is responsible for the administration of health legislation within NSW under the Health Administration Act 1982. The Minister formulates policies to promote, protect, maintain, develop and improve the health and wellbeing of the people of NSW, given the resources available to the state. The Minister is also responsible for providing public health services to the NSW community.

The Hon Reba Meagher MP was appointed the NSW Minister for Health on 2 April 2007.

Minister Assisting the Minister for Health (Cancer)

The Hon Verity Firth MP was appointed the Minister Assisting the NSW Minister for Health (Cancer) on 2 April 2007. Ms Firth is responsible for the Cancer Institute NSW, which oversees the state's cancer control effort.

Minister Assisting the Minister for Health (Mental Health)

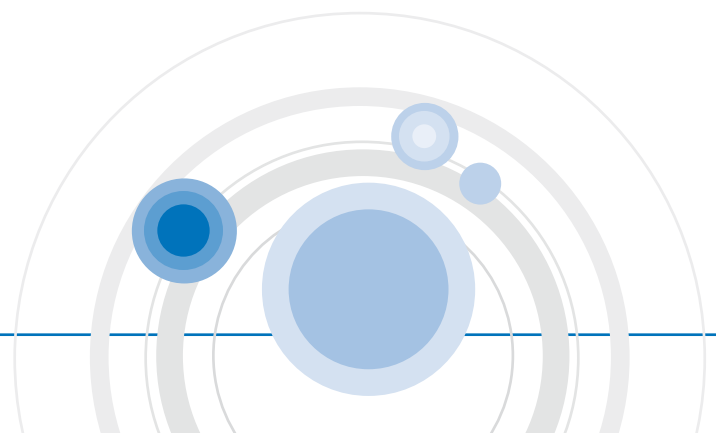
The Hon Paul Lynch MP was appointed the Minister Assisting the NSW Minister for Health (Mental Health) on 2 April 2007. Mr Lynch is responsible for implementing the Government's five-year plan for mental health.

Health Administration Corporation

Under the Health Administration Act 1982, the Director-General is given corporate status as the Health Administration Corporation for the purpose of exercising certain statutory functions, including acquiring and disposing of land and entering into contracts to support the functions of the Director-General and the NSW Minister for Health.

NSW Department of Health

The Department supports the NSW Minister for Health, and the Ministers Assisting the Minister for Health, in performing their executive and statutory functions, which include promoting, protecting, developing, maintaining and improving the health and wellbeing of the people of NSW, while considering the needs of the state and the finances and resources available.





Area Health Services

Area Health Services are established as distinct corporate entities under the Health Services Act 1997. Area Health Services are responsible for providing health services in a wide range of settings, from primary care posts in the remote outback to metropolitan tertiary health centres.

There are eight Area Health Services:

- Greater Southern
- Greater Western
- Hunter New England
- North Coast
- Northern Sydney Central Coast
- South Eastern Sydney Illawarra
- Sydney South West
- Sydney West.

Ambulance Service of NSW

The Ambulance Service of NSW is responsible for providing responsive, high quality clinical care in emergency situations, including pre-hospital care, rescue, retrieval and patient transport services.

Statutory health corporations

There are five statutory health corporations, which provide statewide or specialist health and health support services:

- Justice Health
- Children's Hospital at Westmead (Royal Alexandra Hospital for Children)
- Clinical Excellence Commission
- HealthQuest
- Stewart House Preventorium.

There are 21 affiliated health organisations in NSW managed by religious and/or charitable groups. They are an important part of the public health system, providing a wide range of hospital and other health services.

Infrastructure and health support structures

On 25 June 2007, NSW Premier Morris Iemma announced the establishment of a Health Infrastructure Board to manage and oversee the delivery of the NSW Government's hospital building program. This Board oversees the operation of Health Infrastructure within the Health Administration Corporation.

In April 2008, the Director-General established Health Support Services under a Management Committee to oversee the operation of the HealthSupport and HealthTechnology arms of the Health Administration Corporation. It provides corporate services and information technology services to public health organisations across NSW.





Corporate governance responsibilities

The Director-General

The Director-General has a range of functions and powers under the Health Services Act 1997, the Health Administration Act 1982 and other legislation. These functions and powers include responsibility for the provision of ambulance services, provision of health support services to public health organisations and exercising, on behalf of the Government of NSW, the employer functions in relation to the staff employed in the NSW Health Service.

The Director-General is committed to better practice as outlined in the *Corporate Governance and Accountability Compendium for NSW Health* and has processes in place to ensure the primary governing responsibilities of NSW Health are fulfilled in respect to:

- Setting the strategic direction for NSW Health
- Ensuring compliance with statutory requirements
- Monitoring the performance of health services
- Monitoring the quality of health services
- Industrial relations/workforce development
- Monitoring clinical, consumer and community participation
- Ensuring ethical practice
- Ensuring implementation of the NSW State Plan and the NSW State Health Plan.

Department of Health Senior Management Board

The Department of Health Senior Management Board meets fortnightly to determine corporate priorities, consider major issues and set strategic directions. It provides a high-level overview on implementation of the NSW State Plan and State Health Plan, and receives regular reports on State Plan priorities. The Management Board comprises the Department's senior management team, including the Director-General and Deputy Directors-General.

Senior Executive Advisory Board

The Senior Executive Advisory Board meets monthly to exchange information and ensure the strategic direction is understood and promulgated across the health system. It comprises the Director-General, Deputy Directors-General, the Chief Financial Officer and Chief Executives of Area Health Services, the Ambulance Service, Clinical Excellence

Commission, Cancer Institute NSW and other public health organisations.

Finance, Risk and Performance Management Committee

Effective finance and business management practices are a key element of corporate governance responsibilities. The Finance, Risk and Performance Management Committee, chaired by the Director-General, advises the Department, Minister for Health and the Budget Committee of Cabinet on the financial, risk and performance management of NSW Health.

The NSW Department of Health assists public health organisations maintain appropriate finance and business accountability by ensuring that:

- Regular review of plans and reporting/monitoring of financial information are based on the Accounts and Audit Determination for Public Health Organisations and Accounting Manuals.
- Budgets and standard finance information systems and processes are in place, are understood, and comply with centralised procedures and templates.
- Financial management is at a reasonable level, budget variance is monitored, reported and reviewed as potential risk, and the Accounts and Audit Determination is appropriate and up to date.

Area Health Service Chief Executives are accountable for efficient and effective budgetary and financial management, and must have proper arrangements in place to ensure the organisation's financial standing is soundly based. Key accountabilities include the achievement of targets; monitoring and reporting of results in an accurate, efficient and timely manner; and compliance with standards and practice.



Risk Management and Audit Committee

The Committee assists the Director-General to perform her duties under relevant legislation, particularly in relation to the Department's internal control, risk management and internal and external audit functions, including:

- Assess and enhance the Department's corporate governance, including its systems of internal control, ethical conduct and probity, risk management, management information and internal audit.
- Assess the Department's role in monitoring risk management and the internal control environment.
- Monitor the Department's response to and implementation of any findings or recommendations of external bodies such as the Independent Commission Against Corruption and Audit Office of NSW.
- Monitor trends in significant corporate incidents.
- Ensure that appropriate procedures and controls are in place to provide reliability in the Department's compliance with its responsibilities, regulatory requirements, policies and procedures.
- Oversee and enhance the quality and effectiveness of the Department's internal audit function, providing a structured reporting line for the Internal Audit Branch and facilitating the maintenance of its independence.

Corporate governance principles and practices

The corporate governance and accountability compendium contains the corporate governance principles and framework to be adopted by health services. The NSW Health governance framework requires each health service to complete a standard annual statement of corporate governance certifying its level of compliance against eight primary governing responsibilities.

The Corporate Governance and Risk Management Branch of the Department is responsible for promoting corporate governance practice across the health system. The branch brings together risk management, regulatory affairs, corporate governance, external relations and employment screening and review.

Consistent, system-wide policy and practice is being facilitated, with significant results this year including:

- New employment screening and review policies and procedures published.
- Continuance of a training program for allegations management and employment screening.
- Compliance by health services as measured through annual corporate governance reporting, improving by 5% to 92% in 2006/07 from 87% in 2005/06.



This improvement in compliance with corporate governance requirements has been achieved predominantly through increased compliance in the areas of strategic planning and risk management.

At the time of preparation of this report, corporate governance statements for the 2007-2008 financial year were being completed by health services.

Internal Audit

During 2006-2007 the Department's Internal Audit Branch conducted a number of branch audits across the four divisions of the Department. These audits covered compliance, operational and management risks and the efficiency and effectiveness of internal controls. A number of other audits were conducted covering use of motor vehicles, capital budgeting, funding and performance agreements and information systems. In addition, audits were undertaken on HealthSupport and HealthTechnology covering core functions and transitional risks.

Risk management

The NSW Department of Health has funded a 12 month NSW Risk Management Project. Project work commenced in March 2008.

The purpose of the project is to develop a NSW Health enterprise wide risk management policy, framework and reporting requirements plus tools to assist Health Services in identifying and assessing risk.

Other risk management initiatives undertaken this year include:

- Issuing new or revised policies for managing infection control; for responding to corporate and clinical incidents; to prevent and manage work related fatigue; and to prevent and control fraud across NSW Health
- Improving systems for monitoring and acting on clinical and corporate incidents reported through the NSW Health Incident Information Management System
- Developing a training kit, in conjunction with the Independent Commission Against Corruption, 'Managing the risk of corruption – A training kit for the NSW public health sector'.

Ethical behaviour

Maintaining ethical behaviour is the cornerstone of effective corporate governance. Providing ethical leadership is an important ongoing task for NSW Health. This requires leading by example and providing a culture built on commitment to the core values of integrity, openness and honesty.

A comprehensive Code of Conduct and support material for the NSW public health system was released in 2005. The Code applies to staff working in any permanent, temporary, casual, termed appointment or honorary capacity within any NSW Health facility. It assists staff by providing a framework for day-to-day decisions and actions while working in health services.

Monitoring health system performance

The Department has produced a set of high-level performance indicators. They measure NSW Health performance against priorities and programs linked to the seven Strategic Directions identified in the State Health Plan, *A New Direction for NSW State Health Plan Towards 2010* and against priorities contained in the NSW State Plan, *A New Direction for NSW State Plan*.

Outcomes against these indicators are reported in the Performance Section of this Annual Report.

The indicators inform performance at the state level as well as drilling down to hospital level for local management. They provide a basis for a cascaded set of key performance indicators at the Area Health Service, facility and service levels. The indicators are a basis for an integrated performance measurement system, linked to Chief Executive performance contracts and associated performance agreements. They also form the basis for reporting the performance of the health system to the public.

The NSW State Health Plan to 2010 was published to drive corporate priorities and set performance measures and targets.

Area Health Service plans and performance agreements were developed with standard formats and reporting requirements for consistent performance measurement and accountability.

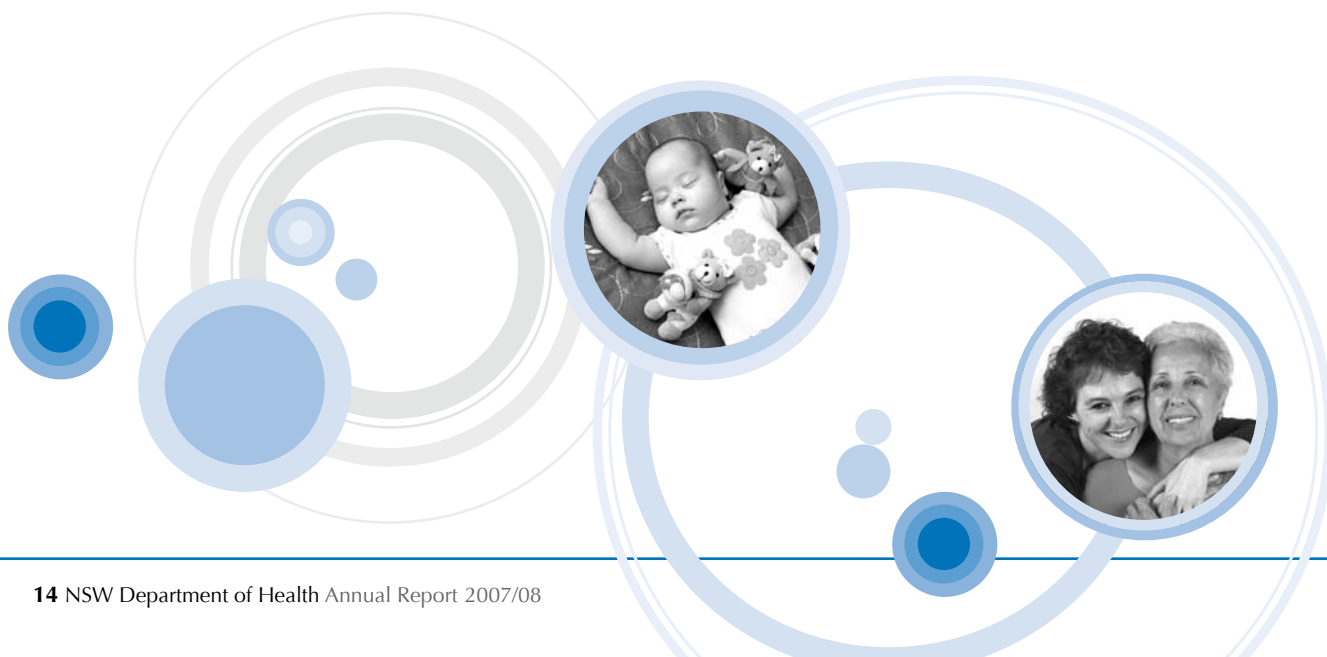
Priorities for corporate governance and risk management

Selected priority strategies and projects in corporate governance, risk management and internal audit for 2008-2009 include:

- Reviewing the corporate governance and accountability compendium for NSW Health.
- Finalising an overarching NSW Health risk management policy and framework and a standard statewide risk matrix and reporting arrangements.
- Implementing further efficiencies in employment screening and review, in particular online lodgement by private sector organisations.
- Rationalising performance agreements in place across NSW Health.
- Enhancing internal audit management processes and reporting systems to better reflect adoption of the latest standards for risk management, internal auditing and fraud control.

Other specific corporate governance matters are reported as follows:

- Commitment to service (p 176)
- Consumer participation (p 179)
- Code of Conduct (p 188)
- Legislation (p 240)
- Financial management (pp 80-174)
- Workforce management (pp 68-71)
- Committees, roles and responsibilities (pp 234-236)
- Senior executive performance statements (pp 195-198)



Clinical governance,

CONSUMER AND COMMUNITY PARTICIPATION

Clinical governance, consumer and community participation are important elements of governance for NSW Health and are the cornerstone of quality health care

Clinical governance places clinicians and their approach to patient care at the highest level of decision-making and accountability in the NSW health system. It is a systematic and integrated approach to the assurance and review of clinical responsibility and accountability, and is essential for achieving high levels of patient safety.

Clinical governance has been embedded into the NSW health system through the mandatory requirement for all Area Health Services to have consistent structures in place, including a Clinical Governance Unit directly reporting to the Chief Executive. Clinical Governance Units are responsible for the roll-out of the NSW patient safety and clinical quality program within each Area Health Service and are supported by the Quality and Safety Branch and the work of the Clinical Excellence Commission.

Key functions of the Clinical Governance Units include:

- Supporting the use of the incident information management system and analysing the data collected.
- Ensuring all deaths are reviewed and, as appropriate, referred to the Coroner and other appropriate committees.
- Supporting staff in implementing quality policies and procedures.
- Providing a senior complaints officer who is available 24 hours per day, seven days per week to ensure appropriate action is taken to resolve serious complaints.
- Improving communication between clinicians and patients and their families.
- Developing area-specific policies associated with patient safety, ethical practice and management and complaints handling.

The establishment of the Clinical Governance Units has facilitated both the management of clinical risk and the promotion of clinical quality by monitoring organisational performance against better practice standards.

The NSW Health Reportable Incident Review Committee is responsible for examining and monitoring reported serious clinical adverse events and ensuring that appropriate action is taken.

The Committee is chaired by the Deputy Director-General, Health System Performance and contains membership from the CEC and

Directors of Branches/Services whose portfolio is directly or indirectly related to patient care.

In June 2006, the Reportable Incident Review Committee was authorised as a committee under section 23 of the Health Administration Act. This section provides for restrictions to be imposed on the release of information obtained in connection with research and investigations of morbidity and mortality authorised by the Minister. Other section 23 committees operating in the NSW Health system include the NSW Mental Health Sentinel Events Review Committee and the NSW Maternal and Perinatal Committee.

Clinical, consumer and community participation

Health is an important issue for the community. The NSW Department of Health is committed to providing the best care possible to the community and seek feedback and public comment on health initiatives and patient experiences. An important strategy in the system-wide reform agenda is to increase community and clinician participation in decision-making.

The Health Care Advisory Council is the peak community and clinical advisory body providing advice to the Director-General and Minister on clinical services, innovative service delivery models, health care standards, performance management and reporting within the health care system. It is chaired by the Rt Hon Ian Sinclair AC and Professor Judith Whitworth AC.

The Health Services Act enshrines permanent structures for community participation at the local area level in the form of Area Health Advisory Councils. All Area Health Services are required to establish these councils as their peak advisory body. Under the Act, the Children's Hospital at Westmead has also established an Advisory Council. They comprise clinicians and members of the community working together to provide advice to Chief Executives on planning and health service delivery. Each council is required to develop a charter and report annually to the Minister and Parliament.

NSW Health's Community and Government Relations Unit has responsibility for the development and implementation of consumer and clinician participation within the NSW Department of Health.

What we do

STRUCTURE AND RESPONSIBILITIES

As at June 2008 the NSW Department of Health was administered through seven main functional areas.

Director-General

Professor Debora Picone AM

Professor Debora Picone began in the position of Director-General for the NSW Department of Health in July 2007. Professor Picone has extensive experience in senior management and academic roles in the health sector. She was Chief Executive of South Eastern Sydney Illawarra Area Health Service and previously Deputy Director-General, Policy of the NSW Department of Health. Professor Picone has also been Chief Executive at the former South Western Sydney and New England Area Health Services, and of the Corrections Health Service.

Professor Picone has occupied academic roles at the University of Wollongong, Prince of Wales Clinical School at the University of NSW and the Department of Surgery, University of Sydney,

Office of the Director-General

The Office of the Director-General provides high-level executive and coordinated administrative support to the Director-General across a broad range of issues and functions. The Office's responsibilities span traditional agency, health services and internal divisional responsibilities.

The Office works with the Deputy Directors-General and members of the NSW Health Executive to ensure the Director-General receives advice that is accurate, timely and reflects a cross-agency view on critical policy and operational issues. The Office also supports the Director-General to ensure she provides high quality, coordinated advice and information to the Minister for Health.

The Office has a strategic coordination function in relation to key Government and Departmental policy and projects that require a strategic, coordinated, whole-of-health approach. This includes leading and overseeing NSW Health's implementation of the State Plan and State Health Plan.

In addition, the Office manages a small group of strategic policy initiatives that cross Departmental divisions and have whole-of-system implications. These have a particular focus on opportunities for improved efficiency and strategic reform.

Executive and Ministerial Support Service

The Executive and Ministerial Support Service provides a range of services to assist and support the Minister for Health, the Director-General, NSW Health and the Department in performance of duties. Its operations are conducted through the Parliament and Cabinet Unit, the Executive and Corporate Support Unit and the Media and Communications Unit.

The Parliament and Cabinet Unit assists the Minister for Health and the Director-General in responding to the NSW Parliament, Cabinet and the central agencies of Government. It manages the preparation of material for the Minister and the Department for Estimate Committee hearings and other Parliamentary Committees and Inquiries. It coordinates responses on behalf of the Minister on matters considered by the Cabinet, questions asked in the NSW Parliament and requests from Members of Parliament. The unit also liaises between Parliamentary Committees, the Department and Area Health Services and assists the Director-General and Executive with special projects as required.

Executive and Corporate Support unit provides advice and information in response to matters raised by, or of interest to, the public, Members of Parliament, central agencies and various Ministerial Councils.

The Media and Communications unit provides leadership in communications initiatives across the public health system. It issues health messages to health professionals and the general community through targeted campaigns, publications and the media.

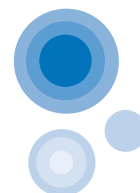
Strategic Development

Deputy Director-General

Dr Richard Matthews

Dr Richard Matthews is Deputy Director-General, Strategic Development Division. He joined the Department in November 2003.

Dr Matthews commenced his career in general practice and developed a special interest in drug and alcohol issues. In his current role, Dr Matthews has strategic planning responsibility for Statewide Services Development Branch, Primary Health



and Community Partnerships Branch, Mental Health and Drug & Alcohol Office, Inter-Government and Funding Strategies, and NSW Institute of Rural Clinical Services and Teaching.

Functions within the Department

The Strategic Development Division is responsible to the Director-General for overall health policy development, funding strategies and the system-wide planning of health services in NSW. The Division also supports the Health Care Advisory Council and a number of Health Priority Taskforces.

Key roles of the division are to develop policies, guidelines and plans for improving and maintaining health and to guide allocation of resources to health services. Equitable access, effectiveness, appropriateness and efficiency of health services are key themes that influence the development of policies and strategic plans.

The development of policy follows strong adherence to social justice principles, promotion of coordination of health services, and the advancement of inter-sectoral linkages with related portfolios, the non-government sector and the Australian Government.

Mental Health and Drug & Alcohol Office

The Mental Health and Drug & Alcohol Office was formed in 2006 by the integration of the Centre for Mental Health, the Centre for Drug and Alcohol, the Office of Drug and Alcohol Policy, and Community Drug Strategies.

The Office is responsible for developing, managing and coordinating the NSW Health Department policy framework and strategy relating to mental health and to the prevention and management of alcohol and drug-related harm. It also supports the maintenance of the mental health legislative framework.

Statewide Services Development Branch

The Statewide Services Development Branch develops NSW Health policy, planning tools, frameworks, clinical plans and strategy development for a range of acute and specialty health services with statewide implications. The branch also collaborates with Assets and Contract Services Branch to develop strategic planning for capital infrastructures, and collaborates with rural Area Health Services and the NSW Rural Health Priority Taskforce, to ensure implementation of the NSW Rural Health Plan.

Primary Health and Community Partnerships Branch

This branch is responsible for developing strategic policies and innovative service models and programs to promote improved equity, access and health outcomes for targeted population groups that often require special advocacy and attention due to their particular health needs. A related objective is the development of policies that give direction to primary and community based services and improve the participation of consumers and communities in health care planning.

The branch has a key role in implementing effective clinician and community engagement in the delivery of health services through the Health Care Advisory Council, the Area Health Advisory Councils and the work of the Health Priority Taskforces.

Inter-Government and Funding Strategies

This branch leads and manages strategic relationships with the Australian Government, other State and Territory Governments, private sector and other strategic stakeholders.

It is responsible for ensuring that a comprehensive framework for the funding and organisation of the NSW health system is in place to translate Government priorities into effective strategies, and to ensure the system can respond to changes in its environment.

It provides advice on the distribution of resources to health services and develops tools to inform allocation of resources from health services to facilities. It also provides leadership in the development and implementation of state and national health priority policies and programs.

NSW Institute of Rural Clinical Services and Teaching

The IRCST was established as a key recommendation in the NSW Rural Health Report. The Institute's Executive Committee formally convened in 2004. The Institute works with rural Area Health Services to provide information and knowledge about rural and remote health and health workforce.

It develops research capacity in rural and remote areas, as well as developing and maintaining strong networks between rural and remote health service staff and services. It develops appropriate training, education and development opportunities for rural and remote health staff. By identifying, supporting

and sharing good practice in rural health service delivery, the Institute supports and promotes excellence in rural clinical practice, with a particular focus on models of service delivery appropriate for rural and remote areas.

Population Health

A/Chief Health Officer, A/Deputy Director-General

Dr Kerry Chant (from May 2008)

Dr Kerry Chant is a Public Health physician and has been the deputy Chief Health Officer and the Director of Health Protection since 2005.

Chief Health Officer, Deputy Director-General

Dr Denise Robinson (until May 2008)

Dr Denise Robinson was appointed Chief Health Officer and Deputy Director-General, Population Health in June 2005 until May 2008. Prior to joining the Department in 2003 as Deputy Chief Health Officer, Dr Robinson had extensive management experience in NSW, holding a range of senior positions within the health system.

Functions within the Department

The Population Health Division works in partnership with Area Health Services, NSW communities and organisations to promote health and prevent injury in NSW. The Population Health Division monitors health using a range of population health datasets, and implements policies and services to improve life expectancy and health outcomes

Programs aim to:

- prevent injury
- promote and educate people about healthier lifestyles
- prevent disease
- investigate and control threats to health
- promote safe use of medicines and poisons
- licence private hospitals
- prepare and respond to public disasters and emergencies.

The activities of the Division's Centres are as follows:

Centre for Aboriginal Health

The Centre for Aboriginal Health is an executive unit within the NSW Department of Health with responsibility for:

- statewide strategic direction, policy, programs, priorities
- resource allocation for the NSW Aboriginal Health Program
- performance monitoring – financial and health outcomes – for the Department, Areas and NGOs
- advice to the Minister and Government
- representation of NSW in national and inter-governmental forums
- collaboration with and advice for other branches of the Department with regard to policy and program development and implementation

The Centre has a role in the direct management of programs.

Centre for Epidemiology and Research

This Centre monitors the health of the population of NSW. It supports the conduct of high quality health research by providing infrastructure funding, and promotes the use of research to inform policy and practice through the following branches:

- Health Research and Ethics
- Health Survey Program
- Population Health Indicators and Reporting
- Population Health Information
- Public Health Training and Development
- Surveillance Methods.



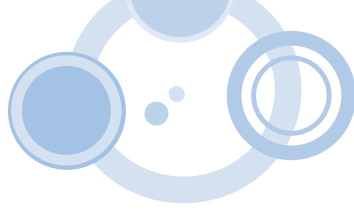
Centre for Health Protection

This Centre identifies and helps reduce communicable and environmental risks to the population's health. It provides input into food regulatory policy and co-ordinates response to food-borne illness in liaison with the NSW Food Authority. It regulates the supply and distribution of medicines and poisons, licences private hospitals and day procedure centres and provides policy input into a number of areas including cancer screening, organ and tissue donation and blood and blood products.

It undertakes these tasks through the following sections:

- AIDS and Infectious Diseases
- Communicable Diseases
- Clinical Policy
- Environmental Health





- Pharmaceutical Services
- Private Health Care
- Biopreparedness Unit.

Centre for Health Advancement

This Centre develops and coordinates health promotion and disease prevention policy for the state. It implements major statewide projects in priority areas, and oversees research and evaluation initiatives to underpin health promotion policy.

The priorities of the Centre are tobacco control, overweight and obesity prevention, and the prevention of falls in the elderly. It delivers upon the priority areas across the following branches:

- Strategic Policy and Partnerships
- Statewide Major Projects
- Strategic Research and Development.

Centre for Oral Health Strategy

This centre develops and coordinates oral health policy for the state, and monitors and implements oral population health prevention initiatives and service delivery in NSW for those eligible for receipt of public oral health services or sources those required from the private sector through the following sections:

- Performance management and funding
- Oral health promotion and water fluoridation
- Early childhood oral health
- Aboriginal oral health
- Oral health workforce policy.

Health Systems Performance

Acting Deputy Director-General

Dr Tony O'Connell (from April 2008)

Dr O'Connell worked as a clinician for 28 years as an intensive care specialist and anaesthetist. He moved to the Department from his position as Head of the Paediatric Intensive Care Unit at the Children's Hospital at Westmead.

His main achievement to date has been to lead a system-wide improvement in access performance for both emergency and elective patients in NSW in the face of rising demand for services.

Deputy Director-General

Professor Katherine McGrath (until April 2008)

Professor McGrath worked as a clinician, academic, laboratory director and Divisional Chair in Victoria and NSW before she was appointed Chief Executive Officer of Hunter Area Health Service and honorary Professor of Pathology at the University of Newcastle in 1997. Professor McGrath was appointed to this position in March 2004.

Functions within the Department

Health Systems Performance aims to improve the patient journey by driving performance improvements in the health system. It develops strong relationships and communications with Area Health Services and frontline clinicians and managers to achieve agreed performance measures for improved services for patients.

This division assists with implementing effective patient centred improvements and ensures all clinical services are planned and managed systematically and cost effectively. It also provides advice on the performance of NSW Health to the Director-General, the Minister and a range of external agencies.

Health Service Performance Improvement

Works collaboratively with Area Health Services to improve patient access to services (hospitals and community health), hospital performance and the allocation of resources strategically for patient flow and to meet demand growth. Provides strategic advice and identifies obstacles affecting implementation of service improvement strategies.

Clinical Services Redesign Program

Leads the development and implementation of major health service delivery reform initiatives. Such reforms have brought substantial improvements in patient access to emergency departments and elective surgery.

Ensures a coordinated approach to the redesign of clinical services, and engages local and frontline staff and consumers in the design process.

Strategic Information Management (SIM)

Leads the development of statewide strategies and future directions for NSW Health Information and Communication Technology (ICT). The ICT portfolio consists of four core strategies – Clinical, Corporate, Information and Infrastructure and targets the design and delivery of a common set of applications across the state.

The ICT Strategy will make a significant contribution to the safety and cost effectiveness of the patient journey, particularly through the State Baseline Build (SBB) of the Electronic Medical Record that is nearing completion, and the corresponding roll-out activities which have already commenced.

Quality and Safety

Works collaboratively with Area Health Services to develop policies on quality and safety for statewide implementation such as: correct procedure, correct patient, correct site; health care associated infections; and improving medication safety. It develops and reports on system-wide quality indicators.

As well as monitoring, analysing and acting on serious clinical incidents, it oversees statewide clinical governance issues. A single, statewide electronic Incident Information Management System (IIMS) underpins the statewide Incident Management program.

Demand and Performance Evaluation

Oversees NSW Health state data and reporting infrastructure to improve health performance and outcomes. Manages major health activity data collections such as admitted patients, emergency department and elective surgery waiting lists.

It also manages major health activity reporting for NSW Health. Responsible for analysis of demand and performance data, benchmarking and governance of new data and information systems to better meet health needs. Provides support and advice for research, data management and information policy.

Health System Support

Deputy Director-General

Karen Crawshaw

Karen Crawshaw has held various legal positions in the public sector prior to being appointed Director Legal NSW Health. This role was expanded to Director Employee Relations, Legal and Legislation and General Counsel. The role included responsibility for NSW Health's legal services, the Legislative Program for the Health portfolio, and industrial relations and human resource policy for the NSW public health system. In October 2007, Ms Crawshaw was appointed Deputy Director-General Health System Support.

Functions within the Department

Health System Support Division leads and manages strategic advice on financial, employee relations, assets and procurement, workforce, governance and risk, nursing and legal issues, and provides corporate and executive support services for the Department. The Division ensures that the health system operates within available funds.

Strategic Procurement & Business Development

Provides leadership in infrastructure and asset management. This includes operational services such as computer network, email services, corporate knowledge services, building

management, and procurement policy development. The Division manages the Asset Acquisition Program. It implements the Government's Total Asset Management policies across the health system, and directs specific asset and procurement projects to support the efficient delivery of health services.

Corporate Governance and Risk Management

Provides a comprehensive framework for corporate governance and risk management, and guides and monitors these functions in the NSW public health system.

The Division manages relationships with key external agencies, undertakes employment screening, and investigates allegations of abuse by health service employees

Workplace Relations and Management Branch

Manages the Department's human resources strategy and provides support and guidance to staff on all personnel and payroll issues. Leads system-wide industrial relations issues, including the conduct of arbitrations, negotiating and determining wages and employment conditions.

Provides administration for the Health Executive Service, and leads human resource and OH&S policy development.

Finance and Business Management

Provides financial management, reporting and budgetary services for the NSW health system, including financial policy, financial analysis, insurance/risk management, GST tax advice and monitoring key performance indicators for support services.

Provides internal support services to the Department, purchasing and fleet management and purchase order transactions.

Legal and Legislative Services

Provides comprehensive legal and legislative services for the Department and Minister, specialist legal services and privacy policy support for the health system, and compliance support and prosecution services for NSW Health.

It also provides registrar and administrative services to the nine Health Professionals Registration Boards.

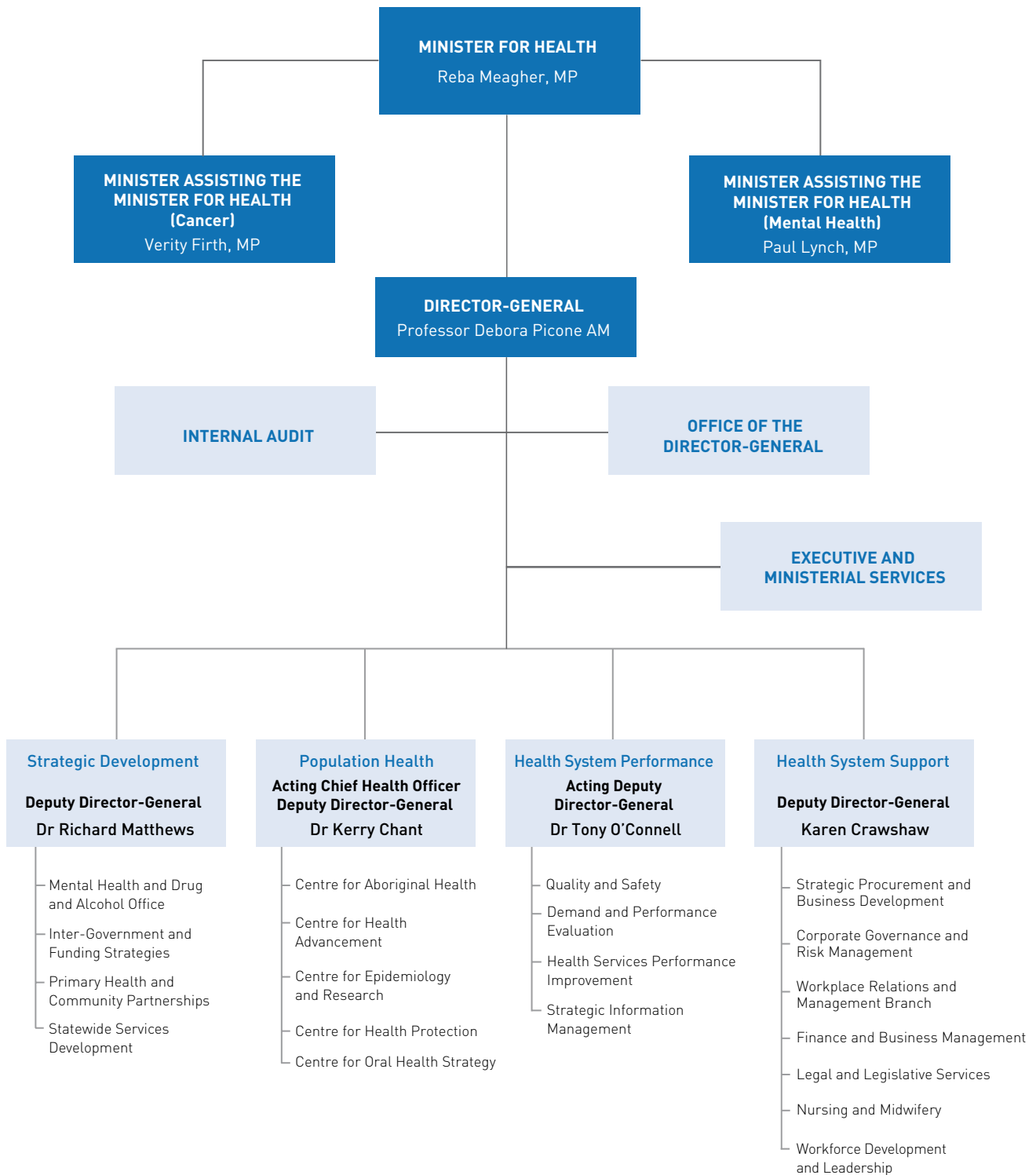
Nursing and Midwifery

Provides leadership and advice on professional nursing and policy issues. Monitors policy implementation, manages and evaluates statewide nursing initiatives, and allocates funding for nursing initiatives.

Workforce Development and Leadership

Plans, develops, facilitates, communicates and evaluates health workforce strategies across the NSW health system to improve health outcomes.

ORGANISATIONAL CHART AS AT 30 JUNE 2008



* Dr Denise Robinson resigned from the position of Chief Health Officer, Deputy Director-General in May 2008. Dr Kerry Chant acted in this position for the remainder of the financial year.

Professor Katherine McGrath resigned from the position of Deputy Director-General, Health Systems Performance in June 2008. Tony O'Connell was appointed the Acting Deputy Director-General, Health Systems Performance, from 30 June 2008.

