GOVERNMENT OF WESTERN AUSTRALIA

Sustainable Health Review

# Public Submission Cover Sheet

**Please complete this sheet and submit with any attachments to the Sustainable Health Review Secretariat**

## Your Personal Details

***This information will be used only for contacting you in relation to this submission***

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## Publication of Submissions

***Please note all Public Submissions will be published unless otherwise selected below***

I would like my submission published but remain anonymous

## Submission Guidance

**You are encouraged to address the following question:**

**In the context of the Sustainable Health Review Terms of Reference listed below, what is needed to develop a more sustainable, patient centred health system in WA?**

- Leveraging existing investment in Primary, Secondary and Tertiary healthcare, as well as new initiatives to improve patient centred service delivery, pathways and transition;
- The mix of services provided across the system, including gaps in service provision, sub-acute, step-down, community and other out-of-hospital services across WA to deliver care in the most appropriate setting and to maximise health outcomes and value to the public;
- Ways to encourage and drive digital innovation, the use of new technology, research and data to support patient centred care and improved performance;
- Opportunities to drive partnerships across sectors and all levels of government to reduce duplication and to deliver integrated and coordinated care;
- Ways to drive improvements in safety and quality for patients, value and financial sustainability, including cost drivers, allocative and technical efficiencies;
- The key enablers of new efficiencies and change, including, research, productivity, teaching and training, culture, leadership development, procurement and improved performance monitoring;
- Any further opportunities concerning patient centred service delivery and the sustainability of the WA health system.

## Submissions Response Field

***Please type your response into the field below. Alternatively you may provide your submissions as a separate attachment (Suggested Maximum 5 pages).***

It is well known that the health budget has continued to grow over the years. It is not clear whether the budget allocation/increase is indeed justified or it can be tackled by introducing various efficiency measures around the whole system. Health is a complex multi-disciplinary field. Given my exposure to WA Health and other health facilities around the world, I am of the opinion that there are quite a few factors that are contributing to lack of efficiency and hence, budget blow out. Therefore, In my submission below, I will try to address some of the direct issues that are contributing to such owes and hopefully, with some attention the system will start to perform better.

• Research / Quantitative Analysis into Spending/budget – Everyone realizes that WA Health budget has been on a sharp rise. However, it is not clear whether this budget is justified (given the uniqueness of WA i.e. population spread out over huge territory as opposed to more concentrated population on the east coast) or there are better ways of doing things. Every now and then, different agencies are asked to achieve efficiencies (say 5% - 10%) which means reduction of cost from operational budget or staff number. The agencies then try to justify their budget etc. There is another way of handling this issue. Instead of asking for efficiency, there needs to be a 'Quantitative Analysis' into actual spending / budget. This is to know where exactly the spendings are happening. This is not difficult for a single or privately owned hospital. However, given the fact that WA Health comprises of multiple health services and multiple hospitals now operate under a single group structure (say Royal Perth Bentley Group or Rockingham Peel group) it will be slightly difficult. Nonetheless, a quantitative analysis is required from year to year. The objective of the quantitative analysis would be to see where exactly we are spending the money? Is it on wages or infrastructure or some other things? If it is wages, then where are we paying the bulk? What can we do to improve it? Last few years WA Health has constructed three major hospitals (eg. FSH, Midland and PCH) among other things. A majority of the budget has ended up in the construction and commissioning of these hospitals. So although, it seems our spending has gone up, the money may have actually spent on new infrastructure which is not the same as operational budget increase. These questions need to be answered in an objective manner and made public. Better yet, the WA Health or the health services should appoint research individuals / divisions whose responsibility will be to analyse these 'numbers'. There are individuals with PhDs in numerical analysis, statistical knowledge these days who will do a better job than traditional financial analysts or accountants. In USA and many other countries, individuals with advanced/higher educational qualifications are getting recruited in higher positions more and more who are providing new pathways for industries, companies and public sector. Australia as a country is lagging in transferring knowledge/skills from research into the real world. I believe, in this dire situation, novel approaches will be invaluable to fix the budget problem and many other efficiencies around health system.

• Effect of Procurement/Contract Formation Delays – WA Health procurement regime has undergone a substantial reform including the establishment of Office of Chief Procurement Officer (OCPO), following recommendation from office of Auditor General. While this is certainly a step in the right direction; procurement/contract formation delays (for essential capital equipment/works and essential services) are still very long. This is partly due to the fact that staffs in support agencies (e.g. OCPO, HSS or Department of Finance) do not understand the clinical needs or not familiar with hospital environment. Therefore, clinical demands or criticality is often misunderstood or not taken seriously. The procedures / steps associated with procurement/contract formation and approvals are so lengthy that clients/contract managers/owners often spend most of their time with these activities; leaving them very little time to manage any existing contract. Therefore, actual contract management activities (reviews, performance audits etc) are virtually non-existent. There are direct/indirect costs associated with procurement delays which are not understood by many support

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agencies. For example, if a piece of equipment/infrastructure does not get replaced on time or quickly, it incurs exponential repair costs towards the end which comes from operational budget. It may cost delays in service delivery or waitlist or even can cause cancellation of theatre procedures or cause increased physician time which is costly for the hospital or health service. Moreover, patients miss out on latest technology/equipment which supposed to provide better/easier care for them, enabling faster recovery. While these delays ticks all state/supply commission requirements and establishes better accountability/transparency, they always don't provide better value for money. In my experience, suppliers would offer the same price as they would do to a private buyer. Even in some cases, to meet all insurance and other requirements, suppliers would increase their pricing for public hospitals. Also, to oversee these long procurement / contract processes / approvals etc, new contract/procurement officers are now being employed which is again additional cost to WA Health. Therefore, my recommendation would be for a robust audit mechanism rather than current blanket approach in procurement practices.

o Whole of health contracts achieve very good value for money. More and more items need to included into these contracts. It makes it much easier from procurement point of view.

o Procurement regulations for other items not available within whole of health contracts, need to be simplified / relaxed. This also includes approval processes. This will make procurements faster.

o OCPO/HSS/Dept of Finance should invest resources into random audits. A random audit filters individuals who are not practising correct guidelines; without slowing down the rest of the system.

o Recently, another blanket approach is being adopted for ICT projects. A robust approach is required so that it does not result in further delays than what we experience.

o Procurement delays mean that allocated funds are not spent in time. It also means that asset replacement projects get delayed; leaving the hospitals with old equipment/infrastructures which has OSH and patient safety implications.

• Human Resource issues – A big contributing factor to inefficiencies around the system is lack of seasoned management staff. Managerial roles can vary from very senior executive positions to mid or entry level managers. While there are a lot of nice people around, the number of good manager is very low. Recent surveys have shown over and again that a good majority of employees are dissatisfied with their managerial staff (See recent Staff survey in various health sites). And it is true across the board. Many of these managers have been in their role for a very long time. They have become complacent with no motivation to improve. A lot of managers lack vision, drive for efficiency or productivity. In eastern states or around the world or in private sector, employees and managers have the opportunity to switch jobs (or tend to) which encourage them to stay motivated, learn new skills and bring/exchange ideas/skills. However, in WA Health, the trend is low due to geographical location and lack of opportunity. Even employees don't tend to switch jobs unless they are forced to or being faced with difficult situations. This results in organisational culture being very rigid with no or little room for innovation. Hence, productivity and efficiencies suffer. Any proposal to improve efficiency doesn't usually gather much support from most managers. Unless, it is mandated by high level executives. A good example of management failure is delay of Fiona Stanley Hospital opening. A lot of managers/key personnel involved did not realize the depth of complexity in opening a new hospital and migrating services from existing hospitals into that. Although the then Director General took the ultimate blame for not acting appropriately, many managers involved did not carry out a similar task previously and therefore, lacked in forward planning and risk management/mitigation strategies.

o Staff performance appraisals are not carried out regularly or with much importance. Staff performance appraisals are very vague in nature. Managers tend to use 'average' ratings for both good and low-performing employees. While we promote KPIs for contractors etc, there is no KPI for staff members or managers. Without

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KPI, there is no distinction between a good performing staff/manager and an average or poor performing one. Without KPI, only individuals who can 'talk the walk' get promoted in different roles. Instead people who can actually 'walk the talk' but not too interested in boasting their performance remain unnoticed or unappreciated.
o There is hardly any strategic planning or initiatives for productivity in smaller units/departments. Most tasks are carried out via adhoc or 'on demand' basis rather than part of a plan. Suggestions to improve are usually met with eyebrows. Suggestions that are actually accepted, take years to implement losing any effectiveness whatsoever.
o Managers tend to pick their sub-ordinates for acting/key positions based on personal relations rather than proven ability to carry out tasks / projects in an objective manner. Again, since there is no KPI, the selection is based on personal relations or ability to boast and not necessarily actual accomplishments.
o Acting positions tend to linger for a long time providing exposure and advantage to certain individuals when the position is finally advertised for recruitment.

• Recruitment Process – Recruitment processes across Health are not very dynamic in nature. Possibly this is a public sector wide problem. I believe failed recruitment processes have contributed to less efficient workforce. Typically, some key criteria are advertised for every job. Those who get shortlisted for interview are asked only 3 or 4 fixed questions to answer and the whole interview takes at best 15-20 minutes. This process only focuses on basic skills required to perform a task/job. However, there is no attempt to measure individual's future potential, capacity to grow and other subtle/intangible skills in this format. In USA for example, applicants are only asked to send their CV and possibly a cover letter for a job application. The selection panel or the manager then goes through the CV and talk to the applicants over phone or personally to see if they are a good fit. Following that applicants are short listed and called in for extended interviews. Most interviews in USA (high performing companies, prestigious hospitals etc) take few hours, involves presentations, site visits, meeting with existing team members etc. This rigorous recruitment process ensures employees and employers find their best match. I believe the recruitment process should become more dynamic to look for smart / exceptional employees rather than mediocre ones. Another related issue, as mentioned earlier, is acting positions. When some existing employee act on a certain higher position for a considerable time, it creates unfair advantage.