New South Wales Auditor-General's Report
Financial Audit

Volume Eleven 2016
Report on Health

audit office
OF NEW SOUTH WALES

The role of the Auditor-General

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Public Finance and Audit Act 1983*.

Our major responsibility is to conduct financial or 'attest' audits of State public sector agencies' financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies' accounts.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to agencies to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to agencies and reports periodically to parliament. In combination these reports give opinions on the truth and fairness of financial statements, and comment on agency compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an agency is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an agency's operations, or consider particular issues across a number of agencies.

Performance audits are reported separately, with all other audits included in one of the regular volumes of the Auditor-General's Reports to Parliament – Financial Audits.

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Pursuant to the *Public Finance and Audit Act 1983*, I present Volume Eleven of my 2016 report.

Margaret Crawford
Auditor-General
8 December 2016

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Section One

Health

Executive Summary

This report analyses the results of the financial statement audits of the Health cluster entities for the year ended 30 June 2016.

Financial performance and reporting

Financial reporting

Unqualified audit opinions were issued for all cluster agencies' financial statements. The Health cluster has continually improved the quality and timeliness of financial reporting in recent years.

Financial performance

Expenses across NSW Health increased by 6.0 per cent in 2015–16, consistent with the expected long term annual expense growth rate.

Financial controls

Excessive annual leave

Despite significant efforts to manage annual leave balances, NSW Health entities are struggling to reduce the number of employees with excessive balances.

Overtime payments

Overall, NSW Health entities are maintaining strong management of overtime, but some medical officers earn more in overtime than their base salary.

Timesheet approvals

Unapproved employee timesheets are a continuing problem for health entities. Weak approval controls are increasing the risk of staff claiming and being paid for hours they have not worked.

Governance

Performance monitoring

Three NSW Health entities were not meeting expectations in the performance agreements with the Secretary of NSW Health.

Service agreements

Many service agreements between the Secretary of NSW Health and health entities were signed late.

Service delivery

Emergency department performance

NSW Health, on average, met emergency department triage response time targets for the third consecutive year.

The rate of patients leaving NSW emergency departments within four hours did not improve.

Ambulance response times

NSW Ambulance response times improved during the year, but remain below target.

Unplanned re-admissions

No local health districts or specialty networks achieved the Ministry of Health's 2015–16 unplanned re-admissions target, but seven improved.

Financial performance and reporting

Quality of financial reporting continues to improve

Unqualified audit opinions were issued for all cluster agencies' financial statements.

The Health cluster has continuously improved the quality of financial reporting in recent years. The number of misstatements has fallen from 109 in 2013–14 to 35 in 2015–16. All material misstatements were corrected during the audit of agencies' financial statements.

Financial statements were submitted on time

The statutory deadlines for completing early close procedures and submitting financial statements were met by all entities in the cluster. Health entities controlled by the Ministry of Health continued to submit the financial statements well ahead of the statutory deadlines.

Number of health entities with operating deficits increased

Seven local health districts/specialty networks recorded an operating deficit in 2015–16, three more than 2014–15. The 2015–16 financial results were impacted by Treasury's initiative to improve cash management across the sector. This effectively reduced State Government funding and resulted in the deficits.

Expense growth rate for NSW Health increased in 2015–16

Expenses across NSW Health increased by 6.0 per cent in 2015–16 compared to 4.9 per cent in 2014–15. In 2015–16, expenses included the cost of a new Hepatitis C drug ($108 million) fully funded by the Australian Government. The growth rate is in line with the expected long term annual expense growth rate for NSW Health outlined in the 2016 NSW Intergenerational Report.

Four health districts' costs are expected to exceed the State price by more than five per cent

Projected average costs for Far West, Southern NSW, Western NSW and Central Coast local health districts are expected to be higher than the State price by more than five per cent in 2016–17. These local health districts will receive additional funding to cover the higher cost of health services in regional, rural and remote locations.

Financial controls

Weak user administration processes caused most IT issues

Weak user access management accounted for most IT issues identified in 2015–16. A lack of formal policies and periodic review of user accounts increases the risk of inappropriate access and modification to financial data. A lack of approved documented policies on password parameters and failure to encrypt sensitive information were identified as common IT issues across NSW Health.

Recommendation

Health entities should ensure they have appropriate information technology controls including:

- establishing formal IT policies and periodic reviews of accounts with access to critical financial systems
- approving IT policies with guidance on password parameters
- ensuring all sensitive information is encrypted.

Managing excess annual leave remains a significant challenge for health entities

Despite significant efforts to manage annual leave balances, NSW Health entities are struggling to reduce the number of employees with excessive balances. Thirty–six per cent of NSW Health's workforce have excessive annual leave balances.

Recommendation (repeat issue)

Health entities should continue reviewing the approach to managing excessive annual leave in 2016–17. They should:

- monitor current and projected leave balances to the end of the financial year on a monthly basis
- agree formal leave plans with employees to reduce leave balances over an acceptable timeframe.

NSW Ambulance continues to face significant challenges in managing sick leave

Average sick leave taken has fallen for NSW Ambulance, but continued effort is required to improve sick leave management.

Recommendation (repeat issue)

NSW Ambulance should continue to implement and monitor targeted human resource strategies to address the challenges it faces managing sick leave.

NSW Ambulance's overtime payments remain significant

NSW Ambulance's overtime payments as a percentage of total employee related expenses continue to be significantly higher than other health entities. In 2015–16, its overtime payments totalled $71.8 million, a $1.9 million decrease from 2014–15.

Recommendation (repeat issue)

NSW Ambulance should continue to review the effectiveness of its strategies and rostering practices to reduce excessive overtime payments.

Unapproved employee timesheets continue to be a problem for health entities

Weak timesheet approval controls are increasing the risk of staff claiming and being paid for hours they have not worked. They are also resulting in high volumes of roster adjustments, manual pays, salary overpayments and instances of leave not being recorded accurately in the system.

Recommendation

Health entities should:

- ensure timesheets are approved by supervisors before pay runs are completed
- subsequently approve timesheets that were pre-approved or force approved
- ensure access rights to approve and amend timesheets is only granted to delegated officers
- review rostering and leave recording practices and address control weaknesses.

Most Visiting Medical Officers are still being paid in full for late claims

Health entities can significantly reduce payments to Visiting Medical Officers (VMOs) who submit late claims. In 2015–16, only two local health districts discounted a total of four payments to VMOs who submitted claims more than 12 months after they provided the service. More should be done to encourage VMOs to submit timely claims.

Recommendation

Health entities should discourage VMOs from submitting claims late by discounting them as allowed under the VMO pay determination.

Major information technology projects continue to run behind schedule

eHealth NSW's major projects are within budget, but continue to experience delays. The delays are attributed to the complexity of implementing statewide programs across NSW Health. Investment in information technology change management programs within health entities is required.

Recommendation

> Health entities should work with eHealth NSW to ensure sufficient resources are dedicated to information technology change management.

Dormant restricted financial assets not yet resolved

Nearly 4,000 special purpose accounts totalling $205 million were idle during 2015–16.

The Ministry is developing guidance to provide transparency around the treatment of these special purpose funds. The guidance, expected to be completed by 30 August 2016, is not yet finalised.

Recommendations (repeat issues)

> The Ministry should issue guidance as soon as possible and work with each health entity to determine what should be done with dormant Restricted Financial Assets or funds whose purpose is unclear.
>
> Health entities should arrange appropriate approvals to move funds from Restricted Financial Assets to the Public Contributions Trust Fund.

Governance

Three NSW Health entities are not meeting performance expectations

The Ministry assessed three NSW Health entities as either not performing or underperforming against expectations set out in service agreements with the Secretary of NSW Health at 30 June 2016. The Ministry is managing these entities in accordance with its performance review process.

Service agreements need to be signed earlier

Many service agreements between the Secretary of NSW Health and health entities continue to be signed late.

Recommendation (repeat issue)

> The Secretary of NSW Health and health entities should finalise service agreements by 31 July each year.

Most health entities do not fully comply with the Enterprise Risk Management policy directive

Most NSW Health entities are not fully complying with the Ministry's Enterprise Risk Management policy directive. The policy directive outlines minimum mandatory requirements for NSW Health staff to comply with.

Recommendation

> Health entities should take action to fully comply with the NSW Health Enterprise Risk Management policy directive. Progress should be reported to Audit and Risk Management Committees.

Most Chief Audit Executives are now reviewing conflict of interest registers

NSW Health entities advise that most Chief Audit Executives have reviewed their entity's conflict of interest register. Oversight by the Chief Audit Executive is an important component of governing conflicts of interest.

Recommendation (partially repeat issue)

> Relevant Chief Audit Executives should review their health entity's 2015–16 conflict of interest registers to ensure they are complete, all actions have been addressed, trends analysed, and instances requiring action followed up.

Service delivery

Average emergency department triage response times were better than target

In 2015–16, NSW Health, on average, met emergency department triage response time targets across all triage categories for the third consecutive year. NSW hospitals are doing well meeting triage targets despite the continued increase in emergency department attendances.

Rate of patients leaving emergency departments within four hours did not improve

One Premier's priority is to ensure 81 per cent of patients leave emergency departments within four hours. Five local health districts achieved this target in 2015–16 (five in 2014–15), but the statewide average was 74.2 per cent (74.3 per cent).

NSW Ambulance response times improved in 2015–16, but remain below target

The median ambulance response time for potentially life threatening cases in New South Wales fell from 11.2 minutes in 2014–15 to 11.0 minutes in 2015–16. This is higher than the target of 10 minutes and remains above the 2014–15 national average of 9.4 minutes.

Patient transfers from ambulances to emergency departments were faster in 2015–16

The percentage of patients transferred from ambulances to hospital emergency departments in the 30 minute 'transfer of care' timeframe increased from 84.5 per cent in 2014–15 to 87.6 per cent in 2015–16. The Ministry's target is 90 per cent. Better coordination between ambulance services and emergency departments allows patients to be treated quicker.

NSW Health met one of three targets for admitting patients for planned surgery

One State priority is to increase on-time admissions for planned surgery in accordance with medical advice. NSW Health only achieved one of three elective surgery targets for the second consecutive year.

NSW Health elective surgery performance remains better across all three categories of elective surgery compared to three years ago.

Unplanned hospital and mental health re-admissions still high at most NSW hospitals

Local health districts and the Sydney Children's Hospitals Network did not achieve the NSW Health unplanned hospital re-admissions target in 2015–16. However, seven local health districts reduced re-admissions rates from 2014–15.

Eleven local health districts (twelve in 2014–15) did not achieve the NSW Health mental health acute re-admissions target in 2015–16.

NSW Health has continued to invest in technology to improve service delivery

The delivery of a Health Wide Area Network and other infrastructure has enabled NSW Health to implement statewide clinical and corporate systems. These systems enable more timely, safe and streamlined care for patients.

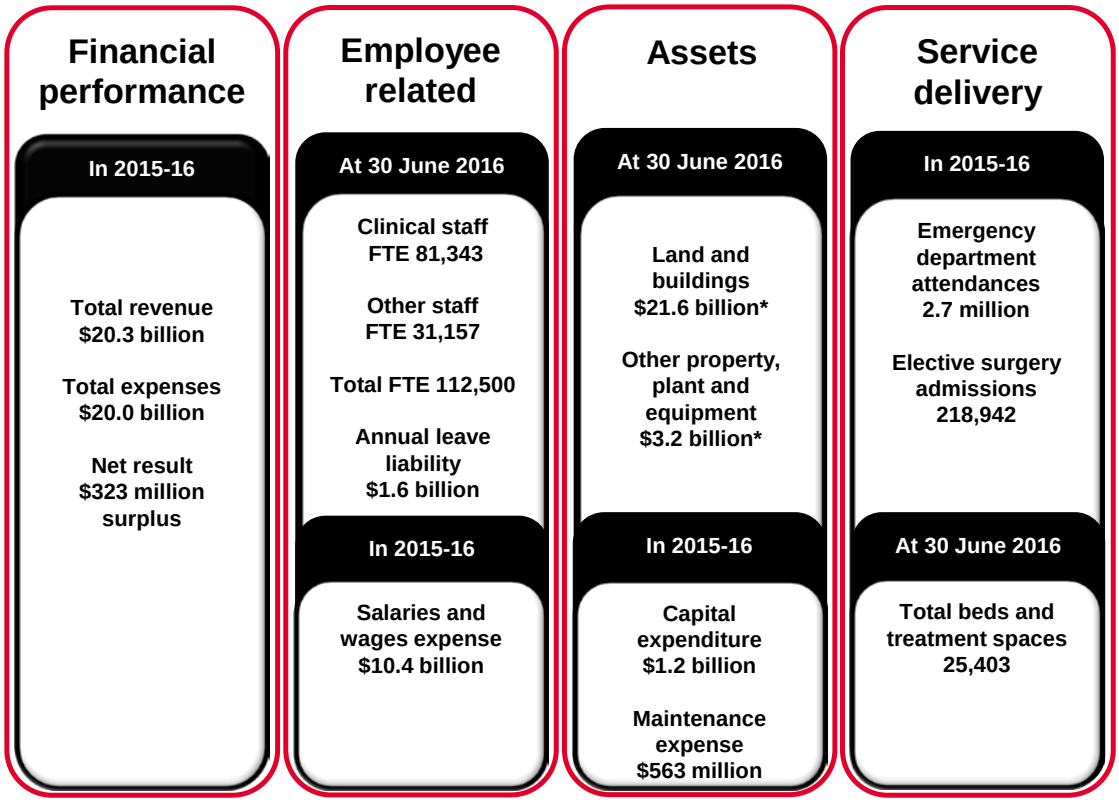
Introduction

This report provides Parliament and other users of Health cluster entities' financial statements with audit results, observations, conclusions and recommendations in the following areas:

- Financial Performance and Reporting
- Financial Controls
- Governance
- Service Delivery.

Snapshot of NSW Health

A snapshot of NSW Health is shown below.



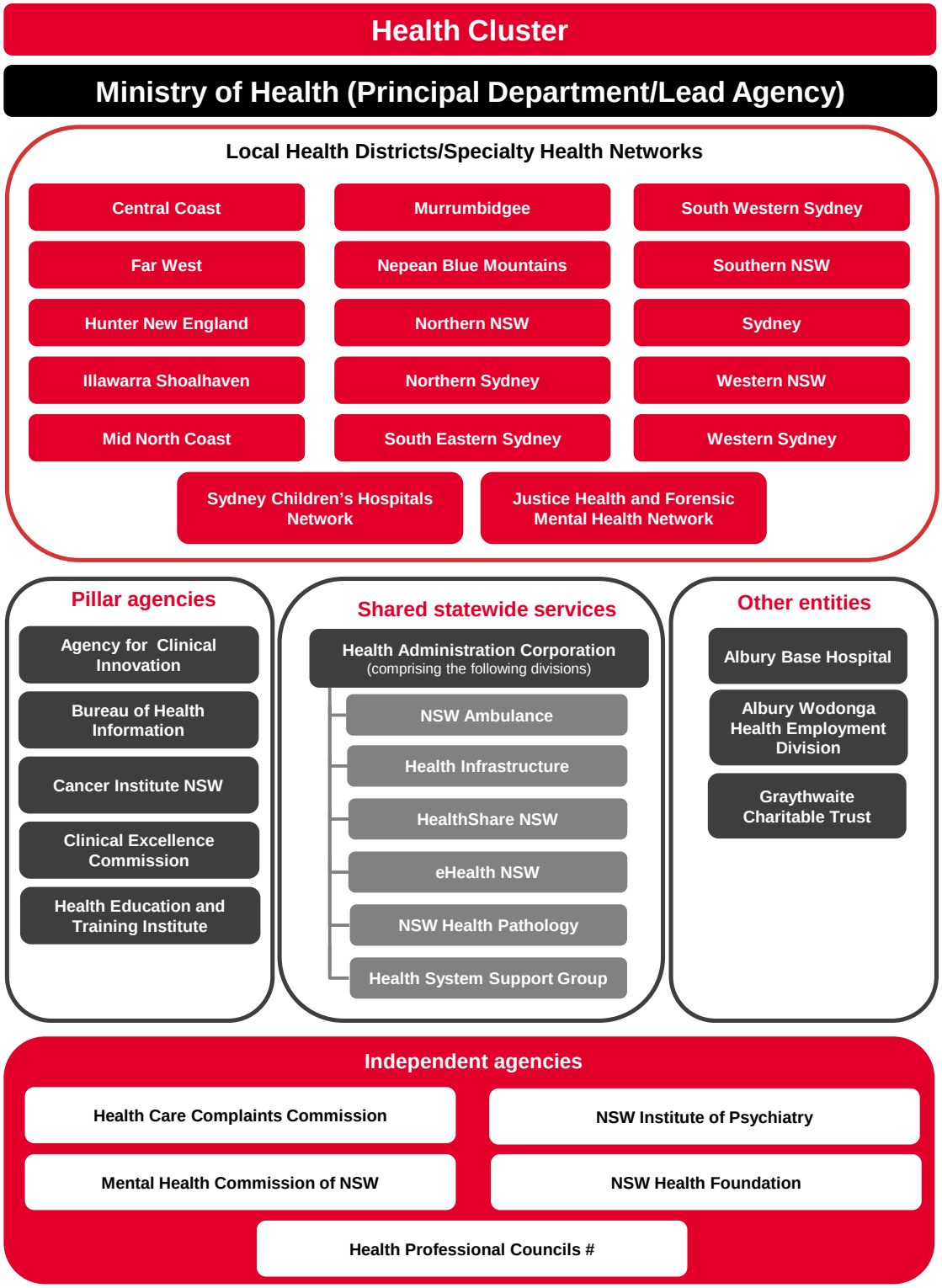
* Gross asset replacement value.

Snapshot of the cluster

The Ministry of Health (the Ministry) is the lead agency in the Health cluster. The cluster is responsible for:

- providing health care services to patients and the community
- promoting wellness and illness prevention
- developing health care policy and planning
- managing, monitoring and reporting on health system performance
- building healthy communities by working with other parts of the NSW Government.

The commentary in this report covers the following cluster entities:



Health Professional Councils is the aggregate of the Psychology, Podiatry, Physiotherapy, Pharmacy, Osteopathy, Optometry, Occupational Therapy, Nursing and Midwifery, Medical Radiation Practice, Medical, Dental, Chiropractic, Chinese Medicine, and Aboriginal and Torres Strait Islander Health Practice Councils.

Note: The diagram above excludes the 28 special purpose service entities and staff agencies controlled by health entities.

Status of 2015 recommendations

Last year's Auditor-General's Report to Parliament on the Health cluster included 16 recommendations for the cluster entities.

Recommendation	Current status
Ministry of Health and NSW Health entities	
The Ministry should issue guidance and work with each health entity to determine what they should do with dormant special purpose funds (restricted financial assets) or funds whose purpose is unclear. Health entities should arrange appropriate approvals to move funds from special purpose accounts to the Public Contributions Trust Fund by 31 March 2016.	The Ministry is developing guidance to provide transparency around the treatment of special purpose funds. The guidance, expected to be completed by 30 August 2016, is not yet finalised. In 2015–16, four health entities transferred 25 dormant funds worth $1.3 million from restricted financial asset accounts to the Public Contributions Trust Account.
NSW Health entities	
Management and communication of user administration processes between health entities and HealthShare NSW should be strengthened.	HealthShare NSW strengthened its controls by changing the management of user administration and access. Weak user access management at health entities still accounted for most IT issues identified in 2015–16. Refer to the Financial Controls chapter.
Health entities should continue reviewing the approach to managing excessive annual leave in 2015–16. They should: • monitor current and projected leave balances to the end of the financial year on a monthly basis • agree formal leave plans with employees to reduce leave balances over an acceptable timeframe.	Service agreements with local health districts/specialty networks required health entities to reduce employees with excessive leave. In 2015–16, the number of employees with excessive leave increased. Most health entities advise they are monitoring current and projected leave balances. However, the 2015–16 audits identified some health entities have not agreed formal leave plans with employees to reduce leave balances to an acceptable level. Refer to the Financial Controls chapter.
Health entities should monitor employees who take no or very little leave in a rolling 12 month period.	The number of employees taking no annual leave during the financial year fell in 2015–16. Health entities are able to monitor employees who take no or very little leave in a rolling 12 month period. Refer to the Financial Controls chapter.
Health entities should: • ensure timesheets are approved by supervisors before pay runs are complete • review Staff Specialists' rostering and leave recording practices by 30 June 2016, and immediately address any internal control weaknesses.	Unapproved employee timesheets continue to be a problem for health entities. The 2015–16 audits identified that many timesheets were not approved before pay runs were completed in some health entities. Refer to the Financial Controls chapter.

Recommendation	Current status
Health entities not monitoring purchase order usage for each budget holder should do so by 31 March 2016. These entities should: • identify which budget holders are not using purchase orders and understand why • implement targeted strategies to improve compliance with the Ministry of Health's purchase order target.	The Ministry in conjunction with HealthShare NSW implemented a statewide purchase order usage framework in 2015–16. Purchase order usage improved during the year.
The Secretary of NSW Health and health entities should finalise their service agreements by 31 July.	Many service agreements between the Secretary of NSW Health and local health districts/specialty networks continue to be signed late. Refer to the Governance chapter.
Chief Executives should review, by 31 March 2016: • local procedures and ensure conflicts of interest are being managed effectively • the conflicts of interest registers maintained by the health entity to ensure all entries are being recorded.	NSW Health entities are reviewing the conflicts of interest procedures. Some entities have centralised the registers and review the internal controls to ensure all entries are recorded.
Chief Audit Executives should review conflicts of interest registers to ensure they are complete, all actions have been addressed, trends are analysed, and instances requiring further action are followed up.	Most NSW Health entities report the Chief Audit Executive has reviewed their health entity's conflicts of interest register. Refer to the Governance chapter.
Chief Executives should review, by 31 March 2016: • local procedures and ensure gifts and benefits are being managed effectively • the gifts and benefits registers maintained by the health entity to ensure all entries are being recorded.	NSW Health entities have reviewed the gifts and benefits procedures. Some entities have centralised these registers and reviewed the internal controls to ensure all entries are recorded.
Chief Audit Executives should regularly review gifts and benefits registers to ensure all actions have been completed, trends are analysed, and instances requiring further action are followed up.	Most NSW Health entities report their Chief Audit Executive has reviewed their health entity's gifts and benefits register. Refer to the Governance chapter.
NSW Ambulance	
NSW Ambulance should implement targeted human resource strategies to address significant challenges it faces managing sick leave.	NSW Ambulance is monitoring unusual sick leave patterns. Whilst average sick leave taken has fallen, continued effort is required to improve sick leave management. Refer to the Financial Controls chapter.
NSW Ambulance should review the effectiveness of its strategies and rostering practices to reduce excessive overtime and call back payments.	NSW Ambulance advises it is implementing strategies to reduce the different overtime categories. Refer to the Financial Controls chapter.

Recommendation	Current status
eHealth NSW	
eHealth NSW should perform a detailed review of the way it manages information technology projects. The review should analyse the reasons for project delays and identify strategies to mitigate the risk on future projects.	eHealth NSW conducted post implementation reviews of recently completed and multi-year projects. Refer to the Financial Controls chapter.
Murrumbidgee Local Health District Justice Health and Forensic Mental Health Network	
Murrumbidgee Local Health District and the Justice Health and Forensic Mental Health Network should implement conflicts of interest registers immediately.	The recommendation was implemented by both health entities.

Status of 2015 recommendations					
Fully addressed		Partially addressed		Not addressed	

Financial Performance and Reporting

Financial performance and reporting are important elements of good governance. Confidence in public sector decision making and transparency is enhanced when financial reporting is accurate and timely. Effective financial management and reporting by agencies helps key stakeholders, such as the NSW Government, make effective decisions and achieve desired outcomes efficiently.

This chapter outlines audit observations, conclusions or recommendations for financial performance and reporting of agencies in the Health cluster for 2015–16.

Financial reporting

Observation	Conclusion or recommendation
All cluster agencies received unqualified audit opinions and reported misstatements have fallen from 109 in 2013–14 to 35 in 2015–16.	Early close procedures continue to allow issues and financial reporting risk areas to be addressed early in the audit process.
Early close procedures were largely completed and all financial statements were submitted by the statutory deadlines.	Health entities controlled by the Ministry of Health continued submitting their financial statements well ahead of the statutory deadlines.

Financial performance

Observation	Conclusion or recommendation
Seven local health districts/specialty networks recorded operating deficits in 2015–16.	The 2015–16 financial results were impacted by Treasury's initiative to improve cash management across the sector, effectively reducing State Government funding, resulting in the deficits.
Seven local health districts received more than 85.0 per cent of their revenue from the State Government. Health entities' dependence on government funding varies.	Some NSW Health entities are less reliant on government funding to support operations because they generate higher levels of revenue from own sources.
Expenses across NSW Health increased by 6.0 per cent in 2014–15 (4.9 per cent in 2014–15). In 2015–16, expenses included the cost of a new Hepatitis C drug ($108 million) fully funded by the Australian Government.	The expense growth rate is consistent with the expected long term annual expense growth rate for NSW Health outlined in the 2016 NSW Intergenerational Report.
The capital replacement ratio of local health districts/specialty networks ranged from 0.3 to 5.3 at 30 June 2016. Ten local health districts had capital replacement ratio higher than one.	Hospital redevelopments and other significant capital expenditures across NSW Health impacted capital replacement ratios at 30 June 2016.
Eight local health districts/specialty networks' expense budget variance was outside performance expectations agreed with the Ministry at the beginning of 2015–16.	The Ministry continues to manage performance across NSW Health to improve the accuracy of budgeting practices.

Financial performance	
Observation	**Conclusion or recommendation**
The projected average costs for Far West, Southern NSW, Western NSW and Central Coast local health districts are expected to be more than five per cent higher than the State price by 2016–17.	The Ministry will provide these local health districts transition grants of $81.9 million in 2016–17. This includes additional funding ($33.3 million) for the higher cost of health services in regional, rural and remote locations.

Quality of financial reporting

Unqualified audit opinions were issued for all agencies' financial statements

Unqualified audit opinions were issued on the 30 June 2016 financial statements for all agencies in the cluster.

A financial audit is designed to identify important matters to report to those charged with governance of the entity, the Minister and the Treasurer. Two significant matters were reported this year. They were:

- Northern NSW Local Health District's implementation of a new rostering system identified a number of problems, including:
  - rosters being 'force approved' by the system administrator
  - users with inappropriate access in the system
  - management only reviewing critical payroll errors – not all payroll exceptions
  - inadequate project governance around the system rollout.
- The Aboriginal and Torres Strait Islander Health Practice Council of New South Wales' (the Council) financial statements were not prepared on a 'going concern' basis because the Council has been unable to secure sufficient funding to continue operating.

Quality of financial reporting continues to improve

Since NSW Treasury introduced 'early close procedures', the quality of financial reporting has continued to improve for Health cluster entities. The number of misstatements identified has fallen from 109 in 2013–14 to 35 in 2015–16. The table below shows the number and dollar value of misstatements in the cluster over the past three years.

Number of misstatements						
Year ended 30 June	**2016**		**2015**		**2014**	
	Corrected	**Uncorrected**	**Corrected**	**Uncorrected**	**Corrected**	**Uncorrected**
Less than $50,000	15	3	1	8	18	19
$50,000 - $249,999	1	3	3	8	2	12
$250,000 - $999,999	--	5	2	7	1	26
$1,000,000 - $4,999,999	--	3	1	13	1	23
$5,000,000 and greater	--	5	--	6	3	4
Total number of misstatements	**16**	**19**	**7**	**42**	**25**	**84**

Source: Statutory Audit Reports issued by the Audit Office.

It is important for material misstatements to be corrected so users of the financial statements can rely on them as an accurate representation of an agency's performance and financial position.

Timeliness of financial reporting

Financial statements were submitted on time

In 2015–16, all cluster entities met the statutory deadlines for completing early close procedures and submitting financial statements. Health entities controlled by the Ministry of Health continued to submit the financial statements well ahead of the statutory deadlines.

Timely financial reporting is essential for sound financial management, effective decision making and improving public accountability.

Early close procedures were substantially completed, but can be improved

Some health entities can do more to improve early close procedures by:

- resolving significant accounting issues during the early close process or documenting a clear path towards timely resolution
- ensuring sufficient documentation supports management's proposed accounting treatments, judgements and assumptions
- ensuring management sufficiently engages with its valuer and interrogates the findings
- compiling adequate working papers to support revaluations of property, plant and equipment to allow for an efficient and effective audit before year-end
- stronger communication and collaboration between the entity and its shared service provider to close out issues.

Early close procedures bring forward the resolution of issues that can impact the quality and timeliness of financial reporting.

Key financial information

The Ministry recorded an overall net surplus of $323 million in 2015–16, $206 million less than the $529 million surplus recorded in 2014–15. This was primarily due Treasury's initiative to improve cash management across the sector, which effectively reduced revenue from State Government funding. Surplus cash was used as an alternate funding source in 2015–16.

The value of assets held by the Ministry increased from $16.6 billion at 30 June 2015 to $17.6 million at 30 June 2016. This was mainly due to significant capital expenditure on new facilities, upgrades and redevelopments across NSW Health. Six local health districts/specialty networks revalued land, buildings and infrastructure assets in 2015–16 adding to the recorded value of the assets. Total liabilities increased $213 million to $4.5 billion at 30 June 2016.

Appendix One and Two of this report summarise key financial results for entities in the cluster.

Financial and sustainability analysis

The following table summarises the health entities performance against some key financial indicators as at and for the year ended 30 June 2016.

Health entity	Surplus/ (deficit) $'000	Government funding (%)	Expense growth rate		Cash reserve ratio	Capital replacement ratio	
			%	3 year average		Ratio	3 year average
Consolidated entity							
Ministry of Health	323,252	83.5	6.0	5.7	0.4	1.7	1.8
Local health districts/specialty networks							
Central Coast	26,268	83.4	9.0	7.1	1.9	2.1	1.2
Far West	3,679	84.5	5.5	3.9	8.2	1.3	0.9
Hunter New England	12,029	84.2	4.3	4.6	3.7	1.1	1.5
Illawarra Shoalhaven	(42,006)	85.0	9.1	6.6	1.1	0.7	2.3
Justice Health and Forensic Mental Health Network	(34,211)	90.7	6.7	6.1	1.1	1.0	0.9
Mid North Coast	8,026	84.7	6.6	6.5	2.2	1.8	3.8
Murrumbidgee	58,053	81.9	7.9	4.9	2.0	4.0	4.6
Nepean Blue Mountains	(4,976)	86.0	6.8	6.4	1.0	0.3	0.5
Northern NSW	97,644	86.9	6.6	5.3	1.2	5.3	3.3
Northern Sydney	(14,015)	81.0	5.8	6.8	3.2	0.8	2.1
South Eastern Sydney	87,618	80.7	4.2	4.8	1.5	2.6	1.7
South Western Sydney	(22,371)	85.8	6.6	6.3	1.2	0.3	0.9
Southern NSW	25,396	85.6	9.7	5.2	2.7	4.1	6.8
Sydney	(2,852)	81.9	4.1	4.8	1.2	0.9	0.8
Sydney Children's Hospitals Network	(13,475)	77.8	4.4	5.5	2.5	1.0	0.7
Western NSW	12,403	85.4	5.1	3.3	2.8	1.2	1.6
Western Sydney	129,853	84.7	5.8	4.3	0.7	3.5	2.4

Source: Cash reserve ratio – NSW Ministry of Health (unaudited). Other indicators – audited financial statements.

Surplus/(deficit)

The number of health entities with operating deficits increased in 2015–16

Seven local health districts/specialty networks recorded operating deficits in 2015–16, three more than 2014–15. As noted earlier, the financial results were impacted by reduced State Government funding as part of the initiative to improve cash management across the sector.

Large surpluses are mainly due to capital funding received for new facilities, upgrades and redevelopments.

Government funding

Health entities' dependence on government funding varies

In 2015–16, seven local health districts/specialty networks received more than 85.0 per cent of their revenue from the State Government. Of the 15 local health districts, Northern NSW had the highest State Government funding percentage at 86.9 per cent. The rest of its revenue came from sales of goods and services (9.4 per cent) and other sources (3.7 per cent). In contrast, South Eastern Sydney had the lowest State Government funding percentage at 80.7 per cent.

The Sydney Children's Hospitals Network continues to get a higher percentage of funding from sales of goods and services (11.3 per cent) and grants and contributions (8.7 per cent). State Government funding represents 77.8 per cent of its revenue, the lowest of all health entities. The proceeds it, and other health entities, receive from fundraising activities and donations are restricted assets. These can only be spent in accordance with specified conditions.

Health entities' revenue mostly comes from State and Australian Government grant funding tied to the delivery of health care. Private patients are a source of revenue as is the provision of other services such as pharmacy sales, diagnostic imaging, private practice fees, car park fees, cafeteria sales, and income from investments.

Expense growth rate

NSW Health's expense growth rate increased in 2015–16

In 2015–16, expenses across NSW Health increased by 6.0 per cent (4.9 per cent in 2014–15). In 2015–16, expenses included the cost of a new Hepatitis C drug ($108 million) fully funded by the Australian Government. Despite this new expense, the growth rate remained in line with the expected long term annual expense growth rate for NSW Health outlined in the 2016 NSW Intergenerational Report. Thirteen of the seventeen local health districts/specialty networks contributed to the increased expense growth rate.

Only five of the local health districts/specialty networks recorded lower annual expense growth rates than their three-year averages.

Expenses at five local health districts grew by more than seven per cent in 2015–16. Southern NSW (9.7 per cent), Illawarra Shoalhaven (9.1 per cent) and Murrumbidgee (7.9 per cent) local health districts recently completed significant capital projects, such as new facilities, upgrades and redevelopments, in response to projected increases in demand for services. These increased activity levels and costs. Central Coast Local Health District (9.0 per cent) had a significant increase in expenses due to a $20.0 million capital grant to the University of Newcastle for the construction of a new medical school and research institute.

Three year average expense growth rate

Over the past three years, expenses increased 5.7 per cent each year across NSW Health. Central Coast Local Health District had the largest increase of 7.1 per cent. Six other health entities expenses increased by more than 5.7 per cent including Northern Sydney (6.8 per cent), Illawarra Shoalhaven (6.6 per cent), Mid North Coast (6.5 per cent), Nepean Blue Mountains (6.4 per cent), and South Western Sydney (6.3 per cent) local health districts and Justice Health and Forensic Mental Health Network (6.1 per cent).

A State Priority target is for agencies' expenses growth rate to be lower than the long term revenue growth rate. Agencies will need to monitor expenditure closely to achieve this target.

Cash reserve ratio

Most health entities have high cash reserve ratios

The Ministry monitors cash balances to ensure NSW Health meets the requirements of NSW Treasury Circular 15/01 'Cash Management – Expanding the Scope of the Treasury Banking System'. The cash reserve ratio is the minimum cash health entities should maintain. A ratio greater than one means the cash balance covers more than four days of cash expenses after adjusting for payments the Ministry makes on behalf of health entities.

All but two local health districts/specialty networks had cash reserve ratios greater than one. Of these, seven had ratios greater than two. They were Far West (8.2), Hunter New England (3.7), Northern Sydney (3.2), Western NSW (2.8), Southern NSW (2.7), and Mid North Coast (2.2) local health districts and Sydney Children's Hospitals Network (2.5). This indicates cash reserves in these entities may be excessive and may need to be reviewed by NSW Health.

In contrast, Western Sydney Local Health District had the lowest ratio at 0.7. At 30 June 2016, the local health district had barely enough cash to pay for three days' cash expenses.

Three health entities received cash assistance of $68.2 million in 2015–16

In 2015–16, the Ministry provided $68.2 million in cash assistance to three health entities, $4.0 million more than in 2014–15. The Ministry gives cash assistance to health entities when needed to pay debts as they become due.

The following table shows cash assistance paid to health entities over the past three years.

Additional cash assistance			
Year ended 30 June	**2016 $m**	**2015 $m**	**2014 $m**
South Eastern Sydney Local Health District	35.5	39.2	25.0
NSW Ambulance	22.7	--	--
Sydney Local Health District	10.0	4.8	--
Other local health districts*	--	20.2	38.7
Total	**68.2**	**64.2**	**63.7**

* In 2014–15, this comprised Western Sydney ($13.0 million), Northern NSW ($4.5 million) and Murrumbidgee ($2.7 million). In 2013–14, this comprised Western Sydney ($14.8 million), Northern Sydney ($13.4 million), Murrumbidgee ($5.3 million) and Northern NSW ($5.2 million).

Source: NSW Ministry of Health (unaudited).

For the first time in the last three years, NSW Ambulance received cash assistance due to its unfavourable financial results. At 30 June 2016, the Ministry assessed NSW Ambulance as having a serious underperformance risk.

South Eastern Sydney Local Health District has consistently received cash assistance over the past three years. The Ministry assessed it as underperforming.

Western Sydney, Northern NSW and Murrumbidgee local health districts did not receive cash assistance in 2015–16, but did in the previous two years.

Further detail on the Ministry's performance framework is provided in the Governance chapter.

Capital replacement ratio

Substantial ongoing investment in hospitals and other assets

The capital replacement, or asset sustainability ratio, approximates the extent to which physical assets managed by health entities are being replaced. It compares the rate of spending on renewing or growing capital assets against related depreciation. A ratio greater than one indicates capital expenditure is greater than the rate of depreciation.

In 2015–16, the overall capital replacement ratio for NSW Health was 1.7, down from 1.9 in 2014–15.

Health entities' capital replacement ratios ranged from 0.3 to 5.3 in 2015–16

In 2015–16, ten local health districts had capital replacement ratios higher than one, reflecting substantial capital expenditure across NSW Health. Northern NSW Local Health District's capital expenditure was 5.3 times greater than depreciation, the highest of all health entities. This was mainly due to capital expenditure on Byron Central Hospital and the redevelopment of Lismore Base Hospital. Southern NSW Local Health District's capital expenditure was 4.1 times greater than depreciation due to the significant capital expenditure on the South East Regional Hospital in Bega during the year.

In contrast, five local health districts had capital replacement ratios less than one. They were Sydney (0.9), Northern Sydney (0.8), Illawarra Shoalhaven (0.7), Nepean Blue Mountains (0.3) and South Western Sydney (0.3) local health districts.

Three year average capital replacement ratio

Nepean Blue Mountains and five other health entities may be under-investing in assets

At 30 June 2016, six local health districts/specialty networks had capital replacement ratio averages of less than one over the past three years. This means assets may not be replaced at the rate they are wearing out. Nepean Blue Mountains Local Health District had an average ratio of 0.5 over this period, the lowest across NSW Health. On 28 November 2016, the NSW Government announced a $550 million redevelopment of Nepean Hospital. Construction of a new clinical services block will start in 2018 after a new car park and early works are finished. The new building is expected to be operational in 2021.

Other health entities with average ratios of less than one were the Sydney Children's Hospitals Network (0.7), Sydney (0.8), Far West (0.9 per cent), Justice Health and Forensic Mental Health Network (0.9), and South Western Sydney (0.9).

The capital replacement ratio is a long-term indicator. Capital expenditure can be deferred in the short-term if, for example insufficient funds are available, but entities with ratios lower than one over the long-term may be under-investing in the assets they require for service delivery.

Performance against budget

Health entities' original expense budgets were increased by $721 million

Budgeted expenses at the start of 2015–16 for all local health districts/specialty networks totalled $16.0 billion. The expense budgets were revised to $16.7 billion during the year. Some of the largest statewide expense budget increases were for:

- long service leave actuarial adjustments ($274.9 million)
- highly specialised drugs allocations ($95.3 million)
- hosted services transfers ($30.0 million)
- voluntary redundancy reimbursements ($13.7 million)
- funding for various programs and projects, such as the Drug Summit, Integrated Care strategy, and Life House projects ($130.2 million).

Most statewide expense budget increases are due to non-cash adjustments offset by revenue budget increases, or the allocation of available funding within NSW Health.

The table below shows:

- original budgeted expenses, excluding losses, at the beginning of the financial year
- final budgeted expenses after budget revisions during the year
- actual expenses reported by each local health district/specialty network
- variances between the actual reported expenses and the original and final budgets.

	Budgeted total expenses excluding losses		Actual total expenses excluding losses	Favourable / (unfavourable) variance			
	Original	Final		Original vs actual		Final vs actual	
Year ended 30 June 2016	$m	$m	$m	$m	% ^	$m	% ^
Justice Health and Forensic Mental Health Network	185	204	209	(24.5)	11.7	(5.5)	● 2.6
Illawarra Shoalhaven	826	863	879	(52.3)	6.0	(15.4)	● 1.8
Far West	102	108	110	(8.1)	7.4	(1.9)	● 1.7
Southern NSW	355	377	381	(26.7)	7.0	(4.1)	● 1.1
Nepean Blue Mountains	699	725	732	(32.2)	4.4	(7.0)	● 1.0
Murrumbidgee	524	543	548	(23.8)	4.3	(5.7)	● 1.0
Western Sydney	1,532	1,601	1,616	(83.9)	5.2	(14.9)	● 0.9
Sydney Children's Hospitals Network	689	716	720	(30.8)	4.3	(4.0)	● 0.6
South Eastern Sydney*	1,588	1,650	1,658	(70.6)	4.3	(8.8)	0.5
Central Coast	720	785	782	(62.0)	7.9	2.9	0.4
Mid North Coast	553	581	583	(30.2)	5.2	(2.3)	0.4
Northern Sydney	1,501	1,571	1,578	(77.3)	4.9	(6.6)	0.4
Hunter New England	2,027	2,085	2,076	(49.5)	2.4	8.5	0.4
Sydney*	1,511	1,598	1,594	(82.7)	5.2	4.5	0.3
Western NSW	823	852	855	(32.2)	3.8	(2.8)	0.3
Northern NSW	700	740	739	(39.3)	5.3	0.7	0.1
South Western Sydney	1,617	1,675	1,673	(56.1)	3.4	1.4	0.1

* Local health district received cash assistance in 2015–16. Refer to commentary above.

^ Absolute value of favourable/(unfavourable) variance as a percentage of actual total expenses excluding losses for 2015–16.

● Not performing according to NSW Ministry of Health's performance framework.

Source: Original and final budget total expenses excluding losses – NSW Ministry of Health (unaudited). Actual total expenses excluding losses – audited financial statements.

The Ministry monitors individual health entities' performance against budget and provides cash assistance if needed to ensure required service levels are met. Health entities' budgets are updated frequently throughout the year to reflect transfers of functions, employee award changes and supplementations received after the initial budget.

Performing within budget expectations is challenging for some health entities

In 2015–16, 12 local health districts/specialty networks recorded unfavourable variances between actual and final budgeted expenses. Of these, eight had a variance of more than 0.5 per cent. They were Justice Health and Forensic Mental Health (2.6 per cent) and Sydney Children's Hospitals (0.6 per cent) networks, and Illawarra Shoalhaven (1.8 per cent), Far West (1.7 per cent), Southern NSW (1.1 per cent), Nepean Blue Mountains (1.0 per cent), Murrumbidgee (1.0 per cent), and Western Sydney (0.9 per cent) local health districts.

The Ministry considers health entities are not performing when actual expenses are more than 0.5 per cent unfavourable to the revised budget.

Justice Health and Forensic Mental Health Network had the largest variances. This was primarily due to higher than expected employee overtime to meet the demands of high risk civilian patients in the forensic hospital and the increasing prison population until more permanent staff are recruited.

Health funding

Four health districts' costs expected to exceed the State price by at least five per cent

The projected average costs of four local health districts are expected to be more than five per cent higher than the State price in 2016–17. They are Far West, Southern NSW, Western NSW and Central Coast local health districts. These local health districts will receive transition grants of $81.9 million in 2016–17 ($74.9 million in 2015–16), which includes $33.3 million ($26.1 million) for the higher cost of health services in regional, rural and remote locations.

The projected average costs of four local health districts and the Sydney Children's Hospitals Network are expected to be less than five per cent higher than the State price in 2016–17. The four local health districts are Northern Sydney, Murrumbidgee, Illawarra Shoalhaven and Northern NSW. They will receive transition grants of $42.9 million in 2016–17 ($58.7 million).

Seven local health districts/specialty networks projected average costs are expected to be lower than the State price for 2016–17. Mid North Coast, Nepean Blue Mountains and South Western Sydney local health districts are the only health entities where projected average costs have been consistently lower than the State price over the past three years.

The following table details the projected average cost of each local health district/specialty networks' services for 2014–15 to 2016–17.

Projected average cost						
Year ended 30 June		2017 $		2016 $		2015 $
State price		4,605		4,569		4,583
Far West	🔴	5,400	🔴	5,827	🔴	6,115
Southern NSW	🔴	5,011	🔴	5,007	🔴	5,279
Western NSW	🔴	4,925	🔴	5,094	🔴	5,397
Central Coast	🔴	4,863	🟢	4,513	🟡	4,628
Sydney Children's Hospitals Network	🟡	4,734	🟢	4,381	🟢	4,488
Northern Sydney	🟡	4,700	🟡	4,684	🟢	4,548
Murrumbidgee	🟡	4,699	🟡	4,779	🟡	4,745
Illawarra Shoalhaven	🟡	4,658	🟡	4,574	🟡	4,612
Northern NSW	🟡	4,635	🟢	4,504	🟢	4,586
Mid North Coast	🟢	4,584	🟢	4,124	🟢	4,243
South Eastern Sydney	🟢	4,548	🟢	4,555	🟡	4,665
Sydney	🟢	4,545	🟡	4,662	🟢	4,477
Hunter New England	🟢	4,544	🟡	4,615	🟢	4,504
Western Sydney	🟢	4,509	🟢	4,494	🔴	4,897
South Western Sydney	🟢	4,439	🟢	4,290	🟢	4,174
Nepean Blue Mountains	🟢	4,408	🟢	4,432	🟢	4,457

🟢 less than State price.
🟡 higher than State price (less than 5 per cent).
🔴 higher than State price (greater than 5 per cent).

Source: NSW Ministry of Health (unaudited).

Local health districts and the Sydney Children's Hospitals Network are funded based on a combination of activity based funding (ABF) and block funding. For ABF services, local health districts/specialty networks are funded at the lower of the projected average cost or the 'State price' set by the Ministry. Some health entities also receive transition grants when the projected average cost is higher than the State price.

The State price and local health districts/specialty networks projected average costs are influenced by:

- productivity improvements
- changes in input costs
- better capture and reporting of activity
- refinements in standardisation of cost allocation.

Caution should be taken when comparing the State price from one year to the next. For example, the Independent Hospital Pricing Authority introduced some significant changes to patient classifications used for ABF, which has impacted the calculation of the State price.

Financial Controls

Appropriate financial controls help ensure the efficient and effective use of resources and the implementation and administration of policies. They are essential for quality and timely decision making to achieve desired outcomes.

This chapter outlines audit observations, conclusions or recommendations for the financial controls of agencies in the Health cluster in 2015–16.

Financial controls	
Observation	**Conclusion or recommendation**
Most identified information technology (IT) control issues were caused by weak user administration processes.	**Recommendation:** Health entities should ensure they have appropriate information technology controls including: • establishing formal IT policies and periodic reviews of accounts with access to critical financial systems • approving IT policies with guidance on password parameters • ensuring all sensitive information is encrypted.
Managing excess annual leave remains a significant challenge for health entities. Thirty–six per cent of NSW Health's workforce has excessive annual leave balances.	**Recommendation:** Health entities should continue reviewing the approach to managing excessive annual leave in 2016–17. They should: • monitor current and projected leave balances to the end of the financial year on a monthly basis • agree formal leave plans with employees to reduce leave balances over an acceptable timeframe.
NSW Ambulance continues to face significant challenges in managing sick leave. Whilst NSW Ambulance's average sick leave taken has decreased, continued effort is required to improve sick leave management.	**Recommendation:** NSW Ambulance should continue to implement and monitor targeted human resource strategies to address the challenges it faces managing sick leave.
NSW Ambulance's overtime payments remain significant. In 2015–16, the overtime payments totalled $71.8 million, a $1.9 million decrease from 2014–15. Overtime payments continue to be significantly higher than other health entities.	**Recommendation:** NSW Ambulance should continue to review the effectiveness of its strategies and rostering practices to reduce excessive overtime payments.
Other NSW Health entities are maintaining strong management of overtime, but some medical officers earn more in overtime than their base salary.	If not effectively managed, overtime can result in work, health and safety issues, particularly when fatigued employees perform high-risk tasks.

Financial controls	
Observation	**Conclusion or recommendation**
Unapproved employee timesheets are a continuing problem for health entities. Weak timesheet approval controls is increasing the risk of staff claiming and being paid for hours they have not worked.	**Recommendation:** Health entities should: • ensure timesheets are approved by supervisors before pay runs are completed • subsequently approve timesheets that were pre-approved or force approved • ensure access rights to approve and amend timesheets is only granted to delegated officers • review rostering and leave recording practices and address control weaknesses.
In 2015–16, only two local health districts discounted a total of four payments relating to Visiting Medical Officers (VMOs) who submitted claims more than 12 months after the service was provided.	**Recommendation:** Health entities should discourage VMOs from submitting claims late by discounting them as allowed under the VMO pay determination.
Major information technology projects continue to run behind schedule. Investment in information technology change management within NSW health entities is required.	**Recommendation:** Health entities should work with eHealth NSW to ensure sufficient resources are dedicated to information technology change management.
Dormant restricted financial assets are not yet resolved. More than half of all accounts, totalling $205 million, were idle during 2015–16.	**Recommendations:** The Ministry should issue guidance as soon as possible and work with each health entity to determine what should be done with dormant Restricted Financial Assets or funds whose purpose is unclear. Health entities should arrange appropriate approvals to move funds from Restricted Financial Assets to the Public Contributions Trust Fund.

Internal controls

One in four internal control issues reported were repeat issues

The 2015–16 health entity audits identified and reported 126 internal control issues to management with recommendations to address them. By comparison, 164 were identified in 2014–15 and 200 in 2013–14. The number of repeat recommendations fell to 33 (49 in 2014–15), around 25 per cent of all recommendations reported in 2015–16.

Repeat recommendations

Issues identified in 2014–15 audits which had not been addressed or fully resolved included:

- management of excessive annual leave balances needs continued focus at most health entities
- many timesheets are not approved by supervisors before pay runs are complete
- some visiting medical officers continue to submit claims for payment irregularly or late.

Further details on these issues are provided later in this chapter.

One high risk internal control weakness identified in 2015–16

The 2015–16 audits identified one high risk internal control weakness with Northern NSW Local Health District's roster approval processes following the district's implementation of a new rostering system. Issues included rosters being 'force approved' by the system administrator, users with inappropriate access in the system, and management only reviewing critical payroll errors – not all payroll exceptions.

Details of common internal control weaknesses and key themes across NSW Health entities are summarised below.

Governance issues

Governance issues included:

- the need to improve management of conflicts of interest
- not complying with the requirements of the *Government Information (Public Access) Act 2009*
- the need to regularly review policies and policy directives.

Other control issues

Other control issues resulted in instances of:

- timesheets not approved, approved by staff without delegation, approved before the roster date, and self-approved
- inventory stock count discrepancies
- annual leave not approved in a timely manner
- incorrect payments to staff specialists.

Financial performance and reporting issues

Financial performance and reporting issues resulted in:

- the need to perform and improve the quality and review of general ledger reconciliations
- instances of manual journals (including accruals) recorded without independent review and supporting documentation
- instances of completed projects not capitalised in a timely manner
- the need to review and update bank account signatories
- the need to ensure allowance for impairment calculations are reviewed for accuracy and appropriate support.

Breakdowns and weaknesses in internal controls increase the risk of fraud and error. The 2015–16 audits concluded that, generally, internal controls were designed appropriately and operated effectively to produce reliable and timely financial reports.

Information technology controls

Weak user administration processes caused most IT issues

Recommendation

Health entities should ensure they have appropriate information technology controls including:

- **establishing formal IT policies and periodic reviews of accounts with access to critical financial systems**
- **approving IT policies with guidance on password parameters**
- **ensuring all sensitive information is encrypted.**

Information system audits focus on the information technology (IT) processes and controls that support the integrity of financial data used to prepare agencies' financial statements.

Of the 21 IT issues identified during health entity audits in 2015–16 (16 in 2015–16), five were identified and reported in previous years.

Weak user access management accounted for most IT issues identified in 2015–16. A lack of formal policies and periodic review of user accounts increases the risk of inappropriate access and modification to financial data.

The lack of approved documented policies on password parameters and the failure to encrypt sensitive information were also identified as common IT issues across NSW Health.

These weaknesses increase the risk of users having excessive or unauthorised access to critical financial systems and information, compromising the integrity and security of financial data residing in these systems.

Human resources

At 30 June 2016, NSW Health employed around 112,500 full time equivalent employees (109,500 at 30 June 2015), 72.3 per cent (72.7 per cent) of whom were clinical staff. The statewide percentage of employee related expenses compared to total expenses was 61.1 per cent in 2015–16 (61.3 per cent in 2014–15).

Managing excess annual leave

Managing excess annual leave remains a significant challenge for health entities

Recommendation (repeat issue)

Health entities should continue reviewing the approach to managing excessive annual leave in 2016–17. They should:

- **monitor current and projected leave balances to the end of the financial year on a monthly basis**
- **agree formal leave plans with employees to reduce leave balances over an acceptable timeframe.**

Despite significant efforts to manage annual leave balances, NSW Health entities are struggling to reduce the number of employees with excessive balances. The number of employees with excessive leave is increasing year on year.

The health and wellbeing of staff can be adversely affected if staff do not take sufficient leave. Excess leave entitlements also negatively impact the cash flow of an organisation as leave liabilities generally increase over time in line with salary increases. Further, fraud is more likely to be detected when people are on leave, particularly if they perform key control functions.

Thirty–six per cent of NSW Health's workforce have excessive annual leave balances

The number of NSW Health employees with leave balances above target has increased from 45,240 at 30 June 2015 to 45,541 at 30 June 2016. Some employees accrue four weeks annual leave each year, while those working a seven day roster can accrue up to seven weeks per year.

The table below shows the number of employees in NSW Health with excessive leave.

Excessive annual leave balances					
At 30 June	**2016**	**2015**	**2014**	**2013**	**Trend**
Number of employees with excessive leave*	45,541	45,240	34,999	28,707	INCREASING
Percentage of workforce	35.9	36.4	28.7	23.8	STABILISED

* 2016 and 2015 figures based on 30 days or more, 2014 figures based on 35 days or more, 2013 figures based on 40 days or more.
Source: NSW Ministry of Health (unaudited).

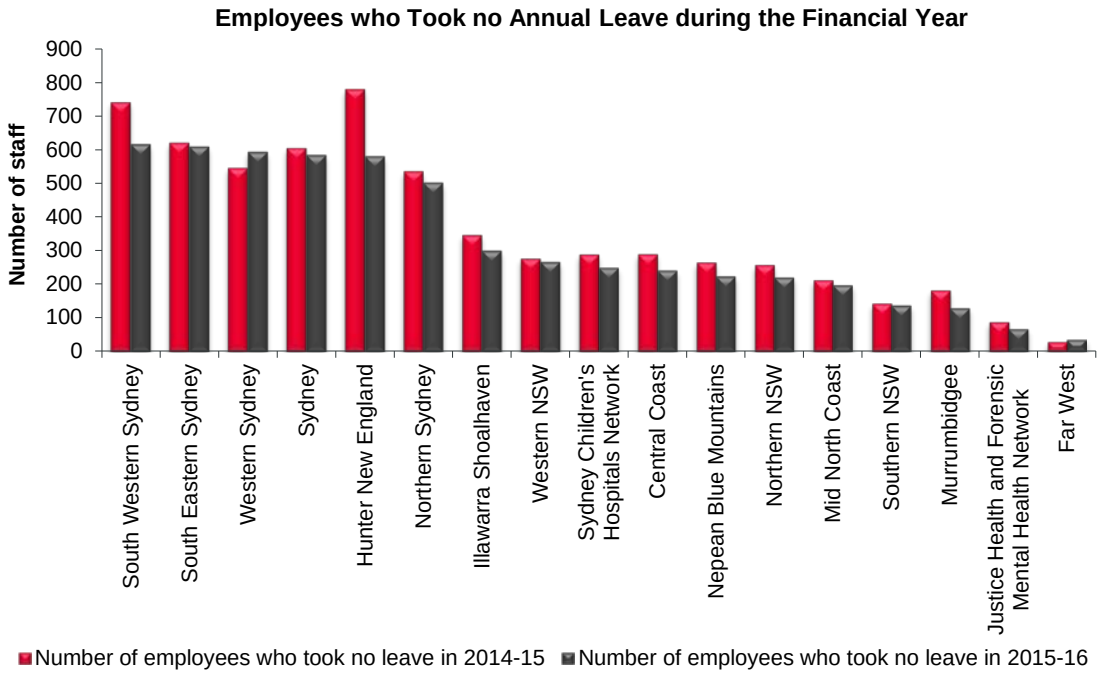
At 30 June 2016, South Western Sydney Local Health District once again had the highest percentage of employees with balances exceeding 30 days (46.9 per cent). The Cancer Institute NSW had the lowest percentage (8.8 per cent).

Last year's Auditor-General's Report to Parliament recommended health entities manage excessive annual leave balances more effectively in 2015–16. Most health entities report they monitor current and projected leave balances on a monthly basis, and measure excessive leave balances as part of their service agreements with the Ministry. However, the 2015–16 audits found some health entities have not agreed formal leave plans with employees to reduce their balances to acceptable levels.

Fewer employees did not take annual leave in 2015–16

The number of employees at local health districts/specialty networks who did not take annual leave during the year fell from 6,209 in 2014–15 to 5,541 in 2015–16. Last year's Report to Parliament recommended all health entities monitor employees who take no or very little annual leave in a rolling 12 month period.

The chart below shows the number of employees at local health districts/specialty networks who took no annual leave during the financial year.



Source: NSW Ministry of Health (unaudited).

Most local health districts and specialty networks have reduced the number of employees who took no annual leave in 2015–16.

South Western Sydney Local Health District had the most employees who took no leave in 2015–16 with 615, followed by South Eastern Sydney with 608 and Western Sydney with 592.

Managing sick leave

NSW Health employees took an average of 62 hours of sick leave in 2015–16

Health entities should continue to monitor and reduce the number of sick leave taken. In 2015–16, each full time equivalent (FTE) employee in NSW Health took an average of 62.0 hours sick leave (62.4 hours in 2014–15). The Ministry had previously set a target of 50.0 hours of sick leave per FTE. It is now the responsibility of health entities to set local targets.

Central Coast Local Health District had the highest sick leave per FTE across local health districts/specialty networks with an average of 67.8 hours in 2015–16 (Justice Health and Forensic Mental Health Network had the highest in 2014–15 with an average of 68.3 hours). South Eastern Sydney Local Health District had the lowest average of 57.4 hours in 2015–16 (Sydney Local Health District had the lowest in 2014–15 with an average of 58.3 hours).

Employees are eligible for sick leave when ill or injured or, in certain cases, when looking after ill or injured family members. High levels of sick leave can have adverse operational and financial impacts if fewer employees are available to deliver services, and overtime is paid at premium rates for other employees to maintain minimum staffing levels.

NSW Ambulance continues to face significant challenges managing sick leave

Recommendation (repeat issue)

NSW Ambulance should continue to implement and monitor targeted human resource strategies to address the challenges it faces managing sick leave.

NSW Ambulance had the highest sick leave rate in NSW Health with an average 78.7 hours per FTE in 2015–16 (81.2 hours in 2014–15). This was higher than the NSW Health average of 62.0 hours

Last year's Auditor-General's Report to Parliament recommended NSW Ambulance implement targeted human resource strategies to reduce sick leave. NSW Ambulance's average has fallen, but continued effort is needed to improve sick leave management.

NSW Ambulance advises:

- it monitors unusual sick leave patterns with data from its new payroll system, implemented in February 2016
- it will implement strategies to increase staff engagement including effective use of peer support and reworked performance development and review programs in 2017
- it will report Work Health and Safety initiatives and data to reduce avoidable sick leave.

Overtime payments

Overtime at NSW Ambulance

NSW Ambulance's overtime payments remain significant

Recommendation (repeat issue)

NSW Ambulance should continue to review the effectiveness of its strategies and rostering practices to reduce excessive overtime payments.

NSW Ambulance's overtime continues to be significantly higher than other health entities. In 2015–16, its overtime payments of $71.8 million were 18.2 per cent of total overtime payments made by NSW Health entities. Five NSW Ambulance employees were paid more than $100,000 in overtime in 2015–16.

In 2015–16, 78.0 per cent (82.6 per cent in 2014–15) of NSW Ambulance's employees received overtime payments. NSW Ambulance employees were paid an average of $14,700 for overtime, the highest average in NSW Health. This is attributed to employee award provisions, the nature of its operations and the number of staff on call, particularly in rural areas that do not have enough staff for a 24 hour roster.

Overtime is paid at premium rates and, if not effectively managed, can result in higher costs and work, health and safety issues, particularly when fatigued employees perform high-risk tasks.

NSW Ambulance has different categories of overtime including:

- Call Out – planned overtime used to maintain service delivery in regional and remote NSW where there is low demand, a 24 hour roster is not economically viable or for additional supervisory support.
- Drop Shift – unplanned overtime to cover staff absences.
- Extension of Shift – unplanned overtime when paramedics are on an active incident beyond their rostered finish time.

The table below shows the breakdown of overtime for NSW Ambulance.

NSW Ambulance overtime payments by category

Year ended 30 June	Overtime payments $m	Percentage of salary and wages expense	Overtime payments $m	Percentage of salary and wages expense
	2016		2015	
Call out	36.7	8.9	34.7	8.4
Drop shift	21.0	5.1	23.6	5.8
Extension of shift	13.1	3.2	14.1	3.4
Other	1.0	0.2	1.2	0.3
Total overtime payments	**71.8**	**17.4**	**73.6**	**17.9**

Source: NSW Ambulance (unaudited).

Call out payments remain the most significant category representing 51.1 per cent of all overtime payments (47.1 in 2014–15), followed by drop shift payments at 29.2 per cent (32.1 per cent), and extension of shift payments at 18.2 per cent (19.2 per cent).

Last year's Auditor-General's Report to Parliament recommended NSW Ambulance review the effectiveness of its strategies and rostering practices to reduce excessive overtime payments. NSW Ambulance advises the strategies implemented vary depending on the reasons for the overtime and include:

- Call Out – reviewing 24 hour rostering requirements at key locations where demand has increased with more full time employees introduced to reduce high rates of call out payments.
- Drop Shift – reviewing alternative staffing practices and workforce, in particular the increased use of casual staff to cover unplanned absences.
- Extension of Shift – reviewing staff rostering and deployment model as part of the Paramedic Response Network in the Sydney region. Whole of health program improvements in patient flows and time spent by paramedics transferring care at emergency departments is helping reduce extension of shift overtime.

Overtime at other NSW Health entities

Overall, NSW Health maintained strong management of overtime in 2015–16. Total overtime increased to $394 million in 2015–16 ($377 million in 2014–15), but overtime as a percentage of salaries and wages was stable at 4.2 per cent.

Some medical officers earn more in overtime than their base salary

The highest overtime earner in NSW Health was a medical officer who received a base salary of $115,500 and more than $201,800 in overtime. The table below shows the five highest overtime earners in 2015–16.

Position	Local Health District	Annual base salary $	Overtime/ call back paid $
Year ended 30 June		**2016**	**2016**
Registrar, Medical Officer	Northern Sydney	115,543	201,804
Medical Radiographer	Illawarra Shoalhaven	84,357	188,742
Registrar, Medical Officer	Sydney South Eastern Sydney	115,543	166,408
Registrar, Medical Officer	Nepean Blue Mountains Sydney	115,543	166,307
Registrar, Medical Officer	Western NSW	115,543	158,507

Source: NSW Ministry of Health (unaudited).

A career medical officer earned over $484,000 in overtime over the past three years

The table below shows four employees who consistently claimed and have been paid more than $110,000 in overtime since 2013–14. The highest overtime earner, a career medical officer, received more than $484,000 in overtime over the past three years.

Position	Local Health District	Annual base salary	Overtime/ call back paid	Overtime/ call back paid	Overtime/ call back paid	Total overtime/ call back paid
Year ended 30 June		**2016**	**2016**	**2015**	**2014**	
		$	**$**	**$**	**$**	**$**
Career Medical Officer Senior	South Western Sydney	198,949	136,370	160,125	188,148	**484,643**
Career Medical Officer Senior	Western NSW	198,949	135,850	154,838	191,995	**482,684**
Registrar, Medical Officer	South Western Sydney	115,543	113,486	171,167	188,039	**472,692**
Career Medical Officer Senior	Northern NSW	198,949	152,991	137,745	145,971	**436,707**

Source: NSW Ministry of Health (unaudited).

While total overtime payments over the past three years remain consistently high for these employees above, the amount of overtime paid year on year has fallen marginally, with the exception of a career medical officer at Northern NSW Local Health District.

Time recording

Unapproved employee timesheets continue to be a problem for health entities

Recommendation

Health entities should:

- **ensure timesheets are approved by supervisors before pay runs are completed**
- **subsequently approve timesheets that were pre-approved or force approved**
- **ensure access rights to approve and amend timesheets are only granted to delegated officers**
- **review rostering and leave recording practices, and address control weaknesses.**

Supervisors failing to approve employee timesheets continue to be an issue in most health entities. Weak timesheet approval controls increase the risk of staff claiming and being paid for hours they have not worked.

Some timesheets were approved before the work was performed or 'force approved' by system administrators so pay runs could be finalised on a timely basis. Processes are not in place to follow up or subsequently review pre-approved timesheets.

The approval of timesheets outside authorised delegations (including self-approved timesheets) was also identified as a common issue and instances of late approval of annual leave requests or no requests were identified.

Stronger controls over the approval of timesheets before submission for payroll processing would reduce the high volume of roster adjustments, manual pays, salary overpayments and leave not recorded accurately in the system.

All health entities should conduct a risk-based review of rostering and leave recording practices to ensure they do not have similar issues.

Statewide rostering system

Challenges with implementing new statewide rostering system

NSW Health is continuing its long term project of implementing HealthRoster, a single statewide rostering system. By 30 June 2016, HealthRoster was fully implemented at five health entities including eHealth NSW, HealthShare NSW, the Sydney Children's Hospitals Network, and Mid North Coast and Northern NSW local health districts.

Implementation commenced at five other health entities with full rollout anticipated by early 2017. NSW Ambulance is using a standalone version of HealthRoster, but implementation of the statewide system in the future is possible.

The transition from legacy systems to the statewide system has highlighted the need to improve some local rostering practices.

Visibility of staff rostering across NSW Health was identified as a key benefit of a statewide rostering system. However, limitations with the vendor's software meant a single instance of HealthRoster could not be used. The Ministry advises that the vendor is working to overcome the limitations preventing this from occurring. Improved data reporting functions will also improve statewide visibility of staff rostering.

The Ministry also reports:

- eHealth NSW is working with the vendor to design and build business functionality into the rostering system including the automated assignment of rostered medical overtime, roster costing, and advanced casual and agency management
- delays in finalising the statewide build, due to the complexity of award interpretation and integration to the payroll system, have been overcome. HealthRoster now has inbuilt validation and alerts to ensure consistent application of awards.

NSW Ambulance Death and Disability schemes

Death and Disability costs continue to increase

NSW Ambulance's Death and Disability scheme costs continued to rise from $21.7 million in 2014–15 to $28.0 million in 2015–16. The increase reflects deteriorating claims experience and general insurance market conditions.

On 20 May 2016, the Death and Income Protection Benefits Interim (State) award replaced the NSW Ambulance Death and Disability (State) award. It has an operating date of 20 August 2016. Any employees who were eligible to the death and disability award before 20 August 2016 can still lodge claims, which NSW Ambulance will be liable to pay.

Workplace Health and Safety

NSW Health's workers' compensation claims continue to fall

NSW Health paid $154 million in workers' compensation insurance premiums in 2015–16 ($152 million in 2014–15) despite the number of claims falling over the last three years.

Workers' compensation claims				
Year ended 30 June	**2016**	**2015**	**2014**	**Trend**
Total number of claims	4,552	4,612	4,821	REDUCING

Source: NSW Ministry of Health (unaudited).

The most common injury to health employees is body stress, which includes muscle strains from the high frequency of lifting, carrying, putting down and handling patients and objects. Nurses are most likely to be injured, accounting for 36.4 per cent (38.0 per cent) of all claims.

Workers' compensation claims by injury type are shown in the table below.

Workers' compensation claims by injury type						
	Number of claims	**Cost of claims $m**	**Number of claims**	**Cost of claims $m**	**Number of claims**	**Cost of claims $m**
Year ended 30 June	**2016**		**2015**		**2014**	
Body stress	2,110	24.2	2,183	24.8	2,303	25.2
Slips and falls	780	8.2	830	9.1	819	7.8
Mental stress	357	8.9	328	11.9	370	8.2
Hit by objects	644	5.2	600	3.6	229	0.9
Other causes	661	4.9	671	6.0	1,100	8.1
Total	**4,552**	**51.4**	**4,612**	**55.4**	**4,821**	**50.2**

Source: NSW Ministry of Health (unaudited).

Mental stress claims continued to be the costliest injury in 2015–16, with the average claim costing $24,930 ($36,280 in 2014–15). These claims are mainly attributable to work-related harassment or workplace bullying, work pressure and exposure to occupation violence or trauma.

The Lost Time Injury Frequency Rate is falling

The Lost Time Injury Frequency Rate (LTIFR) is the number of lost-time injuries relative to total hours worked. The rate is reported as the number of lost-time injuries per one million hour worked.

The table below shows the LTIFR by occupation type.

Lost time injury frequency rate by occupation

Year ended 30 June	2016	2015	2014	2013
Ambulance	74.7	93.5	97.0	93.8
Maintenance and trades	67.1	67.6	66.5	58.6
Hotel services	41.1	64.7	64.9	69.9
Nursing	14.4	24.0	24.9	25.7
Medical support	7.5	12.8	11.6	12.5
Hospital support and corporate services	5.8	10.1	11.2	17.3
Whole of Health	**15.5**	**24.6**	**25.0**	**27.0**

Source: NSW Ministry of Health (unaudited).

Consistent with the declining trend in workers' compensation claims, LTIFR is also reducing year on year.

Visiting Medical Officers

Visiting Medical Officers' pay claims can be reduced if they are submitted late

Recommendation

Health entities should discourage VMOs from submitting claims late by discounting them as allowed under the VMO pay determination.

In 2015–16, only two local health districts discounted a total of four payments for Visiting Medical Officers (VMOs) who submit claims more than 12 months after they provided the service.

When VMOs submit late or irregular claims, NSW Health employees find it difficult to access information, such as hospital rosters and electronic medical records to validate and approve the claims. This increases the resources required to validate claims, increases the risk of error, and impacts the ability to accurately forecast cash flows.

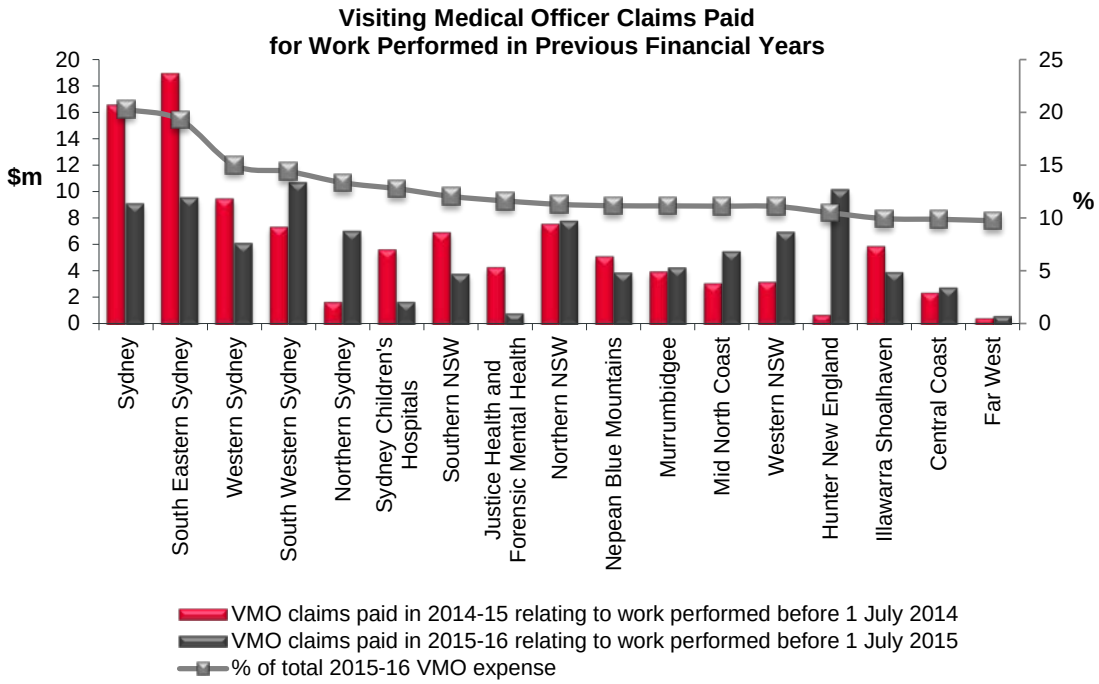
In 2014–15, health entities strengthened internal control processes to ensure VMOs submit claims in a timely manner. Health entities are only obliged to pay 50 per cent of a VMO's claim if submitted more than 12 months after they provided the service and nil if the claim is submitted after 24 months. This is subject to the VMO being given 28 days notice.

VMOs are doctors engaged by individual local health districts/specialty networks as independent contractors in the public health system.

Late submission of claims by VMOs fell in 2015–16

In 2015–16, VMOs submitted over 11,200 pay claims (12,300 in 2014–15), totalling $95.1 million, for work performed before 1 July 2015 ($104 million before 1 July 2014). These included 578 claims (720 claims) or $3.4 million ($5.5 million) for services provided more than 12 months earlier. Health entities paid VMOs $743 million in 2015–16 ($705 million).

The chart below shows the value of VMO claims paid for services performed in previous financial years.



Source: NSW Ministry of Health (unaudited).

South Western Sydney and Hunter New England local health districts paid the most in VMO claims in 2015–16 for work performed before 1 July 2015 - 1,401 claims for $10.7 million and 1,165 claims for $10.2 million respectively. Targeted efforts to settle claims over 12 months contributed to the high value of claims paid in 2015–16.

As a proportion of total VMO expenses, Sydney Local Health District paid the most in VMO claims in 2015–16 for work performed before 1 July 2015 (South Western Sydney Local Health District in 2014–15). These payments represented 20.3 per cent (23.2 per cent) of its VMO expenses for the year.

Asset management

At 30 June 2016, NSW Health had property, plant and equipment valued at $14.5 billion ($13.7 billion at 30 June 2015). NSW Health is managing a $1.5 billion capital program in 2016–17 ($1.2 billion in 2015–16).

Capital projects

Major projects completed in 2015–16

Most major capital projects were completed on or ahead of time and within budget

Health Infrastructure completed five major capital works projects, each with an estimated cost of $50.0 million or more, in 2015–16. As shown in the table below, these projects were completed on or ahead of time and within approved budgets except for the Royal North Shore Hospital Phases 1 – 3. Costs for this project were $5.2 million (6.1 per cent) higher than originally budgeted due to the settlement of a legal claim in 2015–16.

Project description	Original budgeted cost $m	Revised budgeted cost $m	Actual cost $m	Original estimated completion year	Year completed
South East Regional Hospital	187.1	187.1	180.5	2017	2016
Wollongong Elective Surgical Unit	106.7	106.7	104.5	2017	2016
Dubbo Health Service (Stages 1 and 2)	91.3	91.3	84.4	2016	2016
Byron Central Hospital	88.0	88.0	84.5	2016	2016
Royal North Shore Hospital (Phases 1 - 3)	84.6	84.6	89.8	2016	2016
Total	**557.7**	**557.7**	**543.7**		

Source: Original budget cost and estimated completion year – 2015–16 Budget Papers. Revised budgeted cost – 2016–17 Budget Papers. Other – NSW Ministry of Health (unaudited).

The South East Regional Hospital Bega delivered an expanded emergency department, regional orthopaedic service, new and expanded acute medical, surgical, maternity and paediatrics services, an inpatient sub-acute care unit, expansion of community and primary services and a range of clinical support services.

The Wollongong Elective Surgical Unit delivered seven new operating theatres, 10 new emergency department treatment spaces, a new and three refurbished resuscitation bays, a new ambulatory care facility and central sterilising department. It provides new surgical beds, intensive care unit, recovery and day beds.

The Dubbo Health Service Stages 1 and 2 upgrades delivered new operating theatres, clinical sterilising department and upgraded infrastructure. It provides maternity and day surgery services. The actual cost of the project was $6.9 million lower than the original budget due to the renal scope being moved to Stages 3 and 4.

The Byron Central Hospital provides 24-hour accident and emergency services, a low-risk maternity service, x-ray and medical imaging services, additional beds for overnight inpatient and non-acute mental health unit, dental and chemotherapy services.

The Royal North Shore Hospital Phases 1 - 3 redevelopment was delivered through a Public Private Partnership and includes the Kolling Building (research and education facility), Chatswood and Royal North Shore Community Health Centres, new Acute Services Building and new car park with 350 extra parking spaces.

Capital projects still in progress

Most capital projects are running on or ahead of time

Health Infrastructure is managing 20 major projects each with an estimated cost of more than $50.0 million.

Overall, the revised budgeted cost for the 20 major projects is $1.0 billion more than the original budget of $3.6 billion. This was due to different stages of projects being merged for Westmead, St George, Lismore and Blacktown and Mount Druitt Hospital redevelopments. This also contributed to revised completion schedules for certain projects.

At 30 June 2016, Health Infrastructure had spent $1.6 billion on these projects or 45.4 per cent of the original budget. The table below summarises these projects.

Project description	Original budgeted cost $m	Revised budgeted cost $m	Costs at 30 June 2016 $m	Original estimated completion year	Revised completion year
Northern Beaches Redevelopment Stage 1	600.0	600.0	120.7	2019	2019
Westmead Hospital Redevelopment Stage 1*	430.0	750.0	94.7	2021	2021
Gosford Hospital Redevelopment	368.0	348.0	52.9	2019	2019
Multipurpose Strategy Stage 5	300.0	300.0	13.5	2022	2019
St George Hospital Redevelopment Stage 1*	282.0	277.0	72.6	2021	2019
Wagga Wagga Redevelopment Stage 1	270.1	270.1	239.6	2017	2017
Blacktown And Mt Druitt Hospitals Redevelopment (Stages 1 and 2)*	259.2	659.2	265.5	2018	2020
Tamworth Hospital Stage 2	210.8	210.8	200.4	2017	2017
Sydney Ambulance Metro Infrastructure Strategy	150.0	150.0	36.8	2019	2019
Rural Ambulance Infrastructure Reconfiguration	122.1	122.1	5.7	2025	2025
Hornsby Ku-Ring-Gai Hospital Redevelopment Stage 1	121.0	121.0	103.3	2016	2017**
Bright Alliance - Nelune Comprehensive Cancer Centre, Scientia and The Sydney Children's Hospital Network at Randwick Campus	114.0	114.0	92.0	2016	2017
Lachlan Health Service (Parkes and Forbes Hospitals)	110.7	110.7	91.0	2016	2017**
Kempsey Hospital Redevelopment	81.9	81.9	74.4	2016	2017**
Lismore Hospital Redevelopment Stage 3*	80.3	260.3	104.4	2017	2019
Sutherland Hospital Expansion	62.9	62.9	26.2	2017	2017
Bowral Hospital Redevelopment	n/a	n/a	1.8	2018	2018
Macksville Hospital Redevelopment	n/a	n/a	0.5	2019	2019
Westmead Hospital Car Park	n/a	72.4	14.8	2018	2019
Armidale Hospital Redevelopment	n/a	60.0	6.8	2019	2019
Total	**3,563.0**	**4,570.4**	**1,617.6**		

* Impacted by incorporating additional stages, scope and budget subsequently approved by the NSW Government.

** Projects are now due for completion in 2016 compared to what was reported in the 2016–17 Budget Papers.

Source: Original budget cost and estimated completion year – 2015–16 Budget Papers. Revised budgeted cost and completion year – 2016–17 Budget Papers. Other – NSW Ministry of Health (unaudited).

Backlog maintenance

NSW Health is refining its maintenance calculation methodology

NSW Health did not quantify its total backlog maintenance in 2015–16. The Ministry reports NSW Health is refining its methodology and systems for identifying and reporting maintenance works following implementation of the statewide asset management system (AFM Online).

As reported in last year's Auditor-General's Report to Parliament, NSW Health's estimated backlog maintenance was $323 million at 30 June 2015.

Maintenance expenditure remains above the Ministry's benchmark

The statewide benchmark set by the Ministry to help it and health entities assess the adequacy of the maintenance spend is 2.15 per cent (2.15 per cent in 2014–15) of the gross asset replacement value. In 2015–16, the total maintenance spend was $563 million ($525 million) or 2.5 per cent (2.5 per cent) of the gross asset replacement value.

Statewide asset management system

NSW Health is implementing a statewide asset management system

The statewide asset management system (AFM Online) was made available to health entities in 2014–15. By 30 June 2016, the Ministry had spent $11.9 million on the system compared to a total project budget of $12.2 million.

In 2015–16, eHealth NSW commissioned a post implementation review of AFM Online. The review concluded migration onto AFM Online had been slower than planned due to scope changes and considerable variations in legacy data maturity, availability and quality across NSW Health.

To address the risk of low uptake and tailor an approach to help health entities implement AFM Online, the Ministry set up a Business Implementation Unit. Its functions include:

- coordinating and facilitating local implementation activities
- conducting supported implementation pilots
- establishing ongoing training resources
- monitoring and reporting on local implementation of the statewide system
- assessing the progress of system maturity in terms of integration with other systems such as financial systems.

A performance audit on asset management in health is expected to be tabled in 2016–17.

Information technology projects

eHealth Strategy for NSW Health

In May 2016, the Minister for Health launched the eHealth Strategy for NSW Health (2016–2026). The strategy outlines the next decade's direction for investment in eHealth enabled healthcare services across the State. NSW Health hopes to finalise the performance criteria and indicators to measure progress against the eHealth Strategy in early 2017. The first progress report is scheduled for mid-2017.

Information technology projects in progress

Major information technology projects continue to run behind schedule

Recommendation

Health entities should work with eHealth NSW to ensure sufficient resources are dedicated to information technology change management.

eHealth NSW's major projects are within budget, but continue to experience delays. The Ministry attributes the delays to the complexity of implementing statewide programs across NSW Health. Investment in information technology change management programs within NSW health entities is required.

At 30 June 2016, eHealth NSW was managing nine major information technology projects, each with original budgets exceeding $20.0 million. Six projects are running behind original planned timeframes, but there have been no further delays to the dates advised last year. eHealth NSW attributes the delays to the extensions in implementation schedules for some health entities, additional stakeholder consultation and usability testing, complexity in the rollout to meet different user requirements, and vendor/supplier capability and capacity issues.

Over the next four years, eHealth NSW plans to spend more than $145 million completing the nine projects, which are summarised in the table below:

Project description	Original budgeted cost $m	Revised budgeted cost $m	Costs at 30 June 2016 $m	Original estimated completion year	Revised completion year
Electronic Medication Management	170.3	170.3	96.1	2018	2018
Community Health and Outpatient Care	100.7	100.7	95.0	2016	2017
Rostering	94.8	89.6	89.6	2014	2019
Electronic Medical Record 2	85.4	85.4	70.4	2017	2017
Corporate System 2B	77.0	77.4	61.5	2017	2018
Infrastructure Strategy 3	51.1	51.1	51.2	2018	2017
Electronic Record for Intensive Care	43.1	43.1	24.2	2016	2020
Whole-of-Government Data Centre Migration	34.6	31.4	30.0	2017	2018
Incident Management System	22.2	22.2	8.2	2016	2018
Total	**679.2**	**671.2**	**526.2**		

Source: NSW Ministry of Health (unaudited).

Cyber security

eHealth NSW assets were not compromised by cyber threats in 2015–16

A cyber security incident is any activity that may threaten the security of a system or its information. eHealth NSW advises that in 2015–16 its assets were not compromised by a cyber security incident causing harm to systems or information.

eHealth NSW manages an independently certified ISO:27001:2013 compliant Information Security Management System (ISMS). The ISMS covers security, including security from cyber threats/attempts. In 2015–16, eHealth reports its assets were exposed to 883 cyber threats/attempts. These included 329 phishing emails, malware and other infections, suspicious traffic and internet based network vulnerability scans, probes and reconnaissance.

A cyber security compromise is an incident where the security of a system or its information is successfully harmed. Examples of compromises include the extraction of information from a computer network, defacement of a website, or degradation in the reliability of an online service.

At 30 June 2016, eHealth NSW had 7,860 servers, 1,060 databases, 5,140 terminals, 290 networks and close to 14,000 applications under management.

NSW Ambulance's billing system

Significant issues with NSW Ambulance's revenue system have been addressed

The 2014 Auditor-General's Report to Parliament recommended a review into the effectiveness of NSW Ambulance's revenue system and patient billing practices. An external firm completed the review in June 2015 and made eleven recommendations. NSW Ambulance advises it implemented seven recommendations in 2014–15 and the remaining four during 2015–16.

NSW Ambulance's debt management

Office of State Revenue is providing debt management services to NSW Ambulance

New legislation proclaimed in 2015 gave the Office of State Revenue (OSR) authority to provide debt management and infringement processing services to NSW Ambulance. OSR commenced debt recovery services, including first garnishee notices, in January 2016.

Under the legislation, NSW Ambulance anticipated a higher level of debt recovery, but there was no significant improvement in 2015–16. NSW Ambulance, in consultation with the OSR, wrote off $31.3 million in aged patient encounter debts from current and prior financial years. It also recognised an impairment allowance for patient transport receivables of $17.2 million at 30 June 2016. NSW Ambulance advises debt recovery is expected to improve over time as the debt management model matures.

Restricted financial assets

Restricted financial assets in NSW Health

Dormant restricted financial assets have not been resolved

Recommendations (repeat issues)

The Ministry should issue guidance as soon as possible and work with each health entity to determine what should be done with dormant Restricted Financial Assets or funds whose purpose is unclear.

Health entities should arrange appropriate approvals to move funds from Restricted Financial Assets to the Public Contributions Trust Fund.

More than half the restricted financial asset accounts were idle during 2015–16

Restricted Financial Asset (RFA) accounts with less than $100 in expenses during the year (3,895) totalled $205 million at 30 June 2016. Subject to restrictions by the donor/grantor, the money in these accounts could be used more freely for health services.

Number and value of restricted financial asset accounts at 30 June 2016

Expenses during the financial year	Number of accounts	Closing balance $m
<$100	3,895	205.3
$100 - $1,000	564	20.4
$1,001 - $10,000	1,214	108.7
$10,001 - $50,000	1,016	160.2
>$50,001	681	516.6
Total	**7,370**	**1,011.2**

Source: NSW Ministry of Health (unaudited).

The Ministry reports that regular reviews are performed for dormant accounts with a number of accounts closed and remaining funds transferred to the Public Contributions Trust Account.

In 2015–16, Murrumbidgee, Northern Sydney, Western Sydney local health districts and NSW Health Pathology transferred 25 dormant funds worth $1.3 million from RFA accounts to the Public Contributions Trust Account.

Whilst the Ministry is preparing guidance, health entities have limited ability to spend funds in RFA accounts outside of their original purpose without breaching legislation or donor imposed conditions.

To change the conditions of use or move funds from dormant accounts into the Public Contributions Trust Fund, permission from the donor must be sought and granted. If this is not possible, permission is required from the Attorney-General for funds with less than $500,000 or from the Courts for funds with more than $500,000.

The statewide electronic registry was improved in 2015–16

Improvements to the statewide electronic registry of Custodial Trust Funds and Restricted Financial Assets (eCTRA) in 2015–16 include:

- a standardised approach to categorising funds, expenditure, forecast and budget analysis reports to meet forward estimate requirements
- enhanced reporting capabilities to enable continual review of accounts
- collecting and loading remaining fund information recorded on paper-based records.

Health entities continue to validate information in eCTRA and provide further information on the source and purpose of funds. It is anticipated eCTRA will generate accurate statewide RFA information in 2016–17.

eCTRA was implemented by health entities in 2014–15.

Governance

Governance refers to the high-level frameworks, processes and behaviours established to ensure an entity performs by meeting its intended purpose, conforms with legislative and other requirements, and meets expectations of probity, accountability and transparency.

This chapter outlines audit observations, conclusions or recommendations for the governance of agencies in the Health cluster for 2015–16.

Governance	
Observation	**Conclusion or recommendation**
The service agreements between the Secretary of NSW Health and health entities continue to be signed late.	**Recommendation:** The Secretary of NSW Health and health entities should finalise service agreements by 31 July each year.
Three NSW Health entities were not meeting performance expectations at 30 June 2016.	The Ministry is managing the three entities in accordance with its performance review process.
Most NSW Health entities are not fully compliant with the Ministry's enterprise risk management policy directive.	**Recommendation:** Health entities should take action to fully comply with the NSW Health Enterprise Risk Management policy directive. Progress should be reported to Audit and Risk Management Committees.
The Ministry does not require NSW Health entities to have fully independent Audit and Risk Committees.	The Ministry's policy on Audit and Risk Committee membership is not consistent with NSW Treasury's policy requirements.
Most Chief Audit Executives now review health entities' conflict of interest registers.	**Recommendation:** Relevant Chief Audit Executives should review the 2015–16 conflicts of interest registers to ensure they are complete, all actions have been addressed, trends analysed and instances requiring action followed up.
All but one NSW Health entity maintain centralised gifts and benefits registers.	Centralising the registers has allowed Chief Executives to better manage gifts and benefits received.

Service agreements in NSW Health

The Secretary of NSW Health has service agreements with local health districts/specialty networks which outline performance requirements for safety and quality, service access and patient flow, finance and activity, population health, people and culture. Similarly, the Secretary of NSW Health has service compacts with Pillar agencies and shared statewide service agencies which detail service responsibilities and accountabilities.

The Secretary agrees to provide funding and other support to health entities and they agree to meet the service obligations and performance requirements in the service agreement/compact. The service agreements/compacts outline how the Ministry monitors performance and holds health entities to account.

Local health districts/specialty networks' service agreements need to be signed earlier

Recommendation (repeat issue)

The Secretary of NSW Health and health entities should finalise service agreements by 31 July each year.

Local health districts/specialty networks should sign service agreements with the Secretary of NSW Health by 31 July each year as they clarify roles, responsibilities, performance measures, budgets, and service volumes and levels.

Many service agreements continue to be signed late. The 2016–17 agreements were sent to local health districts/specialty networks on 21 June 2016 and were due to be signed by 31 July 2016. Only eight local health districts/specialty networks met this date. Justice Health and Forensic Mental Health Network did not finalise its 2016–17 service agreement until 13 October 2016.

Of the seventeen local health districts/specialty networks, eight signed the service agreements in July 2016, seven in August 2016, one in September 2016 and one in October 2016. By comparison, eight signed their 2015–16 service agreements in July 2015, seven in August 2015, one in September 2015 and one in November 2015.

Service agreements for other health entities also need to be finalised earlier

The service agreements/compacts between the Secretary of NSW Health and other health entities are also signed late. The agreements/compacts were finalised in November 2016.

In future years, health entities should sign the service agreements/compacts by 31 July at the latest. The Ministry advises that finalising the service agreements/compacts is constrained by the release of the State budget and board meeting cycles. However, the agreements should be signed before or as close to the start of the financial year in which the services are to be provided.

Performance of NSW Health entities

Three NSW Health entities are not meeting performance expectations

At 30 June 2016, three NSW Health entities (five at 30 June 2015) were not meeting the performance expectations in the service agreements with the Secretary of NSW Health.

The Ministry of Health rates each local health district/specialty network as performing, underperforming, serious underperformance risk or challenged and failing. The Ministry's performance framework and service agreements clearly set out performance expectations to ensure NSW Government and national health priorities, services, outputs and outcomes are achieved.

The Ministry of Health's most recent performance assessments of the fifteen local health districts, two specialty networks and NSW Ambulance are shown below.

Performance measure						
Quarter ending	**Jun 2016**	**Mar 2016**	**Dec 2015**	**Sep 2015**	**Jun 2015**	**Movement in escalation level**
Level 4 – Challenged and failing						
None	--	--	--	--	--	~
Level 3 – Serious underperformance risk						
NSW Ambulance	3	3	2	2	2	↑
Level 2 – Underperforming						
South Eastern Sydney	2	2	2	3	3	↓
Nepean Blue Mountains	2	1	1	1	1	↑
Level 1 – Under review						
Western Sydney	1	1	2	2	2	↓
Murrumbidgee	1	1	1	1	2	↓
Sydney Children's Hospitals Network	1	1	1	1	1	~
Level 0 – Performing						
Northern Sydney	--	1	1	1	2	↓
Central Coast	--	--	--	--	--	~
Far West	--	--	--	--	--	~
Hunter New England	--	--	--	--	--	~
Illawarra Shoalhaven	--	--	--	--	--	~
Justice Health and Forensic Mental Health Network	--	--	--	--	--	~
Mid North Coast	--	--	--	--	--	~
Northern NSW	--	--	--	--	--	~
Southern NSW	--	--	--	--	--	~
South Western Sydney	--	--	--	--	--	~
Sydney	--	--	--	--	--	~
Western NSW	--	--	--	--	--	~

Level 4: Challenged and failing when the recovery strategy has failed and changes to the governance of the health entity may be required.

Level 3: Serious under performance risk when the recovery plan is not progressing well and is unlikely to succeed without additional support from the Ministry.

Level 2: Underperforming when the Ministry considers that the original performance issue that triggered a Level 1 response warrants a formal recovery plan and/or other performance issues emerge warranting level 2.

Level 1: Under review when a performance issue is identified.

Key: ↑ Performance escalated (deteriorated); ↓ Performance de-escalated (improvement); ~ No change.

Source: NSW Ministry of Health (unaudited).

NSW Ambulance's was the only NSW Health entity assessed as a serious underperformance risk (one local health district at 30 June 2015) due to financial concerns. Whilst it has a recovery plan, it fell short of achieving both expenditure and revenue strategies in 2015–16.

Nepean Blue Mountain Local Health District's performance assessment deteriorated during the year due to concerns with Emergency Treatment and Elective Surgery Access Performance. The local health district's performance is analysed in the Service Delivery chapter.

South Eastern Sydney, Murrumbidgee, Northern Sydney and Western Sydney local health districts' performance assessments improved because recovery plans were progressing well and previous performance issues were being resolved.

Governance policies

Review of model by-laws

The *Health Services Act 1997* allows the Secretary, NSW Health to issue model by-laws, which provide guidance to NSW Health entities on establishing board sub committees including audit and risk management committees, finance and performance committees and health care quality committees.

In September 2016, the *Health Services Act 1997* was updated to simplify the process for making by-laws. The changes allow health entities to:

- adopt the model by-laws
- make by-laws, not covered by the model, without the Secretary, NSW Health's approval
- modify the model by-laws with approval from the Secretary, NSW Health.

In December 2013, the Ministry issued a discussion paper on model by-laws to health entities and other relevant stakeholders. The discussion paper included the by-laws and the legislative structure for making and approving them. The Ministry released draft model by-laws in 2015 for further review following the range of diverse comments from the consultation phase.

Application of Treasury's internal audit and risk management policy

The Ministry does not require fully independent Audit and Risk Committees

In July 2015, Treasury released Treasury Policy Paper (TPP) 15–03 'Internal Audit and Risk Management Policy for the NSW Public Sector'. The TPP includes some core requirements that differ from NSW Health's model. For example, the new TPP requires a fully independent Audit and Risk Committee, whereas the by-laws allow non-independent members and require the Chief Executive to be a member of the committee.

NSW Health entities have indicated the most common gap between TPP15–03 and the current arrangements is the need for a fully independent Audit and Risk Committee. A fully independent committee ensures members are free of relationships that may interfere, whether actual or perceived, with their judgement.

The Ministry has reviewed the NSW Health Internal Audit policy directive in light of TPP15–03, and issued a new policy directive in November 2016. The policy directive only requires a majority of committee members be independent. The Ministry has until 1 July 2017 to comply or obtain approval to depart from TPP15–03's composition requirements for Audit and Risk Committees.

Risk management

Enterprise risk management in NSW Health

Enterprise risk management is continuing to improve in NSW Health

The Ministry continued to address recommendations from a 2013 independent review it commissioned to assess whether NSW Health had implemented effective risk management practices.

As part of its enterprise risk management, the Ministry continued providing statewide feedback to NSW Health entities based on quarterly reporting of risks. The new enterprise risk management (ERM) policy directive, issued in November 2015, changed the requirement to report extreme and high risks to reporting health entities' top 10 risks. The Ministry is looking to improve its approach to providing statewide feedback in 2016–17.

Last year's Auditor-General's Report to Parliament commented on the Ministry's intention to obtain a statewide ERM information technology solution. The Ministry has not pursued a centralised approach. Instead, NSW Health entities are implementing ERM software solutions on an individual needs basis.

Risk management is the process of identifying, assessing and prioritising risks to monitor and mitigate the impact of unforeseen events or maximise the realisation of opportunities. Embedding risk management in an organisations' culture, management systems and processes, can improve decision making and achieve significant efficiencies and cost savings. Risk management is a key component of good governance.

Most NSW Health entities are not fully complying with the ERM policy directive

The Ministry's enterprise risk management policy directive outlines the minimum mandatory requirements for NSW Health staff to comply with risk management standards.

Recommendation

Health entities should take action to fully comply with the NSW Health Enterprise Risk Management policy directive. Progress should be reported to Audit and Risk Management Committees.

At 30 June 2016, five NSW Health entities reported full compliance with the policy directive requirements. Most NSW Health entities reported combinations of full and partial compliance.

The number of strategic risks reported by NSW Health entities varies widely

At 30 June 2016, NSW Health entities were managing around 1,400 strategic risks. South Eastern Sydney Local Health District had the highest number of strategic risks with 563 risks recorded in its enterprise risk register. Central Coast Local Health District was the next highest with 231 risks and Western Sydney Local Health District the lowest with only six risks.

The wide disparity in the number of strategic risks reported indicates local health districts/specialty networks are taking different approaches to recording strategic risks and that some risks may be operational risks, which are better managed locally.

Central Coast Local Health District reported the highest number of extreme strategic risks with 12 reported in its enterprise risk register at 30 June 2016. Most of these risks related to redevelopment projects at Gosford and Wyong and are not considered ongoing risks. Eight local health districts and the Sydney Children's Hospitals Network reported no extreme strategic risks.

Health entities report strategic risks in set categories. At 30 June 2016, 49 per cent of all strategic risks were 'Clinical Care and Patient Safety' risks, followed by 'Work Health & Safety' risks at 14 per cent.

Internal audit

Use of internal audit

Internal audit resourcing varies across NSW Health

Health entities spent $11.6 million on internal audit activities in 2015–16. A common measure of the sufficiency of investment in internal audit is to compare total internal audit costs to total expenses. On average, local health districts and specialty networks spent $56 for every $100,000 of expenses in 2015–16.

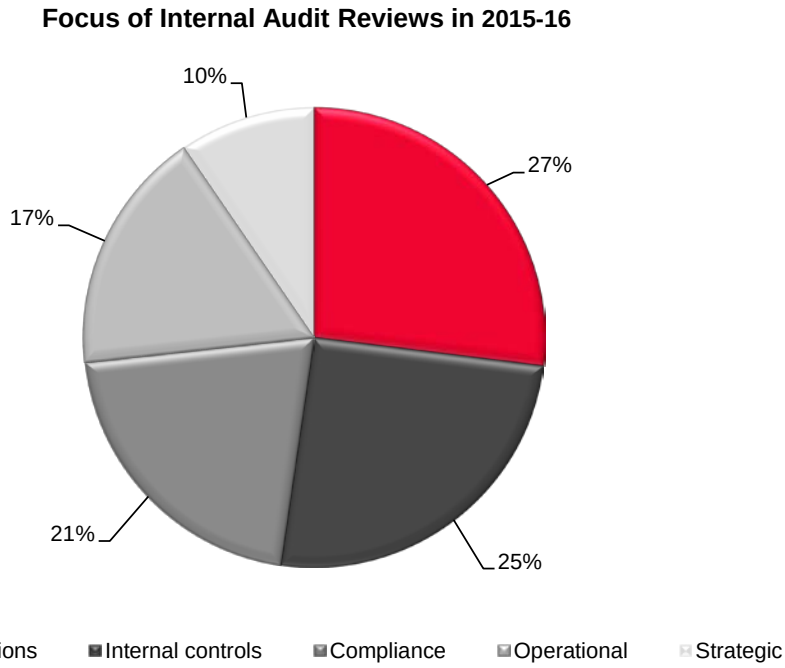
Four local health districts/specialty networks spent substantially more on internal audit per $100,000 of expenses in 2015–16: Southern NSW ($181), Far West ($122), Justice Health and Forensic Mental Health Network ($83) and Central Coast ($82).

Three local health districts/specialty networks spent substantially less on internal audit per $100,000 of expenses in 2015–16: Northern NSW ($29), Hunter New England ($31) and the Sydney Children's Hospitals Network ($37).

A well resourced internal audit function allows a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Almost one–third of internal audit reporting relates to investigations

The graph below shows the focus of internal audit reviews in 2015–16 across NSW Health.



Source: NSW Ministry of Health (unaudited).

NSW Health entities spent a large proportion of time (27 per cent) conducting and reporting on investigations. Investigations include reporting on suspected corrupt conduct, public interest disclosures, and breaches of policies. Conducting investigations is a normal role for internal audit, but can reduce resources available for other core functions.

Conflicts of interest and gifts and benefits

Managing conflicts of interest

The Ministry's conflicts of interest and gifts and benefits policy directive requires health entities to maintain a conflicts of interest register. The register records details such as the name of the person declaring the conflict of interest and the nature of the declared conflict.

Most Chief Audit Executives are now reviewing conflict of interest registers

Recommendation (partially repeat issue)

Relevant Chief Audit Executives should review their health entity's 2015–16 conflict of interest registers to ensure they are complete, all actions have been addressed, trends analysed, and instances requiring action followed up.

Last year's Auditor-General's Report to Parliament recommended Chief Audit Executives review health entities' conflict of interest registers to ensure they are complete, all actions have been addressed, trends analysed, and instances requiring further action followed up. Most NSW Health entities report their respective Chief Audit Executives have reviewed the conflict of interest register.

Oversight by the Chief Audit Executive is an important component of governing conflicts of interest. Those Chief Audit Executives who have not reviewed the 2015–16 conflict of interest registers should do so immediately.

Conflicts of interest registers may be incomplete

At 30 June 2016, sixteen local health districts/specialty networks recorded a total of 1,019 entries in the conflict of interest registers. Western Sydney Local Health District was unable to provide the total number of entries during the 2015–16 because its register is maintained at individual facilities.

The number of entries recorded in local health districts/specialty networks' conflict of interest registers varied significantly during 2015–16. The average number of entries recorded was 19. Nepean Blue Mountains Local Health District had the most with 162 entries.

Health entities should review the registers to ensure they are complete and confirm conflicts are being recorded and monitored in accordance with the Ministry's policy directive.

Managing gifts and benefits

A key element of good governance is fraud and corruption control. An important aspect is effective management of gifts and benefits within public sector agencies.

The Ministry's conflicts of interest and gifts and benefits policy directive requires health entities to maintain gifts and benefits registers, which record all declarations and how they have been managed.

All but one NSW Health entity maintain centralised gifts and benefits registers

All NSW Health entities, with the exception of Illawarra Shoalhaven Local Health District, report they have centralised gifts and benefits registers which were reviewed by the Chief Audit Executives.

In 2015–16, Illawarra Shoalhaven Local Health District began centralising its gifts and benefits register.

Last year's Report to Parliament recommended Chief Audit Executives review health entities' gifts and benefits registers to ensure they are complete, all actions have been addressed, trends analysed, and instances requiring further action followed up.

The number of entries in gifts and benefits registers varies significantly

The number of entries in local health districts/specialty networks' gifts and benefits registers varied significantly in 2015–16. A total of 413 entries (359 entries in 2014–15) were recorded in the sixteen registers. Sydney Children's Hospitals Network recorded the most with 271 entries. Eight local health districts (nine in 2014–15) each recorded less than ten entries.

Illawarra Shoalhaven Local Health District was unable to provide information because it did not yet have a centralised register.

Service Delivery

Achieving government outcomes can be improved through effective delivery of the right mix of services from the public, private or not-for-profit sectors. Service delivery reform is most successful if there is clear accountability for service delivery outcomes, decisions are aligned to strategic direction and performance is monitored and evaluated.

This chapter outlines audit observations, conclusions and recommendations for service delivery by agencies in the Health cluster for 2015–16. Performance information reported and analysed in this chapter is unaudited, and not subject to quality review procedures.

Service delivery	
Observation	**Conclusion or recommendation**
Triage response time: The Ministry manages performance across NSW Health to ensure patients receive care in a clinically appropriate timeframe. It has emergency department triage response time targets for all triage categories.	NSW Health, on average, met emergency department triage response time targets across all triage categories for the third consecutive year. NSW hospitals are meeting triage targets despite increasing emergency department attendances. Eight local health districts met all triage targets in 2015–16, the same number as 2014–15.
Emergency treatment performance: The Ministry manages public patient access to emergency services in public hospitals. It has an emergency treatment performance target of 81 per cent.	NSW Health maintained its overall emergency treatment performance in 2015–16, but did not achieve its target. The State average emergency treatment performance was 74.2 per cent (74.3 per cent in 2014–15). Only five local health districts achieved the target in 2015–16, the same number as 2014–15.
Ambulance response times: NSW Ambulance has a response time target of 10 minutes for potentially life threatening cases in New South Wales.	NSW Ambulance response times improved from 11.2 minutes in 2014–15 to 11.0 minutes in 2015–16, but remained higher than the target of 10 minutes and the 2014–15 national average of 9.4 minutes.
Transfer of care: The Ministry has a target of 90 per cent for the number of ambulance arrivals within a 30 minute ‘transfer of care’ timeframe.	The rate of ambulance arrivals within a 30 minute 'transfer of care' timeframe improved from 84.5 per cent in 2014–15 to 87.6 per cent in 2015–16, but remained below the Ministry’s target.
Bed numbers and occupancy: While a higher bed occupancy rate can reflect efficiency, it can lead to increased wait times in emergency departments and more cancellations of elective (planned) surgery.	Bed occupancy across NSW Health increased from 85.2 per cent in 2014–15 to 90.3 per cent in 2015–16.
Average length of stay in hospital: The average length of stay by patients for acute episodes has remained stable in NSW hospitals for four years.	In 2015–16, the average length of stay for acute episodes was 3.1 days. The average length of stay in NSW hospitals remains higher than the national average of 3.2 days (in 2014–15).
Elective surgery waiting times: NSW Health only achieved one of three elective surgery targets for the second consecutive year, but its performance has deteriorated against the Category 3 target.	NSW Health continues to manage waiting times for elective surgery in public hospitals.

Service delivery	
Observation	**Conclusion or recommendation**
Unplanned re-admissions: Local heath districts/specialty networks have an unplanned rate of re-admissions target. This has been set at 5 per cent by the Ministry.	No local heath districts/specialty networks achieved the 5 per cent unplanned re-admissions target for 2015–16. The rate increased from 6.2 per cent to 6.3 per cent. Seven local health districts reduced re-admission rates from 2014–15.
Mental health acute re-admissions: NSW Health has a goal to reduce acute public sector mental health re-admissions. High re-admission rates may indicate deficiencies in inpatient treatment and follow up care.	Eleven local health districts did not achieve the NSW Health target of 13 per cent mental health acute readmissions in 2015–16.
Emergency Department re-presentations: Patients attending rural emergency departments are more likely to re-present within 48 hours of being discharged than those in regional or metropolitan emergency departments.	In 2015–16, the State average of emergency department re-presentations decreased marginally from 5.1 per cent in 2014–15 to 5.0 per cent.
Hospital Associated Infection: The national target for the rate of Staphylococcus aureus bloodstream infection is two cases per 10,000 bed days.	The rate of Staphylococcus aureus bloodstream infection in NSW hospitals continues to be well below the target and national benchmark at 0.63 cases per 10,000 bed days.
Patient experience and satisfaction: The Bureau of Health Information analyses and reports on the results of patient surveys.	NSW Health recognises that patient surveys are an important feedback mechanism given they provide a unique perspective on the health care system that can only come from personal experiences.
Technology in hospitals: Investment in infrastructure systems is an important aspect of improving patient safety and care.	The delivery of the Health Wide Area Network and other infrastructure has enabled NSW Health to implement statewide clinical and corporate systems. These systems aim to enable more timely, safe and streamlined patient care.

State Priorities

The NSW Government released its new State priorities ‘NSW: Making it Happen’ in September 2015. It outlines two key priorities to improve health services in New South Wales including one personal priority of the Premier.

The two priorities are to:

- improve service levels in hospitals – 81 per cent of patients through emergency departments within four hours
- cut waiting times for planned surgeries – increase on-time admissions for planned surgery.

The performance of NSW Health against these priorities, and a range of other targets and measures, is discussed in this chapter.

Emergency department response times

Emergency department attendances increased across most NSW hospitals

In 2015–16, there were 2,733,900 emergency department attendances at NSW hospitals compared to 2,692,800 in 2014–15, an increase of 1.5 per cent. Emergency department attendances have increased ten per cent over the past five years.

In 2015–16, the largest increases were at: Central Coast (6.4 per cent); Western Sydney (3.7 per cent); and Mid North Coast (3.6 per cent) local health districts. Three local health districts had fewer emergency department attendances: Western NSW (6.7 per cent decrease); Sydney (3.5 per cent); and Far West (0.1 per cent).

NSW Health again, on average, met targets across all triage categories

NSW Health, on average, met the targets across all five triage categories for the third consecutive year. This indicates NSW Health continues to provide clinically appropriate access to services in emergency departments.

The table below shows statewide emergency department triage performance over the last four years.

NSW State average triage category	Percentage of patients treated within clinically appropriate timeframes				
Year ended 30 June	Target	2016	2015	2014	2013
T1	100	100	100	100	100
T2	80	82	83	84	83
T3	75	76	76	76	73
T4	70	80	80	79	77
T5	70	94	94	93	92

Source: NSW Ministry of Health (unaudited).

Emergency departments use triaging to ensure patients receive care in a clinically appropriate timeframe. NSW Health uses triage targets recommended by the Australasian College for Emergency Medicine as a measure of local health districts' and specialty networks' performance.

More triage targets were met in 2015–16

In 2015–16, more triage targets were met than in 2014–15. Eight local health districts met all triage targets (eight in 2014–15) - Far West, Mid North Coast, Murrumbidgee, Northern NSW, Northern Sydney, South Eastern Sydney, Southern NSW and Western NSW local health districts.

Some health entities are challenged in meeting triage targets with increasing demand

Central Coast, Nepean Blue Mountains and Western Sydney local health districts did not achieve the imminently life threatening (T2) and potentially life threatening (T3) targets in 2015–16 and 2014–15. Central Coast and Western Sydney local health districts had the largest increases in emergency department attendances during the year. The Ministry continues to manage the performance of these local health districts which are experiencing increasing demand for their services.

The table below shows performance against the five triage targets.

Percentage of patients treated within clinically appropriate timeframes										
Category	**T1**		**T2**		**T3**		**T4**		**T5**	
Target	**100%**		**80%**		**75%**		**70%**		**70%**	
Year ended 30 June	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Central Coast	100	100	● 79	● 78	● 67	● 67	76	74	96	95
Far West	100	100	92	90	88	84	91	85	96	94
Hunter New England	100	100	83	83	● 74	76	79	79	93	93
Illawarra Shoalhaven	100	100	87	86	● 73	● 73	79	76	95	91
Mid North Coast	100	100	87	87	84	84	85	86	94	96
Murrumbidgee	100	100	84	87	81	83	89	89	98	98
Nepean Blue Mountains	100	100	● 77	● 79	● 67	● 70	78	81	90	92
Northern NSW	100	100	83	87	78	79	81	82	95	95
Northern Sydney	100	100	84	86	82	81	84	84	95	95
South Eastern Sydney	100	100	84	85	78	79	88	88	96	97
South Western Sydney	100	100	81	● 76	80	76	84	82	94	95
Southern NSW	100	100	84	85	75	77	77	79	92	93
Sydney	100	100	81	● 74	● 74	● 68	80	77	93	94
Sydney Children's Hospitals Network	100	100	87	86	● 71	● 73	● 62	● 68	89	92
Western NSW	100	100	92	89	80	82	83	85	93	95
Western Sydney	100	100	● 70	● 76	● 60	● 61	73	72	92	92
NSW State Average	**100**	**100**	**82**	**83**	**76**	**76**	**80**	**80**	**94**	**94**

Key: T1 Immediately life threatening - treatment required within two minutes - target = 100 per cent.

T2 Imminently life threatening - treatment required within ten minutes - target = 80 per cent.

T3 Potentially life threatening - treatment required within 30 minutes - target = 75 per cent.

T4 Potentially serious - treatment required within one hour - target = 70 per cent.

T5 Less urgent - treatment required within two hours - target = 70 per cent.

● Below target.

Source: NSW Ministry of Health (unaudited).

The historical results show:

- all local heath districts and Sydney Children's Hospitals Network achieved the T1 target of 100 per cent for the fifth consecutive year
- three local health districts did not achieve the T2 target (five in 2014–15)
- six local health districts and Sydney Children's Hospitals Network did not achieve the T3 target (five districts and Sydney Children's Hospitals Network in 2014–15)
- only Sydney Children's Hospitals Network did not achieve the T4 target in 2015–16 and 2014–15
- all local heath districts and Sydney Children's Hospitals Network achieved the T5 target (all in 2014–15).

Emergency treatment performance

The rate of patients leaving emergency departments within four hours did not improve

One of the Premier's priorities is to ensure 81 per cent of patients leave emergency departments within four hours. In 2015–16, the target was not met. The statewide average for 2015–16 was 74.2 per cent (74.3 per cent in 2014–15).

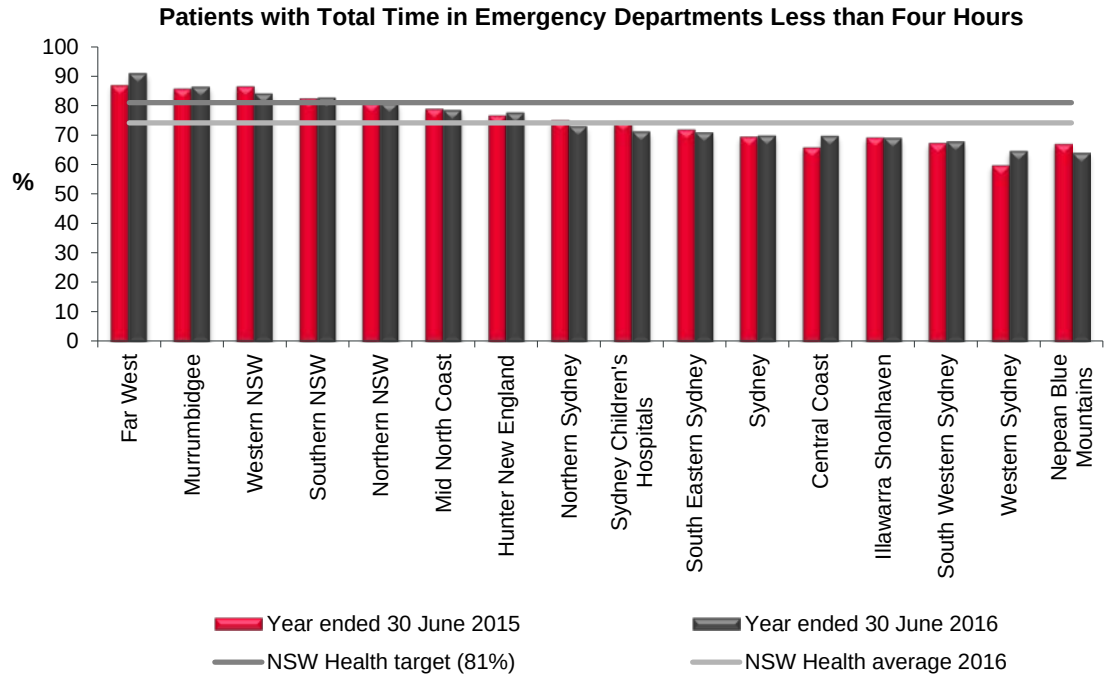
NSW Health aims to increase the number of patients who stay less than four hours in the emergency department to improve access to public hospital services and patient satisfaction.

Six local health districts did not meet emergency treatment performance expectations

In 2015–16, only Far West (91.1 per cent), Murrumbidgee (86.5 per cent), Western NSW (84.2 per cent), Southern NSW (82.8 per cent) and Northern NSW (81.0 per cent) local health districts met the Premier's priority target of 81 per cent.

The Ministry considers local health districts and specialty networks are not meeting expectations when less than 71 per cent of patients leave emergency departments within four hours. Six local health districts did not meet the Ministry's emergency treatment performance expectations in 2015–16 and 2014–15: Sydney (70.0 per cent), Central Coast (69.9 per cent), Illawarra Shoalhaven (69.2 per cent), South Western Sydney (68.0 per cent), Western Sydney (64.8 per cent) and Nepean Blue Mountains (64.1 per cent) local health districts. The Ministry is working with these local health districts to improve performance in this area and provide more timely access to care in emergency departments.

The chart below shows the percentage of patients that left emergency departments within four hours for each local health district and the Sydney Children's Hospitals Network.



Source: NSW Ministry of Health (unaudited).

The Ministry advises that each local health district has an agreed trajectory to achieve the target by 2019.

Ambulance response times

NSW Ambulance response times improved in 2015–16, but remain below target

The median ambulance response time for potentially life threatening cases (Priority 1) in New South Wales fell from 11.2 minutes in 2014–15 to 11.0 minutes in 2015–16. Despite the improvement, the target of 10 minutes was not met.

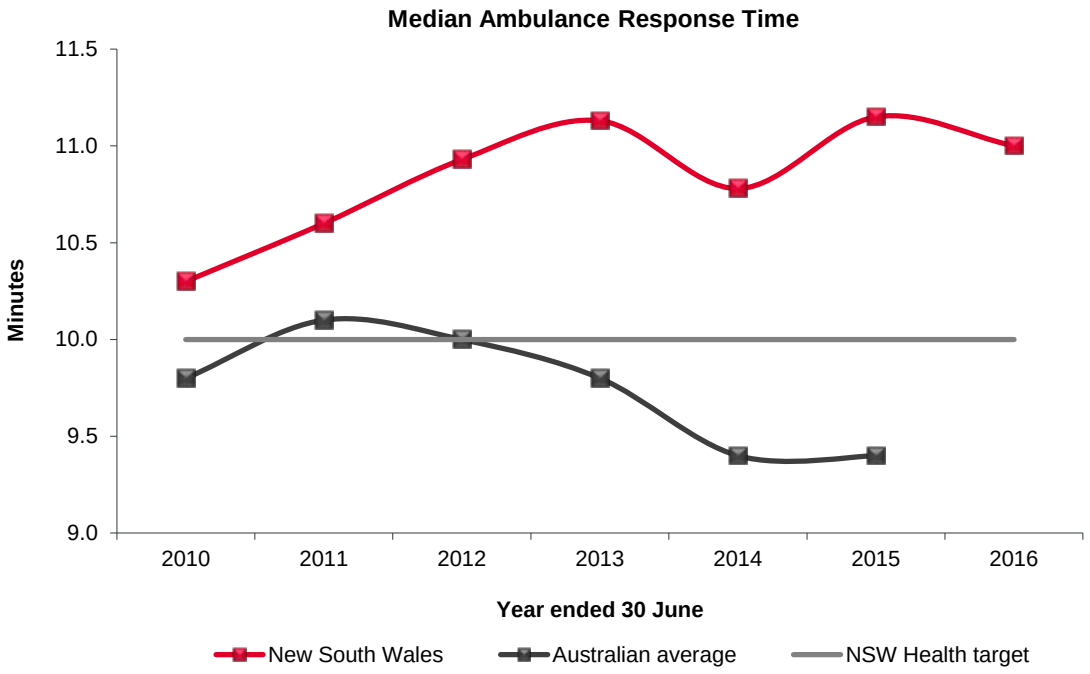
NSW Ambulance implemented strategies in 2015–16 to improve ambulance response times, including changes to how it prioritises triple zero calls. The use of NSW Health's Peak Activity Team also improved the transfer of patient care from paramedics to hospital staff.

NSW Ambulance response times remain above the national average

Since 2009–10, the national median ambulance response time has fallen 3.9 per cent, from 9.8 minutes in 2009–10 to 9.4 minutes in 2014–15. Over the same period, the New South Wales response times increased 8.7 per cent, from 10.3 minutes in 2009–10 to 11.2 minutes in 2014–15. This continues to be longer than the national average of 9.4 minutes.

In Australia, the median response time is a key measure, allowing performance to be compared with other states. Response times are influenced by factors such as traffic, road and weather conditions, distances travelled, availability of ambulances and demand for services.

The graph below shows NSW Ambulance response times compared to the national average.



Note: The Australian average response time for 2015–16 was not available at the time of preparing this report.

Source: Report on Government Services 2016, Volume D: Emergency Management, Table 9A.44 and NSW Ambulance (unaudited).

The ambulance emergency response time is the period from when a triple zero potentially life threatening case is recorded to the time the first ambulance resource arrives at the scene.

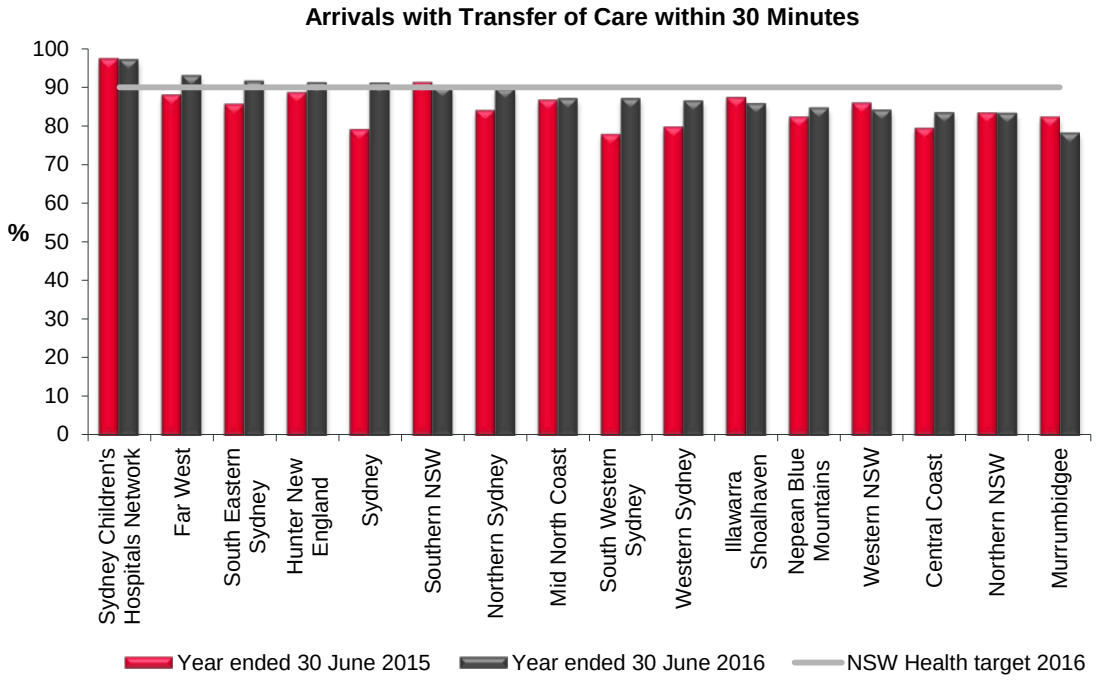
Transfer of care

Patient transfers from ambulances to emergency departments were faster in 2015–16

In 2015–16, there were 586,034 ambulance arrivals at NSW hospitals compared to 597,905 in 2014–15, a 2.0 per cent decrease. The number of patients transferred into the care of hospital emergency departments within 30 minutes increased to 87.6 per cent (84.5 per cent in 2014–15).

The timely transfer of patients from ambulances to emergency departments, known as 'transfer of care', is an important measure. Timely treatment is critical to emergency care, and improves health outcomes and patient satisfaction. Better coordination between ambulance services and emergency departments allows patients to be treated quickly.

The chart below shows arrivals with 'transfer of care' within 30 minutes for each local health district and the Sydney Children's Hospitals Network.



Source: NSW Ministry of Health (unaudited).

Sydney Children's Hospitals Network recorded the highest percentage of arrivals with transfer of care within 30 minutes at 97.2 per cent. Far West (93.1 per cent), South Eastern Sydney (91.6 per cent), Hunter New England (91.3 per cent), Sydney (91.2 per cent) and Southern NSW (90.0 per cent) were the only other local health districts that met the NSW Health target in 2015–16. In 2014–15, the Sydney Children's Hospitals Network and Southern NSW Local Health District were the only health entities to meet the target.

In 2015–16, Murrumbidgee Local Health District recorded the lowest percentage of arrivals with transfer of care within 30 minutes at 78.3 per cent. It also experienced the largest decline in performance of all health entities. It had 20,129 ambulance arrivals at hospitals and 4,373 (21.7 per cent) patients waited for more than 30 minutes to be transferred from ambulance staff to emergency department staff.

Transfer of care time is measured from the time an ambulance arrives at the emergency department to the time the patient is moved to the emergency department treatment space, and responsibility for their care is transferred to emergency department staff.

Bed numbers and occupancy

Total bed numbers increased but two health entities have fewer beds than 3 years ago

On average, 25,403 beds and treatment spaces were available across NSW Health in June 2016 (24,303 in June 2015).

Since 2013, Far West and Southern NSW local health districts had the largest percentage increases in beds and treatment spaces of 20.9 per cent and 7.8 per cent respectively. However, Murrumbidgee and Northern Sydney local health districts had fewer beds and treatment spaces in June 2016 than in June 2013. Over the same period Murrumbidgee's beds and treatment spaces fell from 1,557 to 1,508 (3.2 per cent decrease). Similarly, Northern Sydney's beds and treatment spaces has fell from 2,150 beds to 2,136 (0.7 per cent decrease).

The table below summarises available beds and treatment spaces, and bed occupancy rates.

NSW State average	2016	2015	2014	2013
Average beds available for admission from emergency department (June)[1]	13,519	12,893	12,810	13,444
Average other hospital beds available (June)	5,717	5,370	5,263	5,409
Average other available beds (June)[2]	2,340	2,356	2,360	2,335
Average treatment spaces available (June)[3]	3,827	3,684	3,653	3,670
Total beds and treatment spaces	**25,403**	**24,303**	**24,086**	**24,858**
Bed occupancy (%) (June)	90.3	85.2	89.0	87.8

1 These categories of beds are usually required for admission from the emergency department. A small proportion of emergency department patients may be admitted to one of the other hospital bed categories as well.

2 Other beds include Hospital in the Home and Residential/Community Aged Care and Respite beds.

3 Treatment spaces include same day therapy/dialysis, emergency departments, operating theatre/recovery, delivery suites, bassinets and transit lounges.

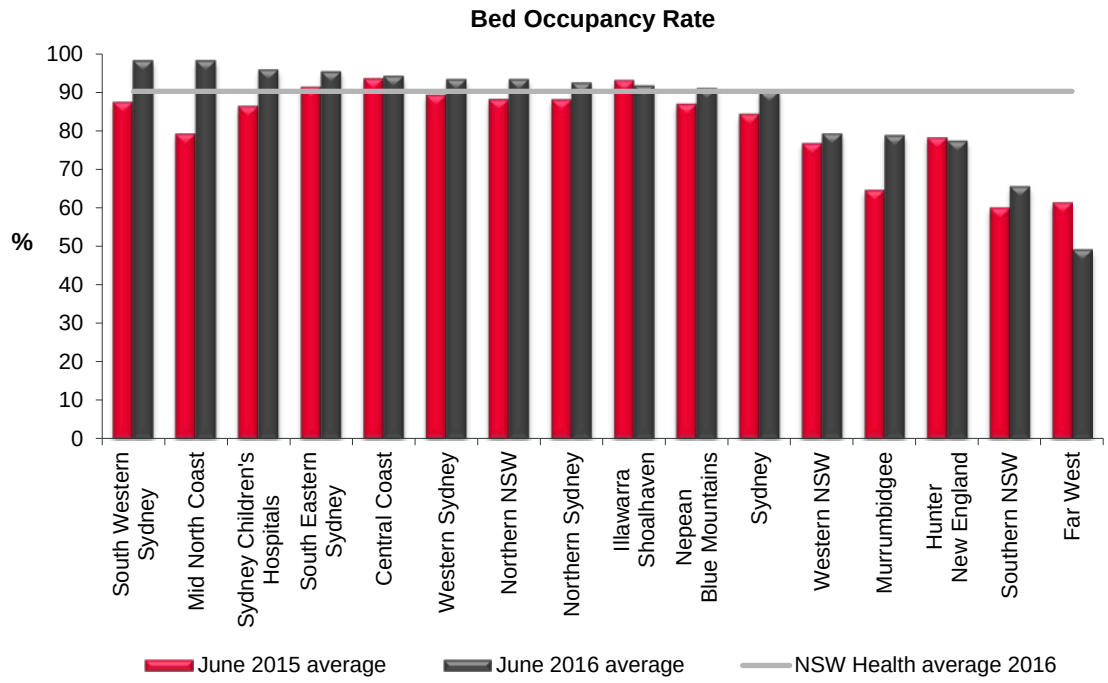
Source: NSW Ministry of Health (unaudited).

More hospital beds are being occupied

Bed occupancy, a measure of bed usage efficiency, increased from 85.2 per cent in 2014–15 to 90.3 per cent in 2015–16. There are no set targets or benchmarks for bed occupancy.

In June 2016, South Western Sydney had the highest bed occupancy rate of 98.5 per cent (Central Coast had 93.7 per cent in 2014–15). Far West had the lowest rate of 49.3 per cent (Southern NSW had 60.2 per cent in 2014–15).

While a high bed occupancy rate can reflect efficiency it can also lead to increased wait times in emergency departments and increased cancellations of elective (planned) surgery.



Source: NSW Ministry of Health (unaudited).

The bed occupancy rate is the percentage of open and occupied beds available during the reporting period. It measures the use of hospital resources by inpatients and is based on major facilities. The bed occupancy rate is sensitive to external factors, such as the timing of influenza outbreaks, which can cause large variations when comparing one period to the next.

Average length of stay in hospital

The average length of stay for patients in NSW hospitals was 3.1 days in 2015–16

In 2015–16, the average length of stay for patients with acute episodes was 3.1 days (3.1 days in 2014–15). The Ministry advises there are no set targets or benchmarks for this measure because it varies according to clinical variations in the types of episodes, the procedures undertaken and the patients' condition.

The average length of stay is a key driver of hospital costs and affects the capacity of the health system in terms of bed availability and cost. NSW Health seeks to minimise the time patients spend in hospital, without compromising health outcomes.

Variations between the lengths of stay at local health districts/specialty networks

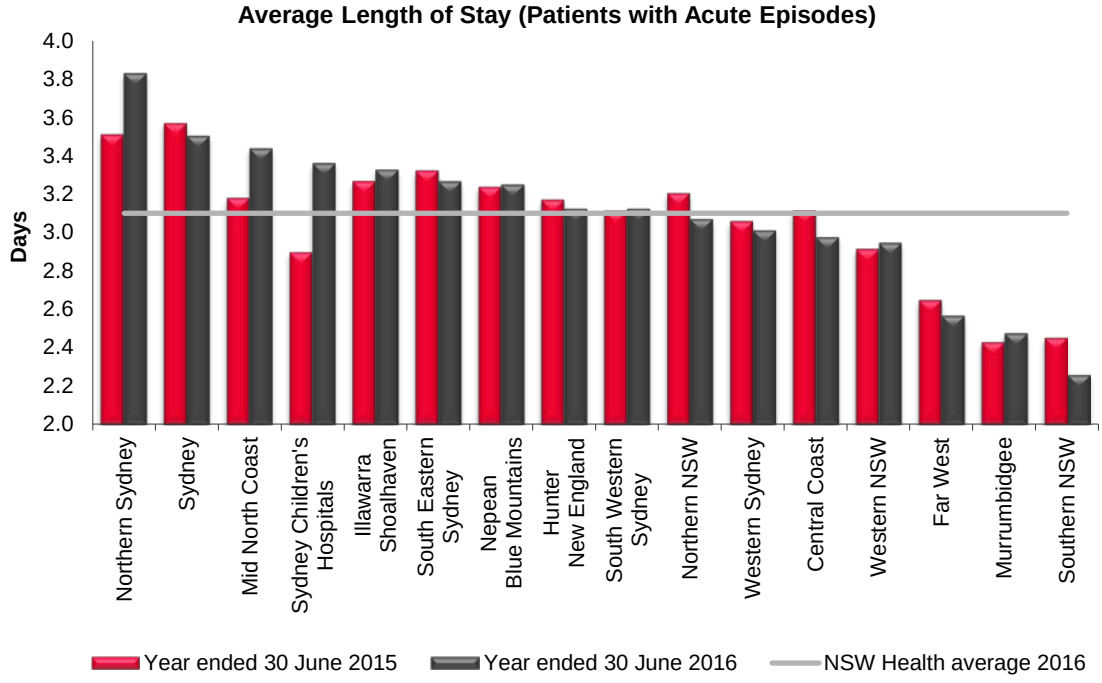
The variation in the average length of stay for patients with acute episodes between local health districts/specialty networks increased from 1.2 days in 2014–15 to 1.5 days in 2015–16. The variation may be greater when considered at an individual hospital level.

In 2015–16, Northern Sydney Local Health District had the highest average length of stay at 3.8 days. Southern NSW Local Health District had the lowest at 2.3 days. This means, on average, patients spent 1.5 days longer in hospital in Northern Sydney compared to Southern NSW.

In 2014–15, Sydney Local Health District had the highest average length of stay at 3.6 days. Murrumbidgee had the lowest at 2.4 days.

Local health districts/specialty networks in metropolitan areas may have a slightly higher average length of stay than rural areas, because they deal with more complex patient conditions requiring longer periods in hospital.

The chart below shows the average length of episode stay in days for each local health district and the Sydney Children's Hospitals Network.



Source: NSW Ministry of Health (unaudited).

In 2015–16, the Sydney Children's Hospitals Network had the largest increase in average length of stay of 0.5 days. Southern NSW Local Health District had the largest decrease of 0.2 days.

Patients stay longer in NSW hospitals than the national average

In 2014–15, the average length of stay in NSW hospitals continued to be higher than the national average and was highest when compared to other jurisdictions. The following information, based on 2014–15 statistics, compares NSW public acute hospitals with other jurisdictions. Each jurisdiction has a different patient mix and accounting mechanism, and the data should be considered in this context.

	VIC	QLD	NSW	National	NSW	National
Year ended 30 June			**2015**			**2014**
Average length of stay including day surgery (days)	3.0	2.9	3.6	3.2	3.7	3.3

Source: Australian Institute of Health and Welfare - Australian Hospital Statistics 2014–15 (unaudited).

The Australian Institute of Health and Welfare regards the average length of stay as an indicator of the efficiency of hospitals.

Elective surgery waiting times

NSW Health met one of three targets for admitting patients for planned surgery

One of the State priorities is to increase on-time admissions for planned surgery, in accordance with medical advice. In 2015–16, there were 218,942 admissions (217,727 in 2014–15) for elective surgery in NSW public hospitals, representing a 0.6 per cent increase. In 2015–16, NSW Health met one of the three targets for elective surgery waiting times.

NSW Health is attempting to reduce waiting times for elective surgery in public hospitals. Cutting waiting times is important to reduce the burden of disease and injury on patients and their carers.

The table below shows the NSW State average percentage of elective surgery patients treated on time over the last four years.

NSW State average	Percentage of elective surgery patients treated on time				
Year ended 30 June	**Target**	**2016**	**2015**	**2014**	**2013**
Category 1 (1)	100	99.8	99.8	99.7	98.0
Category 2 (2)	97	97.1	97.1	96.9	94.0
Category 3 (3)	97	95.6	96.1	95.9	94.0

1 Surgical procedure to occur within 30 days of booking for surgery.

2 Surgical procedure to occur within 90 days of booking for surgery.

3 Surgical procedure to occur within 365 days of booking for surgery.

Source: NSW Ministry of Health (unaudited).

In 2015–16, seven local health districts failed to meet the Category 1 target (nine in 2014–15). Murrumbidgee Local Health District had the lowest percentages with 98.9 per cent of elective surgery admissions completed within 30 days of the surgery booking (Mid North Coast had the lowest with 99.3 per cent in 2014–15).

In 2015–16, seven local health districts failed to meet the Category 2 target (five in 2014–15). Sydney Children's Hospitals Network had the lowest percentages with 87.1 per cent of elective surgery admissions completed within 90 days of the surgery booking (Mid North Coast had the lowest with 91.8 per cent in 2014–15).

In 2015–16, nine local health districts failed to meet the Category 3 target (six in 2014–15). Nepean Blue Mountains Local Health District had the lowest percentages with 85.9 per cent of elective surgery admissions completed within 365 days of the surgery booking (Murrumbidgee had the lowest with 87.3 per cent in 2014–15).

The table below shows there has been a constant increase in the number of admissions for elective surgery since 2012–13.

Year ended 30 June	Target	2016	2015	2014	2013
Elective surgery admissions in NSW public hospitals	223,146	218,942	217,727	216,675	216,106

Source: NSW Ministry of Health (unaudited).

Elective surgery wait times do not include the time it takes for patients to see a specialist and get onto the waiting list because data on surgical access times are not recorded.

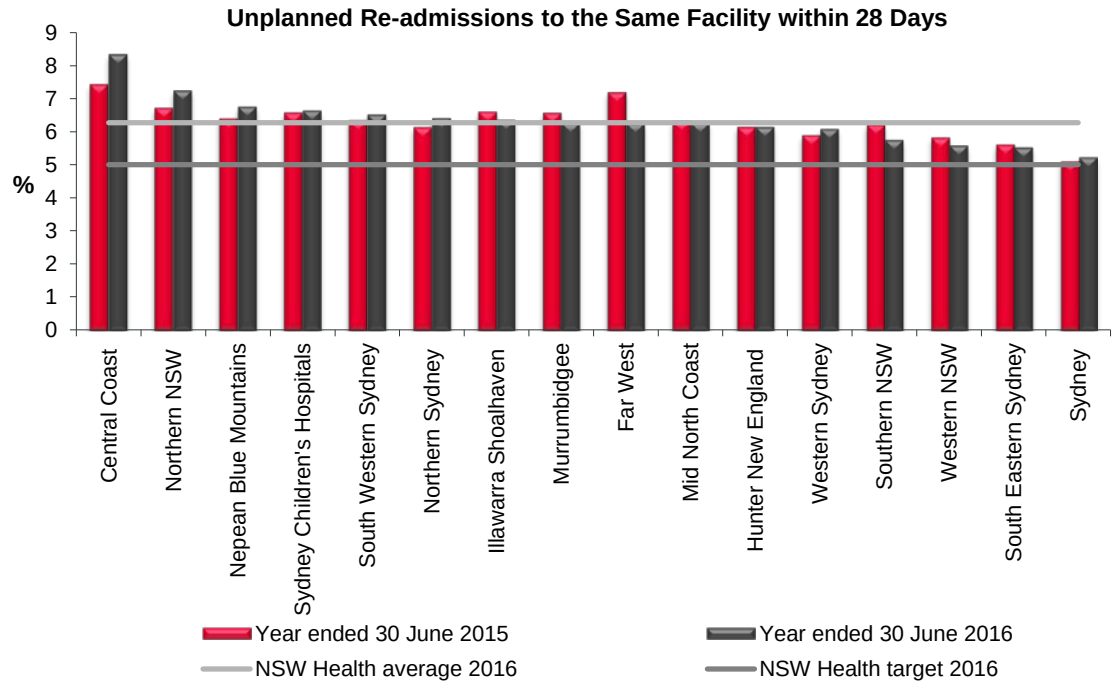
Unplanned hospital re-admissions

All health entities exceeded the unplanned hospital re-admissions target of 5 per cent

In 2015–16, the statewide average unplanned hospital re-admissions rate was 6.3 per cent (6.2 per cent in 2014–15) compared to the 5.0 per cent target. Central Coast Local Health District recorded the highest rate at 8.3 per cent (7.4 per cent), while Sydney Local Health District recorded the lowest at 5.2 per cent (5.1 per cent).

No local health district or the Sydney Children's Hospitals Network achieved NSW Health's unplanned hospital re-admissions target of 5 per cent in 2015–16. However, seven local health districts have reduced re-admissions rates since 2014–15.

The chart below shows NSW hospitals unplanned hospital re-admissions were consistently higher than the NSW Health target.



Source: NSW Ministry of Health (unaudited).

Unplanned hospital re-admissions occur when discharged patients return to the same hospital within 28 days. Low re-admission rates may indicate good patient management practices and post-discharge care. High re-admission rates may indicate a problem with a clinical care pathway.

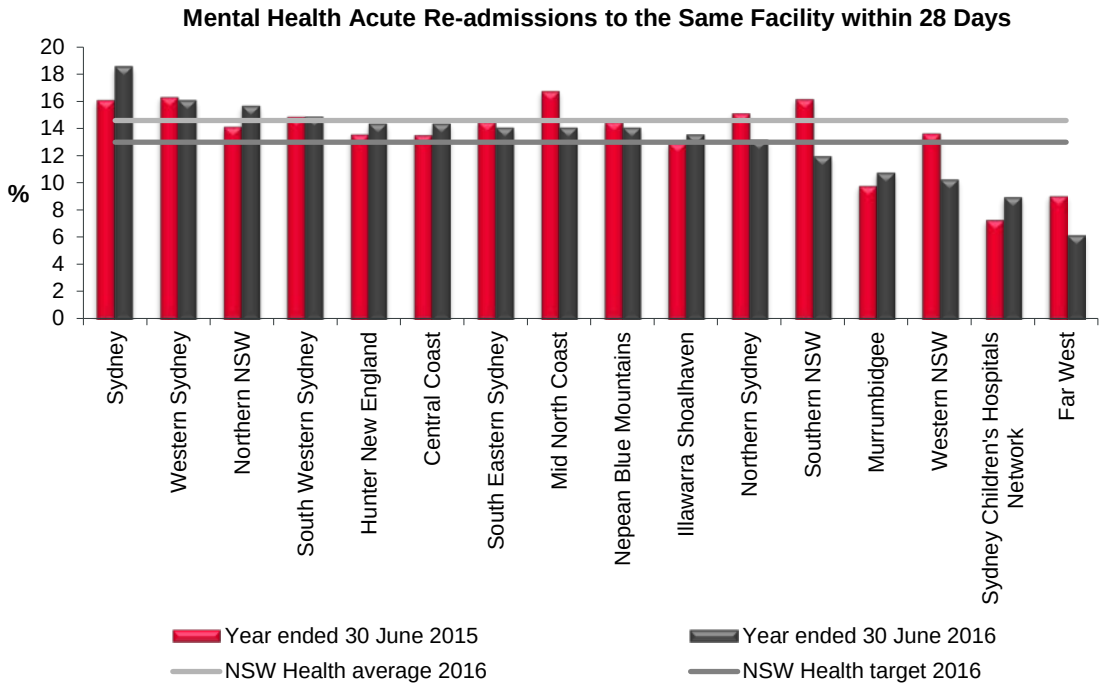
Mental health acute re-admissions

Most hospitals exceeded NSW Health's mental health acute re-admissions target

In 2015–16, the statewide average mental health acute re-admissions rate was 14.6 per cent (14.8 per cent in 2014–15). Sydney Local Health District recorded the highest mental health acute re-admissions rate at 18.6 per cent (16.1 per cent), while Far West recorded the lowest at 6.2 per cent (9.1 per cent).

Eleven local health districts failed to achieve the NSW Health target of 13 per cent in 2015–16 (12 local health districts in 2014–15). High re-admission rates may indicate deficiencies in inpatient treatment and follow up care.

The chart below shows mental health acute re-admissions within 28 days of being discharged for each local health district and the Sydney Children's Hospitals Network.



Source: NSW Ministry of Health (unaudited).

Mental health acute hospital re-admissions occur when patients discharged from an acute mental health unit return within 28 days. NSW Health has a goal to reduce the number of acute public sector mental health re-admissions.

Unplanned and emergency re-presentations

Most hospitals reduced unplanned and emergency re-presentations in 2015–16

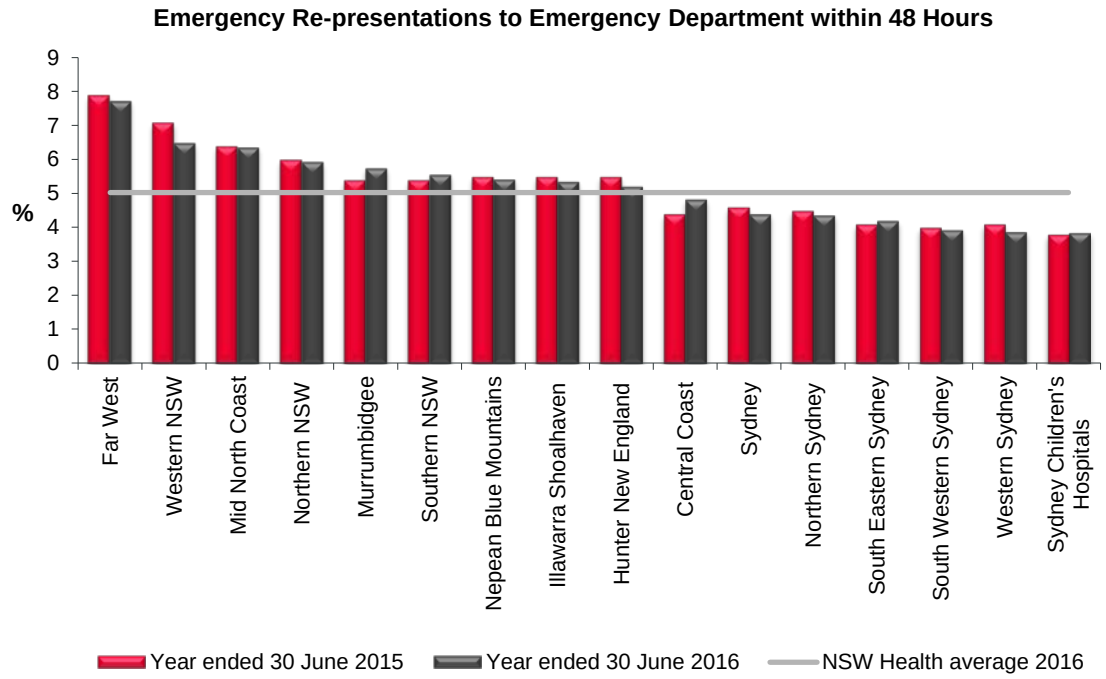
In 2015–16, the statewide average unplanned and emergency re-presentations rate fell to 5.0 per cent from 5.1 per cent in 2014–15. Far West Local Health District recorded the highest unplanned rate of re-presentations at 7.7 per cent (7.9 per cent in 2014–15). South Western Sydney and Western Sydney local health districts and the Sydney Children's Hospitals Network had the lowest rate of 3.9 per cent (3.8 per cent for the Sydney Children's Hospitals Network in 2014–15).

In 2015–16, 11 local health districts reduced the number of unplanned and emergency re-presentations to the same emergency department within 48 hours of being discharged.

Murrumbidgee, Southern NSW, Central Coast, and South Eastern Sydney local health districts and the Sydney Children's Hospitals Network had higher rates of unplanned and emergency re-presentations in 2015–16 than the previous year.

NSW Health aims to reduce the number of unplanned and emergency re-presentations to emergency departments.

The chart below shows NSW hospitals unplanned and emergency re-presentations to emergency departments within 48 hours of being discharged.



Source: NSW Ministry of Health (unaudited).

Unplanned and emergency re-presentations occur when a patient returns to the same facility within 48 hours of leaving the emergency department. The Ministry advises unplanned re-presentations should be interpreted with caution, particularly in regional and rural hospitals, because they may reflect clinical models of care where emergency departments provide primary healthcare services due to the lack of services in those communities.

Healthcare associated infection

'Golden staph' infection rates remain well below national standards

Staphylococcus aureus bloodstream infection (SA-BSI), also called 'golden staph', is a common cause of healthcare associated infections. The incidence of healthcare associated SA-BSI is used as a measure for the hygiene compliance of healthcare workers.

SA-BSI rates across NSW Health were below the national benchmark of less than two cases per 10,000 bed days. In 2015–16, the average SA-BSI was 0.63 cases per 10,000 bed days (0.73 in 2014–15). NSW Health minimises the risk of unnecessary injury and mortality from healthcare associated infections in healthcare facilities through infection control practices.

Details on each local health district's and specialty network's average SA-BSI rate are included in Appendix One.

Sentinel events

Forty–seven events led to patient deaths or serious harm in NSW hospitals in 2014–15

Sentinel events are those which result in death or very serious harm to patients. Since 2007, states' and territories' sentinel events have been reported by in the Productivity Commission's annual Report on Government Services.

At the time of writing this report, the Ministry advises the number of sentinel events in 2015–16 was unavailable. In 2014–15, there were 47 sentinel events in NSW hospitals compared to 53 in 2013–14 and 38 in 2012–13.

Sentinel events have the potential to seriously undermine public confidence in the healthcare system. A low or decreasing number of sentinel events is desirable.

The table below summarises the number of sentinel events over the three years to 2014–15 for the eight nationally agreed sentinel events.

Number of sentinel events in NSW			
Year ended 30 June	**2015**	**2014**	**2013**
Retained instruments or other material after surgery requiring re-operations or further surgical procedure	20	18	13
Suicide of a patient in an inpatient unit	15	18	15
Maternal death associated with pregnancy, birth and the puerperium	6	3	5
Medication error leading to the death of a patient reasonably believed to be due to incorrect administration of drugs	3	12	2
Intravascular gas embolism resulting in death or neurological damage	3	2	2
Haemolytic blood transfusion reaction resulting from ABO (blood type) incompatibility	--	--	1
Procedures involving the wrong patient or body part resulting in death or major permanent loss of function	--	--	--
Infant discharged to the wrong family	--	--	--
Total	**47**	**53**	**38**

Source: NSW Ministry of Health – 2014–15 (unaudited); Productivity Commission's annual Report on Government Services – 2013–14 and 2012–13 (unaudited).

In 2014–15, the most commonly reported sentinel event was where instruments or other materials were retained by the patient after surgery and required re-operation or further surgical procedures (20 events). The next most common sentinel event was from patient suicides in inpatient units (15 events).

The number of medication errors leading to the death patients improved significantly in 2014–15, with only three events compared to 12 events in 2012–13.

From 1 July 2017, the Independent Hospital Pricing Authority is proposing that hospitals not be funded for sentinel events.

Patient experience and satisfaction

NSW Health monitors patient experiences through extensive surveys

NSW Health has an extensive patient survey program which collects feedback on various aspects on the patient experience. This includes the physical environment of the hospital, safety and hygiene, accessibility and timeliness and communication and information. Patients are asked if they were treated with respect and dignity during their admission.

The Bureau of Health Information reports on the overall NSW health system. Local health districts and specialty networks can compare their performance against others.

Survey results provide valuable insights into how well the healthcare system in NSW is functioning and where there are opportunities to improve and help healthcare professionals and policy makers deliver safe, quality care.

Most NSW patients rate the care they received as ‘very good’ or 'good'

In 2014, the Bureau of Health Information surveyed over 26,000 adult admitted patients in NSW. The survey collected information about the care patients received while in hospital. Overall, 63 per cent of patients rated the care as ‘very good’ and 30 per cent rated it as ‘good’. The results were consistent with the 2013 results when 64 per cent rated their care as ‘very good’ and 27 per cent as ‘good’.

During April 2014 to March 2015, the Bureau of Health Information surveyed around 18,000 emergency department patients. Overall, 58 per cent of patients rated the care while in the emergency department as ‘very good’ and 38 per cent as ‘good’. In comparison, 52 per cent surveyed during April 2013 to March 2014 rated their overall care as ‘very good’ and 30 per cent care as ‘good’.

The 2015–16 Service Agreements included a target to increase the percentage of patients rating care as ‘very good’ or ‘good’. On average, NSW Health achieved the target for emergency department patients and adult admitted patients based on the latest published data.

The table below shows the overall results for NSW Health.

Percentage of patients who rated the care they received as 'very good' or 'good'		
NSW State average	**2014**	**2013**
Adult admitted patients*	93.0	91.0
Emergency department patients**	89.0	82.0

* Adult admitted patient results over the period January 2014 to December 2014 (January 2013 to December 2013).

** Emergency department patient results over the period April 2013 to March 2014 (April 2012 to March 2013).

Source: Bureau of Health Information (unaudited).

Use of technology in hospitals

NSW Health has continued to invest in technology to improve service delivery

Over the last five years, NSW Health has systematically invested in statewide health technology infrastructure, systems and processes. Infrastructure programs such as the Health Wide Area Network (HWAN) have delivered a fast and secure network to support statewide services and applications.

Implementation of the HWAN has allowed the delivery of enhanced clinical and corporate information systems, telehealth and remote training and education. Clinical systems such as Electronic Medical Records (EMR) and Electronic Medication Management (eMeds) support increased quality of care and have the ability to enhance service efficiencies.

EMR enables critical patient information to be shared amongst clinicians across multiple settings in a hospital. More recently, eMeds has been introduced to reduce the risk of adverse events due to miscommunication or incomplete information about patient’s medication.

Corporate systems, such as HealthRoster have enabled effective utilisation of the workforce by ensuring the right staffing levels and skills mix are rostered during each shift. Other corporate systems, such as the Asset and Facilities Management system have enabled NSW health to better align its assets to improve utilisation and performance.

Contestability in NSW Health

NSW Health is testing contestability of services for current and proposed programs

In September 2016, the Minister for Health invited Expressions of Interest from non-government hospital operators to deliver redevelopments of Maitland, Wyong, Goulburn and Shellharbour hospitals and to support the delivery of services at the redeveloped Bowral Hospital. The hospital operators would construct the hospitals then run them on behalf of the government.

Contestability is a valuable mechanism to maximise the delivery of services – whether by the public or private sector – in the most efficient and effective way.

NSW Health has a range of services that are subject to contestability testing, including:

Service	Testing approach
Linen Services	Tenders were called in 2016 for the NSW Southern Zone linen services from the current Illawarra and Wagga linen factories. The process market tested external and internal suppliers and the outcome is due soon.
Non-Emergency Patient Transport	Tenders were called in 2015 for the South Eastern Sydney Zone non-emergency patient transport services. The tender was awarded to NPT (National Patient Transport).
Warehousing	Market testing of statewide stock warehousing was completed in 2015. The process market tested external and internal suppliers and was awarded to Symbion trading as OneLink.
Hospital Support Services	Benchmarking reviews were completed against public and private 'like services' at two local health districts. These reviews demonstrated public service delivery was only marginally less efficient than private sector operators. Internal efficiency strategies were developed to improve existing services. Further reviews are being carried out at the remaining local health districts. All reviews are due to be completed by March 2017.
Pathology	A commissioning strategy has been developed following the recent amalgamation of the previously independent public sector pathology services.
Radiology	Radiology reading services have been outsourced previously, focusing mainly on out of hours reporting.

Source: NSW Ministry of Health (unaudited).

NSW Health is using NSW Treasury's recently released Commissioning and Contestability Policy and Guideline as its overarching approach to evaluate the results from testing of contestable services.

Commissioning of integrated care

NSW Health's Integrated Care Strategy continues to be implemented

The NSW Government has committed $180 million over six years to implement innovative, locally led models of integrated care across the State. It is investing $120 million over four years to 2017, and an additional $60 million to meet increased demand from 2015 to 2019.

The Integrated Care Strategy was established to transform how NSW Health delivers care, to improve health outcomes for patients and reduce costs deriving from inappropriate and fragmented care, across hospital and primary care services. The strategy is delivered across three areas:

- The Integrated Care Demonstrators – Central Coast, Western NSW and Western Sydney local health districts have begun implementing large scale integrated care initiatives in partnership with other sectors to join up services for local populations.
- The Innovators – all other local health districts and specialty networks are funded for local, discrete integrated care initiatives. 17 projects are currently funded as Integrated Care Innovators.
- The Statewide Enablers - includes the information systems such as HealtheNet. HealtheNet links patient information between hospitals and primary care and tools to support integrated care such as patient reported measures and risk stratification tools.

Numerous benefits are expected including reducing emergency department attendances, avoidable hospitalisations and frequency of hospital admissions.

Redesign and alignment of Chronic Disease Management Program

In 2011, an external firm completed the statewide evaluation of the Chronic Disease Management Program. Following the evaluation, the program was redesigned to better align with the Integrated Care Strategy.

The redesigned model will focus on the delivery of Integrated Care for People with Chronic Conditions which aims to improve health outcomes for people with chronic conditions, including:

- more patients who can be cared for in the community receiving their care there, with a reduction in avoidable hospitalisations, frequency of hospital admissions and emergency department attendance, and length of stay in hospital
- providing greater access to out-of-hospital community-based care
- improvements in patient reported health outcome and experience measures.

Once fully implemented, it is intended there will be a statewide model for local delivery of integrated care to patients with chronic conditions.

Section Two

Appendices

Appendix One – Abridged Financial Statements and Performance Indicators

Local health district	Central Coast		Far West		Hunter New England		Illawarra Shoalhaven		Mid North Coast	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Abridged statement of comprehensive income (year ended 30 June)										
Employee related expenses	520,077	496,481	65,303	61,960	1,211,589	1,170,499	579,527	534,924	343,570	322,936
All other expenses excluding losses	262,354	221,504	44,884	42,465	864,856	820,146	299,067	270,214	239,663	224,266
Total expenses	**782,431**	**717,985**	**110,187**	**104,425**	**2,076,445**	**1,990,645**	**878,594**	**805,138**	**583,233**	**547,202**
Government contributions	675,169	618,652	96,300	88,678	1,761,229	1,710,397	710,600	746,574	501,290	491,525
Other revenue	134,250	101,249	17,702	15,295	329,881	315,471	125,996	112,594	90,636	80,288
Total revenue	**809,419**	**719,901**	**114,002**	**103,973**	**2,091,110**	**2,025,868**	**836,596**	**859,168**	**591,926**	**571,813**
Gains/(losses)	(720)	(597)	(136)	(134)	(2,636)	(1,122)	(8)	(2,155)	(667)	(916)
Net result - surplus/(deficit)	**26,268**	**1,319**	**3,679**	**(586)**	**12,029**	**34,101**	**(42,006)**	**51,875**	**8,026**	**23,695**
Other comprehensive income	--	2,919	1,172	5,912	13,950	51,424	--	33,377	--	19,405
Total comprehensive income/(expense)	**26,268**	**4,238**	**4,851**	**5,326**	**25,979**	**85,525**	**(42,006)**	**85,252**	**8,026**	**43,100**
Abridged statement of financial position (at 30 June)										
Current assets	51,405	42,422	8,626	5,552	166,318	164,645	63,560	85,678	44,607	43,067
Non-current assets	553,227	527,420	102,304	99,770	1,424,209	1,402,250	592,438	600,509	434,555	420,230
Total assets	**604,632**	**569,842**	**110,930**	**105,322**	**1,590,527**	**1,566,895**	**655,998**	**686,187**	**479,162**	**463,297**
Current liabilities	115,166	106,749	16,329	15,582	326,856	317,323	124,651	112,958	89,732	81,945
Non-current liabilities	775	670	103	93	96,360	108,240	959	835	560	508
Total liabilities	**115,941**	**107,419**	**16,432**	**15,675**	**423,216**	**425,563**	**125,610**	**113,793**	**90,292**	**82,453**
Net assets	**488,691**	**462,423**	**94,498**	**89,647**	**1,167,311**	**1,141,332**	**530,388**	**572,394**	**388,870**	**380,844**

Local health district	Murrumbidgee		Nepean Blue Mountains		Northern NSW		Northern Sydney		South Eastern Sydney	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Abridged statement of comprehensive income (year ended 30 June)										
Employee related expenses	295,782	278,371	440,176	415,526	440,341	420,152	956,398	897,710	1,069,685	1,029,765
All other expenses excluding losses	252,392	229,605	291,460	269,713	299,075	273,518	621,539	593,742	588,636	561,942
Total expenses	**548,174**	**507,976**	**731,636**	**685,239**	**739,416**	**693,670**	**1,577,937**	**1,491,452**	**1,658,321**	**1,591,707**
Government contributions	496,275	491,815	625,529	586,063	727,571	645,451	1,267,659	1,285,203	1,409,660	1,304,045
Other revenue	109,709	95,718	101,935	81,222	109,881	93,881	298,289	303,614	337,767	307,805
Total revenue	**605,984**	**587,533**	**727,464**	**667,285**	**837,452**	**739,332**	**1,565,948**	**1,588,817**	**1,747,427**	**1,611,850**
Gains/(losses)	243	(574)	(804)	6,719	(392)	(387)	(2,026)	(15,319)	(1,488)	(10,447)
Net result - surplus/(deficit)	**58,053**	**78,983**	**(4,976)**	**(11,235)**	**97,644**	**45,275**	**(14,015)**	**82,046**	**87,618**	**9,696**
Other comprehensive income	(4,672)	--	--	30,723	(5,791)	(5,322)	--	114,713	(15)	89,682
Total comprehensive income/(expense)	**53,381**	**78,983**	**(4,976)**	**19,488**	**91,853**	**39,953**	**(14,015)**	**196,759**	**87,603**	**99,378**
Abridged statement of financial position (at 30 June)										
Current assets	27,099	24,548	69,329	57,058	34,741	26,971	197,843	198,573	184,977	167,319
Non-current assets	509,980	454,712	510,921	527,818	573,205	476,726	2,011,008	2,025,342	1,245,131	1,157,928
Total assets	**537,079**	**479,260**	**580,250**	**584,876**	**607,946**	**503,697**	**2,208,851**	**2,223,915**	**1,430,108**	**1,325,247**
Current liabilities	70,508	66,069	114,315	113,225	106,429	100,560	239,065	241,277	291,527	273,887
Non-current liabilities	902	903	1,515	2,255	7,302	775	750,864	749,701	10,696	11,078
Total liabilities	**71,410**	**66,972**	**115,830**	**115,480**	**113,731**	**101,335**	**989,929**	**990,978**	**302,223**	**284,965**
Net assets	**465,669**	**412,288**	**464,420**	**469,396**	**494,215**	**402,362**	**1,218,922**	**1,232,937**	**1,127,885**	**1,040,282**

Local health district	South Western Sydney		Southern NSW		Sydney		Western NSW		Western Sydney	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Abridged statement of comprehensive income (year ended 30 June)										
Employee related expenses	1,055,892	1,002,122	226,259	206,629	988,848	947,124	482,698	460,959	1,081,906	1,018,158
All other expenses excluding losses	617,224	566,824	155,045	141,105	604,657	583,517	372,210	352,448	534,171	510,025
Total expenses	**1,673,116**	**1,568,946**	**381,304**	**347,734**	**1,593,505**	**1,530,641**	**854,908**	**813,407**	**1,616,077**	**1,528,183**
Government contributions	1,418,276	1,351,977	348,245	403,502	1,306,501	1,230,522	742,047	766,318	1,489,177	1,336,011
Other revenue	234,149	205,072	58,585	49,291	289,620	265,948	126,566	118,001	268,719	237,635
Total revenue	**1,652,425**	**1,557,049**	**406,830**	**452,793**	**1,596,121**	**1,496,470**	**868,613**	**884,319**	**1,757,896**	**1,573,646**
Gains/(losses)	(1,680)	(2,393)	(130)	(34)	(5,468)	(6,989)	(1,302)	(7,179)	(11,966)	(9,710)
Net result - surplus/(deficit)	**(22,371)**	**(14,290)**	**25,396**	**105,025**	**(2,852)**	**(41,160)**	**12,403**	**63,733**	**129,853**	**35,753**
Other comprehensive income	126,070	17,682	(1,495)	--	223,202	16,041	--	71,813	--	62,558
Total comprehensive income/(expense)	**103,699**	**3,392**	**23,901**	**105,025**	**220,350**	**(25,119)**	**12,403**	**135,546**	**129,853**	**98,311**
Abridged statement of financial position (at 30 June)										
Current assets	124,315	107,247	18,227	26,028	262,187	251,113	50,998	45,203	166,027	141,185
Non-current assets	1,335,376	1,220,490	366,825	334,592	1,218,882	999,670	979,868	972,302	1,276,627	1,144,023
Total assets	**1,459,691**	**1,327,737**	**385,052**	**360,620**	**1,481,069**	**1,250,783**	**1,030,866**	**1,017,505**	**1,442,654**	**1,285,208**
Current liabilities	267,378	271,585	46,585	46,099	281,525	271,844	114,400	113,451	280,886	251,569
Non-current liabilities	60,655	28,193	355	310	1,998	1,743	162,846	162,837	5,158	6,882
Total liabilities	**328,033**	**299,778**	**46,940**	**46,409**	**283,523**	**273,587**	**277,246**	**276,288**	**286,044**	**258,451**
Net assets	**1,131,658**	**1,027,959**	**338,112**	**314,211**	**1,197,546**	**977,196**	**753,620**	**741,217**	**1,156,610**	**1,026,757**

Specialty health network	The Sydney Children's Hospitals Network		Justice Health and Forensic Mental Health Network	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Abridged statement of comprehensive income (year ended 30 June)				
Employee related expenses	503,926	481,486	153,784	144,689
All other expenses excluding losses	216,119	208,269	55,198	51,255
Total expenses	**720,045**	**689,755**	**208,982**	**195,944**
Government contributions	549,750	521,548	158,690	186,819
Other revenue	157,206	173,801	16,300	12,230
Total revenue	**706,956**	**695,349**	**174,990**	**199,049**
Gains/(losses)	(386)	(769)	(219)	(306)
Net result - surplus/(deficit)	**(13,475)**	**4,825**	**(34,211)**	**2,799**
Other comprehensive income	(168)	34,574	--	--
Total comprehensive income/(expense)	**(13,643)**	**39,399**	**(34,211)**	**2,799**
Abridged statement of financial position (at 30 June)				
Current assets	138,918	144,526	8,039	39,704
Non-current assets	565,600	561,722	111,700	112,007
Total assets	**704,518**	**706,248**	**119,739**	**151,711**
Current liabilities	128,582	116,787	36,459	32,630
Non-current liabilities	983	865	75,594	77,184
Total liabilities	**129,565**	**117,652**	**112,053**	**109,814**
Net assets	**574,953**	**588,596**	**7,686**	**41,897**

Local health district	Central Coast		Far West		Hunter New England		Illawarra Shoalhaven		Mid North Coast	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Performance indicators (year ended 30 June)										
Emergency department attendances	128,234	120,536	26,339	26,377	396,110	394,330	152,228	147,066	116,362	112,276
Emergency department treatment completed within 4 hours (%)	69.9	66.0	91.1	87.1	77.8	76.9	69.2	69.4	78.7	79.2
Bed occupancy rate (%) (a)	94.4	93.7	49.3	61.5	77.6	78.4	91.9	93.3	98.5	79.4
Average length of stay (days) (b)	3.0	3.1	2.6	2.7	3.1	3.2	3.3	3.3	3.4	3.2
Elective surgery - booked surgery admissions	9,961	10,061	1,095	1,102	29,101	28,555	13,110	12,300	10,690	10,137
Unplanned readmissions and re-presentations within 28 days (%)	8.3	7.4	6.3	7.4	6.2	6.7	6.4	7.5	6.3	6.9
Mental health acute readmissions within 28 days (%)	14.4	13.6	6.2	9.1	14.4	13.6	13.6	13.0	14.1	16.8
Emergency re-presentations to emergency department within 48 hours (%)	4.8	4.5	7.7	7.9	5.2	5.4	5.4	5.5	6.4	6.4
Average Staphylococcus aureus bloodstream infection (SA BSI) rate (c)	0.8	0.7	0.6	0.3	0.8	0.9	1.0	0.9	0.5	0.3

Local health district	Murrumbidgee		Nepean Blue Mountains		Northern NSW		Northern Sydney		South Eastern Sydney	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Performance indicators (year ended 30 June)										
Emergency department attendances	139,202	134,734	119,545	118,465	194,618	190,183	202,739	198,878	223,245	216,206
Emergency department treatment completed within 4 hours (%)	86.5	86.0	64.1	67.2	81.0	81.1	73.2	75.3	71.1	72.0
Bed occupancy rate (%) (a)	79.0	64.8	91.2	87.1	93.6	88.3	92.7	3.5	95.6	91.5
Average length of stay (days) (b)	2.5	2.4	3.3	3.2	3.1	3.2	3.8	3.5	3.3	3.3
Elective surgery - booked surgery admissions	7,300	7,232	9,636	9,482	13,800	14,224	12,676	12,264	19,340	19,920
Unplanned readmissions and re-presentations within 28 days (%)	6.3	8.1	6.8	6.7	7.3	6.9	6.4	6.7	5.5	6.8
Mental health acute readmissions within 28 days (%)	10.8	9.8	14.1	14.6	15.7	14.2	13.2	15.2	14.1	14.6
Emergency re-presentations to emergency department within 48 hours (%)	5.7	6.0	5.4	5.5	5.9	5.4	4.4	4.4	4.2	4.0
Average Staphylococcus aureus bloodstream infection (SA BSI) rate (c)	0.4	0.5	1.1	0.9	0.3	0.3	0.5	0.5	0.7	1.0

Local health district	South Western Sydney		Southern NSW		Sydney		Western NSW		Western Sydney	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Performance indicators (year ended 30 June)										
Emergency department attendances	267,185	257,862	102,438	100,672	156,064	161,644	189,319	202,900	176,196	169,878
Emergency department treatment completed within 4 hours (%)	68.0	67.5	82.8	82.7	70.0	69.6	84.2	86.8	64.8	59.9
Bed occupancy rate (%) (a)	98.5	87.7	65.7	60.2	90.4	84.5	79.5	76.9	93.6	89.4
Average length of stay (days) (b)	3.1	3.1	2.3	2.5	3.5	3.6	2.9	2.9	3.0	3.1
Elective surgery - booked surgery admissions	21,872	21,231	5,828	5,830	24,587	24,177	10,042	9,548	17,373	19,070
Unplanned readmissions and re-presentations within 28 days (%)	6.5	7.4	5.8	7.5	5.2	6.0	5.6	6.0	6.1	6.8
Mental health acute readmissions within 28 days (%)	14.9	14.9	12.0	16.2	18.6	16.1	10.3	13.7	16.1	16.4
Emergency re-presentations to emergency department within 48 hours (%)	3.9	4.1	5.6	5.5	4.4	4.1	6.5	7.1	3.9	4.6
Average Staphylococcus aureus bloodstream infection (SA BSI) rate (c)	0.7	0.8	0.1	0.3	1.1	0.9	--	0.3	0.9	1.1

Specialty health network	The Sydney Children's Hospitals Network		Justice Health and Forensic Mental Health	
	2016	2015	2016	2015
Performance indicators (year ended 30 June)				
Emergency department attendances	95,632	93,571	--	--
Emergency department treatment completed within 4 hours (%)	71.4	74.9	--	--
Bed occupancy rate (%) (a)	96.1	86.6	--	--
Average length of stay (days) (b)	3.4	2.9	--	--
Elective surgery - booked surgery admissions	9,164	9,056	--	--
Unplanned readmissions and re-presentations within 28 days (%)	6.6	5.4	--	--
Mental health acute readmissions within 28 days (%)	9.0	7.3	--	--
Emergency re-presentations to emergency department within 48 hours (%)	3.9	3.8	--	--
Average Staphylococcus aureus bloodstream infection (SA BSI) rate (c)	0.6	1.3	--	--

a Bed occupancy rate - the average percentage of open and occupied acute beds available in June.

b Average length of stay (for acute separations) - average time patients spend when admitted to hospital.

c Average Staphylococcus aureus bloodstream infection (SA BSI) rate - the average number of SA-BSI cases per 10,000 bed days.

Source: Financial indicators from audited financial statements. Performance indicators from NSW Ministry of Health (unaudited).

Appendix Two – Abridged Financial Statements - Other Entities

	Total assets		Total liabilities		Total revenue*		Total expense**		Surplus/(deficit)	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Consolidated entity										
Ministry of Health	17,554,613	16,644,258	4,511,595	4,298,930	20,330,060	19,454,660	20,006,808	18,926,120	323,252	528,540
Pillar agencies										
Agency for Clinical Innovation	2,069	13,472	5,137	5,207	20,921	32,491	32,254	29,885	(11,333)	2,606
Bureau of Health Information	782	1,267	783	706	7,916	8,151	8,478	7,601	(562)	550
Cancer Institute NSW	13,085	50,042	15,255	9,190	131,251	166,406	174,273	176,885	(43,022)	(10,479)
Clinical Excellence Commission	2,707	7,799	2,968	3,103	12,030	17,267	16,987	17,819	(4,957)	(552)
Health Education and Training Institute	4,283	12,135	7,355	6,291	33,096	44,771	42,012	40,005	(8,916)	4,766
Shared State-wide services										
Health Administration Corporation	1,689,021	1,670,600	612,234	554,993	2,867,989	2,731,072	2,903,772	2,669,159	(35,783)	61,913
Other controlled health entities										
Albury Wodonga Health Employment Division	--	--	1,051	980	2,200	3,149	2,271	3,365	(71)	(216)
Albury Base Hospital	67,258	60,871	--	--	--	(61)	2,424	3,836	(2,424)	(3,897)
Graythwaite Charitable Trust	42,428	43,140	--	--	217	2,975	929	1,002	(712)	1,973
Other entities in the cluster										
Health Care Complaints Commission	1,183	1,394	1,549	1,642	13,239	12,376	13,357	12,487	(118)	(111)
Mental Health Commission of New South Wales	707	1,683	1,339	2,612	10,658	10,964	10,361	10,712	297	252
NSW Institute of Psychiatry	5,683	5,821	920	1,332	6,179	6,731	5,905	5,212	274	1,519
Health Professional Councils[#]	54,067	44,825	22,752	19,407	30,358	29,406	24,474	23,174	5,920	6,231
NSW Health Foundation	61,350	62,278	6	10	76	311	1,000	863	(924)	(552)

* Total revenue includes other gains, gains on disposal, and capital contributions which were shown separately on the financial statements.

** Total expense includes other losses, and losses on disposal which were shown separately on the financial statements.

Health Professional Councils is the aggregate of the Psychology, Podiatry, Physiotherapy, Pharmacy, Osteopathy, Optometry, Occupational Therapy, Nursing and Midwifery, Medical Radiation Practice, Medical, Dental, Chiropractic, Chinese Medicine, and Aboriginal and Torres Strait Islander Health Practice Councils.

Appendix Three – Financial Indicators

Indicator	Formula	Description
Net result - surplus/(deficit) ($)	**Net result from the statement of comprehensive income**	A positive result indicates a surplus, while a negative result indicates deficit. Operating deficits cannot be sustained in the long term.
Government funding (%)	**Government grants and contributions / total revenue**	Indicates the proportion of total revenue which is contributed as grants, by State and Federal Government. A higher percentage means that the agency relies on the government to fund its expenditure. This percentage is expected to be lower for self-funding agencies.
Expense growth rate (%)	**(Total expenditure 2016 less total expenditure 2015) / total expenditure 2015**	This demonstrates the rate at which total expenditure for an agency has increased or decreased in the financial year 2015–16, compared to 2014–15. A positive growth rate indicates that expenses have increased compared to prior year, while a negative growth rate indicates that expenses have decreased compared to prior year.
Cash reserve (ratio)	**Cash at bank and on hand (general fund only) / minimum cash reserve target**	Indicates the sufficiency of cash held by the entity. A ratio less than one indicates the entity has insufficient cash available to meet its short term needs. A high ratio indicates the entity may be holding excessive cash reserves. Minimum cash reserve targets are set by the Ministry of Health for each local health district/specialty network.
Capital replacement (ratio)	**Cash outflows for property, plant and equipment and intangibles / depreciation and amortisation**	Comparison of the rate of spending on infrastructure, property, plant and equipment and intangibles with their depreciation and amortisation. Ratios greater than one indicate that spending is greater than the depreciating rate. This is a long-term indicator, as capital expenditure can be deferred in the short term if there are insufficient funds available from operations, and borrowing is not an option. Cash outflows for infrastructure, property, plant and equipment and intangibles are taken from the cash flow statement. Depreciation and amortisation is taken from the Statement of Comprehensive Income.

Appendix Four – Cluster Information

Agency	Website
Cluster lead entity	
Ministry of Health	http://www.health.nsw.gov.au
Local health districts and specialty health networks	
Central Coast	http://www.cclhd.health.nsw.gov.au/
Far West	http://www.fwlhn.health.nsw.gov.au/
Hunter New England	http://www.hnehealth.nsw.gov.au/
Illawarra Shoalhaven	http://www.islhd.health.nsw.gov.au/
Justice Health and Forensic Mental Health	http://www.justicehealth.nsw.gov.au/
Mid North Coast	http://mnclhd.health.nsw.gov.au/
Murrumbidgee	http://www.mlhd.health.nsw.gov.au/
Nepean Blue Mountains	http://www.nbmlhd.health.nsw.gov.au/
Northern NSW	http://nnswlhd.health.nsw.gov.au/
Northern Sydney	http://www.nslhd.health.nsw.gov.au/
South Eastern Sydney	http://www.seslhd.health.nsw.gov.au/
South Western Sydney	https://www.swslhd.nsw.gov.au/
Southern NSW	http://www.snswlhd.health.nsw.gov.au/
Sydney	http://www.slhd.nsw.gov.au/
Sydney Children's Hospitals	http://www.schn.health.nsw.gov.au/
Western NSW	http://www.wnswlhd.health.nsw.gov.au/
Western Sydney	http://www.wslhd.health.nsw.gov.au/
Pillar agencies	
Agency for Clinical Innovation	http://www.aci.health.nsw.gov.au/
Bureau of Health Information	http://www.bhi.nsw.gov.au/
Cancer Institute NSW	https://www.cancerinstitute.org.au/
Clinical Excellence Commission	http://www.cec.health.nsw.gov.au/
Health Education and Training Institute	http://www.heti.nsw.gov.au/
Shared statewide services	
Health Administration Corporation	
- eHealth NSW	http://www.ehealth.nsw.gov.au/
- Health Infrastructure	http://www.hinfra.health.nsw.gov.au/
- Health System Support Group	*
- HealthShare NSW	http://www.healthshare.nsw.gov.au/
- NSW Ambulance	http://www.ambulance.nsw.gov.au/
- NSW Health Pathology	http://www.pathology.health.nsw.gov.au/

Agency	Website
Other controlled health entities	
Albury Base Hospital	*
Albury Wodonga Health Employment Division	*
Graythwaite Charitable Trust	*
Other entities in the cluster	
Health Care Complaints Commission	http://www.hccc.nsw.gov.au/
Mental Health Commission of NSW	http://nswmentalhealthcommission.com.au/
NSW Institute of Psychiatry	http://www.nswiop.nsw.edu.au/
Health Professional Councils	http://www.hpca.nsw.gov.au/
NSW Health Foundation	*

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