
GOVERNANCE

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ABOUT NSW HEALTH

We work to provide the people of NSW with the best possible health care that not only meets today's health needs but also responds to the health needs of the future.

NSW Health employs over 100,000 staff (FTE). The scope of work undertaken across the State ranges from acute hospital care to policy development, health promotion and community health initiatives.

The NSW Department of Health was established in 1982 under section 6 of the *Health Administration Act 1982*. The name of the Department changed to the NSW Ministry of Health on 5 October 2011.

The NSW Ministry of Health supports the NSW Minister for Health, Minister for Medical Research, Minister for Mental Health and Minister for Healthy Lifestyles to perform their executive and statutory functions.

These functions 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.

The corporate governance framework distributes authority and accountability through the health system.

At 30 June 2012, NSW Health comprised:

- Minister for Health, Minister for Medical Research
- Minister for Mental Health, Minister for Healthy Lifestyles
- Director-General
- Ministry of Health
- Local Health Districts
- Sydney Children's Hospitals Network
- Justice and Forensic Mental Health Network
- Ambulance Service of NSW
- Health Administration Corporation
- Agency for Clinical Innovation
- Bureau of Health Information
- Clinical Excellence Commission
- Health Education and Training Institute

There are also Affiliated Health Organisations.

Health Portfolio Ministers

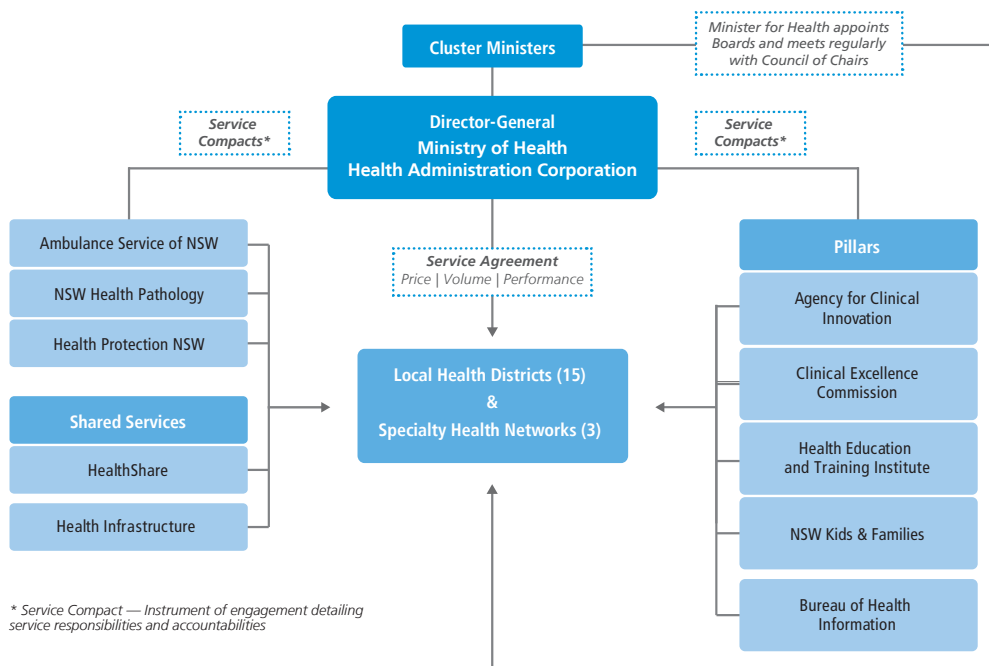
The Hon. Jillian Skinner MP was appointed the Minister for Health and Minister for Medical Research on 3 April 2011.

The Hon. Kevin Humphries MP was appointed Minister for Mental Health and Minister for Healthy Lifestyles on 3 April 2011.

ORGANISATIONAL CHART – NSW HEALTH

30 June 2012

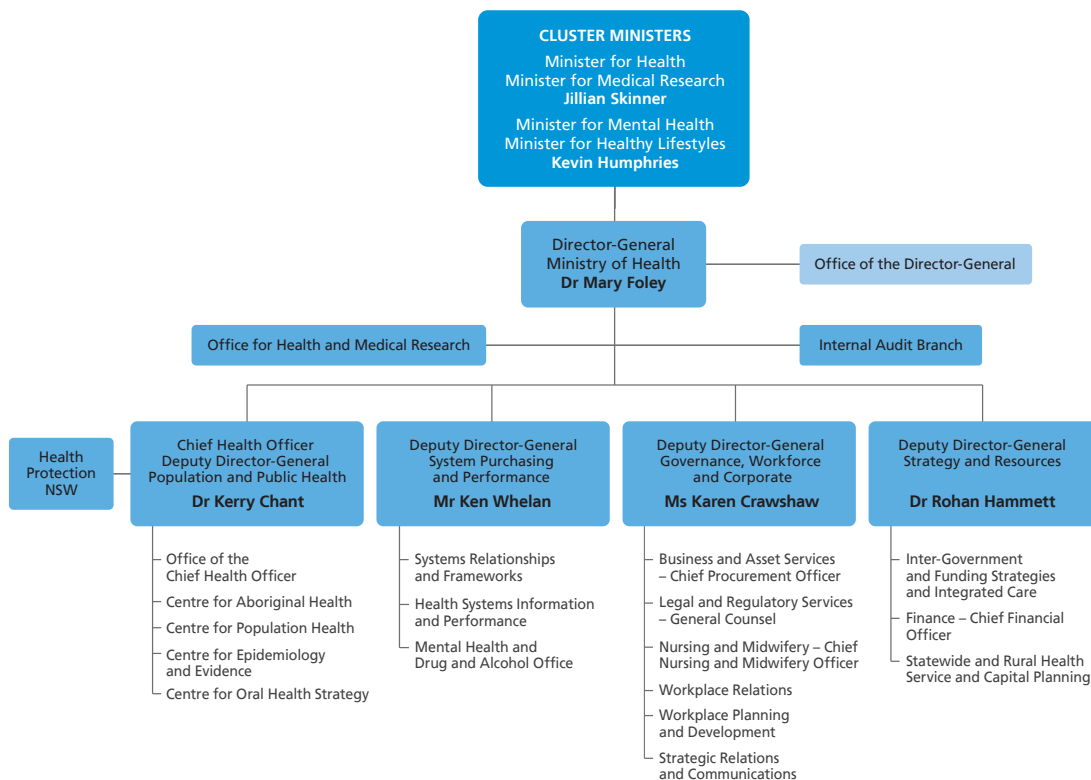
The Organisation Chart below details how NSW Health is structured to provide health services to the community of NSW.



ORGANISATIONAL CHART – MINISTRY OF HEALTH

30 June 2012

The Organisation Chart below details the structure of the Ministry of Health and the relationship between the Divisions and Branches.



NSW MINISTRY OF HEALTH

On 5 October 2011, the NSW Department of Health became the NSW Ministry of Health. Head of the agency, 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.

Director-General, Dr Mary Foley

The Director-General has overall responsibility for the management and oversight of NSW Health. The Director-General chairs key management meetings for the system including the NSW Health Senior Executive Forum and the Executive Leadership Team. The NSW Health Senior Executive Forum brings together Chief Executives from across the health system, while the Executive Leadership Team is a smaller group comprising the NSW Ministry of Health Executive and Chief Executives from the ACI, CEC, HETI and HS. Both of these groups are critical in considering issues of health system-wide interest, including the NSW Health budget, development and implementation of health policy and monitoring of health system performance.

Internal Audit

Internal Audit provides an independent review and advisory service to the Director-General and the Risk Management and Audit Committee. It provides assurance that the Ministry of Health's financial and operational controls, designed to manage the organisation's risks and achieve the entity's objectives, are operating in an efficient, effective and ethical manner.

Internal Audit assists management in improving the Ministry's business performance, advises on fraud and corruption risks and internal controls over business functions and processes.

Governance, Workforce and Corporate

The Governance, Workforce and Corporate Division undertakes a range of functions for the effective administration of NSW Health covering comprehensive corporate governance frameworks and policy; regulation of private health care facilities and the supply and administration of therapeutic goods; a comprehensive range of legal and legislative services; oversight and management of the Director-General's accountabilities as employer of the NSW Health Service, including statewide industrial matters, public health sector employment policy, workplace health and safety policy, workforce planning, recruitment and reform strategies and strategic development of professional nursing and midwifery services; NSW Health property services; statewide asset, procurement and business policy; services to support Ministerial, Parliamentary and Cabinet processes, and public affairs and communication services for the Ministry of Health.

Population and Public Health

The Population and Public Health Division co-ordinates the strategic direction, planning, monitoring and performance of population health services across the State. The Division responds to the public health aspects of major incidents or disasters in NSW, monitors health, identifies trends and evaluates the impact of health services. The Division is responsible for improving health through measures that prevent disease and injury. Population health services aim to create social and physical environments that promote health and provide people with information and programs to encourage healthier choices.

Strategy and Resources

The Strategy and Resources Division is responsible to the Director-General for strategic health policy development, inter-government negotiations, implementation of the national health reform agreement, funding strategies and budget allocation, system-wide planning of health services and capital planning and investment.

The Division supports the Australian Health Ministers' Advisory Council and the NSW Health Ministers' Advisory Committee. It also supports the NSW response to matters before the Standing Council on Health.

System Purchasing and Performance

The System Purchasing and Performance Division provides the front end of "system management", and acts as a critical interface with Local Health Districts, Specialty Health Networks, the Pillars and other health organisations such as NSW Kids and Families and HealthShare to support and monitor overall system performance and coordinates purchasing arrangements with Local Health Districts and Specialty Health Networks.

HEALTH ADMINISTRATION CORPORATION (HAC)

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. The Health Administration Corporation is used as the statutory vehicle to provide ambulance services and support services to the health system. A number of entities have been established under HAC to provide these functions:

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.

Health Infrastructure

Health Infrastructure is responsible for the delivery of the NSW Government's major works hospital building program, under the auspices of a Board appointed by the Director-General.

HealthShare NSW

HealthShare NSW provides corporate services and information technology services to public health organisations across NSW under the auspices of a Board appointed by the Director-General.

LOCAL HEALTH DISTRICTS

Local Health Districts (LHDs) were established as distinct corporate entities under the *Health Services Act 1997* from 1 July 2011. Formerly named Local Health Networks, LHDs provide health services in a wide range of settings, from primary care posts in the remote outback to metropolitan tertiary health centres. Eight LHDs cover the greater Sydney metropolitan region, and seven cover rural and regional NSW.

STATUTORY HEALTH CORPORATIONS

Under the *Health Services Act 1997*, there are three types of Statutory Health Corporations subject to control and direction of the Director-General and Minister:

- Specialty network
- Board-governed organisation
- Chief executive-governed organisation

During the reporting period, the following statutory health corporations provided Statewide or specialist health and health support services.

Specialty Health Networks

There are two specialist networks – the Sydney Children's Hospital Network (Randwick and Westmead) and the Justice and Forensic Mental Health Network.

The Agency for Clinical Innovation

Unexplained or unjustified clinical variation can result in adverse patient events. The Agency for Clinical Innovation (ACI) is responsible for reviewing clinical variation and supporting clinical networks in clinical guideline/pathway development with encouragement toward standardised clinical approaches based on best evidence. The ACI is a Board-governed statutory health corporation.

Bureau of Health Information

The Bureau of Health Information (BHI) is a Board-governed statutory health corporation. The BHI's role is to provide independent reports to government, the community and healthcare professionals on the performance of the NSW public health system, including safety and quality, effectiveness, efficiency, cost and responsiveness of the system to the health needs of the people of NSW.

Clinical Excellence Commission

The Clinical Excellence Commission (CEC) is a Board-governed statutory health corporation. The CEC was established to reduce adverse events in public hospitals

and support improvements in transparency and review of these events in the health system. A key role of the CEC is building capacity for quality and safety improvement in health services.

Health Education and Training Institute

The Health Education and Training Institute (HETI) coordinates education and training for NSW Health staff. HETI works to ensure that world-class education and training resources are available to support the full range of roles across the public health system including patient care, administration and support services. HETI is a Chief Executive governed statutory health corporation.

NSW Kids and Families

During 2011-12, work proceeded on the development of NSW Kids and Families, a board-governed statutory health corporation, which was established on July 1, 2012. NSW Kids and Families' aim is to develop a long-term, statewide strategy to guide the best possible health outcomes for mothers, babies, children, young people and their families across NSW.

The agency will work with Local Health Districts, the Pillars, primary health care providers, non-government organisations, clinicians and the community to:

- develop and support implementation of evidence based policy, guidelines, models of care and programs,
- develop and monitor service standards and evaluate outcomes and
- provide expert advice and information on the health, wellbeing and healthcare of mothers, babies, children, young people and families in NSW.

The Hon. Ron Phillips was appointed Chair of the NSW Kids and Families Board.

AFFILIATED HEALTH ORGANISATIONS

At 30 June 2012, there were 18 Affiliated Health Organisations (AHO) in NSW managed by religious and/or charitable groups operating 27 recognised establishments or services as part of the NSW public health system. These organisations are an important part of the public health system, providing a wide range of hospital and other health services.

St Vincent's Health Network

Section 62B of the *Health Services Act 1997* enables an Affiliated Health Organisation to be declared a Network for the purposes of national health funding. St Vincent's Hospital, the Sacred Heart Hospice at Darlinghurst and St Joseph's Hospital at Auburn have been declared a NSW Health Network.

GOVERNANCE

The Director-General is committed to best practice clinical and corporate governance and has processes in place to ensure the primary governing responsibilities of NSW Health organisations are fulfilled with 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 health-related areas of the NSW State Plan.

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 their level of compliance against key primary governing responsibilities.

Risk Management

Corporate governance and risk management responsibilities have been integrated resulting in efficiencies and a better approach to risk management and assessment and implementation of recommendations and findings.

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 integrity, openness and honesty.

Monitoring State Plan Performance

A set of high-level performance indicators measure NSW Health performance against priorities contained in *NSW 2021: A Plan To Make NSW Number One*.

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 translating to hospital level for local management. They provide a basis for a cascaded set of key performance indicators at the Local Health District, 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.

NSW Health Performance Framework

A new Performance Framework now provides an integrated process for performance review and assessment, with the over-arching objectives of keeping people healthy and improving access to timely, quality, patient focused health care across NSW Health Services. It forms an integral part of the business planning cycle that establishes the annual Service Agreements between the NSW Ministry of Health and each Health Service.

The integration of strategic frameworks, business planning, budget setting and performance assessment is undertaken within the context of the NSW 2021 Plan.

The NSW Health Performance Framework comprises:

- Service Agreements with each Health Service.
- Clearly stated performance requirements including Strategic Priorities and Governance Requirements as outlined in Service Agreements.
- The roles and responsibilities of Health Services, the NSW Ministry of Health, the Clinical Excellence Commission (in relation to safety and quality) and the Agency for Clinical Innovation (in relation to models of care and patient flow) under the framework.
- Key Performance Indicators and their performance thresholds that, if not met, may raise a performance concern.
- Transparent monitoring and reporting processes.
- Clear levels of response to address performance issues.
- Robust governance processes through which escalation and de-escalation of responses will be determined.

The primary interaction between the Ministry and Health Services under the Performance Framework is with the Chief Executive of the Health Service. A council of Board Chairs has been established and meets quarterly with the Minister and Director-General.

Service Agreements

The new 2011-12 NSW Health Service Agreements were developed in the context of the National Health Reform Agreement (NHRA), the NSW Government's 2021 Plan, the goals of the NSW public health system and the parameters of the NSW Health Performance Framework, which includes a transparent system of responding to each Health Service's level of performance throughout the year.

The Agreements were also important in implementing the NSW Government's commitment to devolve governance and accountability as far as possible to the local level and were a key stage in the devolution of NSW Health's service purchasing approach, with activity based funding a key component. For the first time, each LHD Service Agreement has been made publicly available.

Complaint Management

NSW Health is committed to improving the overall quality of health care. One of the challenges in this objective is to identify and promote strategies and practices that enhance services provided to the community and engender community trust in those who administer and provide those services. Complaints and compliments provide unique information about the quality of health care from the perspective of consumers and their carers. The challenge for health care services is to collect better information about consumers' views to ensure the safe delivery of care.

Complaint Management Guidelines provide health workers with an operational framework for dealing with complaints. The guidelines aim to ensure that identified risks arising from complaints are managed appropriately, that complainants' issues are addressed satisfactorily, that effective action is taken to improve care for all patients, and that health service staff are supported.

Clinical Governance Principles and Practices

The provision of safe and high quality health care in NSW requires effective clinical governance structures and processes.

Following the implementation of the NSW Patient Safety and Clinical Quality Program in 2005, NSW Health has had a comprehensive clinical governance process in place to provide a systematic approach to improving patient safety and clinical quality across the whole of the NSW Health System.

The key principles of Clinical Governance encompassed in the NSW program are:

- Openness about errors – these are reported and acknowledged without fear and patients and their families are told what went wrong and why.
- Emphasis on learning – the system is oriented towards learning from its mistakes.
- Obligation to act – the obligation to take action to remedy problems is clearly accepted.
- Accountability – limits of individual accountability are clear.
- Just Culture – individuals are treated fairly and are not blamed for system failures.
- Appropriate prioritisation of action – according to resources and where the greatest improvements can be made, actions are prioritised.
- Teamwork – recognised as the best defence against system failures and is explicitly encouraged.

Under new governance arrangements introduced across the NSW health system in August 2011, the Clinical Excellence Commission (CEC) was assigned responsibility for the quality and safety of the NSW public health system and for providing leadership in clinical governance. This encompassed a lead role in system-wide improvement of clinical quality and safety, including clinical incident reviews and responses, system clinical governance, representing NSW Health in appropriate state and national forums and providing advice, briefings and associated support to the Director-General and Minister.

Local Health Districts and networks have primary responsibility for providing safe high quality care for patients and have established clinical governance units. Responsible to the Chief Executive, LHD Directors of Clinical Governance provide advice and reports to health service governance structures on:

- Serious incidents or complaints including investigation, analysis and implementation of recommendations.
- Performance against safety and quality indicators and recommendations on actions necessary to improve patient safety.
- The effectiveness of performance management, appointment and credentialing policies and procedures for clinicians.
- Complaints or concerns about individual clinicians, in accordance with Departmental policies and standards.

System-wide sharing of information and initiatives to reduce risk and improve quality and safety are facilitated through a number of programs, projects and initiatives undertaken by the Clinical Excellence Commission. Close links and collaboration are in place with the Ministry of Health, the Agency for Clinical Innovation (ACI), Bureau of Health Information (BHI), Health Education Training Institute (HETI), NSW Cancer Institute and local health district/network clinical governance units.

