QoN No. 57

LEGISLATIVE ASSEMBLY

FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON HEALTH, AGEING AND COMMUNITY SERVICES

CHRIS STEEL MLA (CHAIR), ELIZABETH KIKKERT MLA (DEPUTY CHAIR), VICKI DUNNE MLA, CAROLINE LE COUTEUR MLA, MICHAEL PETTERSSON MLA

Inquiry into referred 2016–17 Annual and Financial Reports
ANSWER TO QUESTION ON NOTICE

Asked by Mrs Dunne:

In relation to: Health Directorate Annual Report, Financial Statements

General

(1) Is the directorate subject to an efficiency dividend?
(2) If yes:
  (a) What is the target;
  (b) From where will it be found?
(3) How frequently are cost savings measures and strategies discussed at executive-level meetings?
(4) Apart from any formal efficiency dividend, is there any other target of cost savings to be achieved in 2017-18?
(5) If yes:
  (a) Who determined that the directorate should find additional cost savings;
  (b) Who determined the target;
  (c) What is it;
  (d) From where will the target savings be found; and
  (e) What front-line services will be impacted?
(6) Does this strategy amount to an additional efficiency dividend?

Page 197 – Risk Management

(1) What are the mechanisms and processes to monitor the identified risks and their impact on financial outcomes?
(2) What other risks, such as, but not limited to, administrative integrity or fraud, should be included in the list?
(3) What is the anticipated final cost of the review of data collection and reporting, including, but not limited to the initial audit; the review of the systems; and measures (including capital costs) to get it back on track?
(4) What is the breakdown of that final cost?
(5) To what extent is it considered to be a financial risk?
(6) Given the review of data is being funded from existing resources, what impact will its funding have on other operative areas in the directorate?

Page 198 – Own source revenue

(1) To what extent does own source revenue impact on the level of government funding of expenses, such as EBA staffing cost increases?

Page 198 – Other revenue

(1) What is the nature of the "assets found during the stock take"?
(2) Why were these assets not recorded as such?
(3) What are the components that make up the switchboard fire damages claim of $1.1m?
(4) Leaving aside the cost to replace the switchboard, what did it cost to restore the switchboard to full operation?

Page 199 – Other expenses - $5.7m

(1) What is meant by "writing off of the loss of use value of the University of Canberra Public Hospital building premises"?

Page 200 – Comparison to 2015-16 actual expenses – grants and purchased services

(1) What was the cost of the additional elective surgery procedures from private providers to reduce the waiting list?
(2) What reduction in wait times was achieved?
(3) What reduction in the number of patients on wait lists was achieved?
(4) Are there plans to engage similar strategies in the future?
    (a) If yes:
        (i) when; and
        (ii) to what extent?
(5) Does the experience point to a need for more salaried surgeons to be employed?
    (a) If yes:
        (i) what is the strategy; and
        (ii) what are the barriers?

Page 201 – Staff development and recruitment

(1) Why were medical education obligations not met in prior years?
(2) How was the shortfall discovered?
(3) For how many years were they not met?
(4) In what medical areas were the obligations not met?
(5) Are obligations now up-to-date?

Page 205 – Total liabilities – staff benefits

(1) What are the directorate's policies relating to leave accrual caps, ie, must staff take recreation or annual leave after reaching a certain amount of leave accrued?
(2) What is the average accrual in days per staff member of:
    (a) Annual leave;
    (b) Long service leave;
    (c) Sick leave; and
    (d) Other leave?

Page 238 – Note 23 – Ageing of receivables

(1) What processes are adopted for recovery of outstanding receivables?
(2) What are the criteria for a receivable being assessed as "impaired"?
(3) What criteria are used to determine that an impaired receivable should be written off?
(4) What criteria are used to determine that a non-impaired receivable should be written off?

Page 240 – Note 26 – Property, plant & equipment

(1) How often are the directorate's fixed assets revalued?
(2) What procurement processes are adopted for the engagement of valuers?
(3) What is the typical cost for a revaluation cycle?

Page 250 – Note 31 – Borrowings

(1) On what projects was the interest-free loan from Environment, Planning & Sustainable Development Directorate spent?
(2) What are the loan repayment arrangements?
(3) What does the EPSDD require by way of acquittal of the amount advanced under the loan?
(4) Is the directorate meeting those requirements?
(5) If no, why?

Page 261 – Note 41 – Third party monies

(1) What are the revenue sources for:
   (a) Human Research Ethics Committee Account; and
   (b) Mental Health Account?
(2) For both accounts, how is the revenue spent?
(3) For both accounts, what are the governance and operational arrangements?
(4) For both accounts, who are the trustees?

Page 326 – Contracts – ISS Health Services - $82.38m

(1) What services are delivered under this contract?

Page 334ff – Performance report – Output Class 1 – Health and Community Care

(1) For each accountability indicator with actual-target variance >10%:
   (a) Is the variance indicative of a long-term or permanently increasing trend; and
   (b) If yes, what strategies are being developed or adopted to ensure resourcing and quality-of-service levels are maintained and/or improved?
(2) For each accountability indicator with actual-target variance <10%:
   (a) Is the variance indicative of a long-term or permanently decreasing trend; and
   (b) If yes, what is the directorate doing to review the scope of resourcing and services being allocated?
(3) In relation to item c (p337):
   (a) what caused the mapping error; and
   (b) what has been done to ensure it is correct in future?
(4) In relation to Output 1.4 (Cancer services) (p339):
   (a) Is there a strategy to encourage men to undergo prostate screening?
   (b) If yes, why are there no performance indicators?
   (c) If no, what are the directorate's plans to introduce such a service?
   (d) If no plans, why?

Ms Fitzharris: The answer to the Member's question is as follows:–

General

(1) No.

(2) (a) Not applicable.

(b) Not applicable.

(3) Cost savings measures and strategies are discussed on a monthly basis with Executive Directors at the Canberra Hospital and Health Services Executive Meeting.

(4) The internal budgets for the ACT Health have been developed under an activity methodology, using the national activity measure of National Weighted Activity Units (NWAU).

This has been undertaken for two purposes:

- To move ACT Health from a cost/NWAU of $6,842 to $6,600 as we move the health service towards the National Efficient Price (NEP); and
- To ensure that funding has been allocated to Divisions where there is more activity.

(5) (a) An overarching strategic decision was made that the directorate, as has occurred in other jurisdictions, needed to find efficiencies to move from the current price per NWAU towards the NEP.

(b) The target was determined by the Director-General with regard to available funding and the need to make budget.

(c) The target over four years is to move from the current price per NWAU towards the NEP, reducing 50 per cent of the differential between the current price per NWAU and the NEP. This equates to a reduction of 12.5 per cent of this differential in the 2017-18 financial year.

(d) See response to question 5(c) above.

(e) No front-line services will be impacted, but all services will need to be reviewed to determine where efficiencies may be made in the delivery of the services.

(6) No.

Page 197 – Risk Management

(1) ACT Health has a robust risk management system which it employs in identifying, managing and monitoring the organisation's risks. The ACT Health employs a Risk Management Policy which is supported by a risk management framework and guidelines containing instructions and processes to be used when engaging with risks in the Directorate. Monitoring and oversight responsibilities are completed by relevant executives and tier 1 committees including by the Audit and Risk Management Committee.

(2) The Directorate undertakes regular risk assessment of all risks affecting the organisation, including financial risks which are then assessed, mitigated and monitored in accordance with our risk management policy and framework.

(3) See response to Question Taken on Notice No. 7.

(4) A breakdown of the final cost will not be available until the completion of the System-wide Data Review.

(5) The Review itself has not been listed as a potential risk that may influence the future financial position of the Directorate (See page 197 of the ACT Health Annual Report 2016-17).

(6) The cost of the review has no impact on operational areas of the Directorate.

Page 198 – Own source revenue

(1) There is no connection with own source revenue to the funding of expenses such as EBA staffing cost increases.

Page 198 – Other revenue

(1) The nature of the assets found include 43 assets of plant and equipment which were subsequently booked as assets with a corresponding amount of Revenue in line with Accounting Standards. Examples of the assets found included an Ultrasound Machine, ECG recorder and Cardiograph.

(2) It was identified at the time of the stocktake a number of assets had been purchased, however not transferred on to the assets register due to a timing delay. Processes have been put in place since this time to ensure timely recording of assets at the time of purchase.

(3) The following remediation works were undertaken through the Electrical Main Switchboard (EMSB) Replacement Project in response to the fire event and were required in order to restore the damaged switchboard and associated electrical infrastructure to its pre fire functionality and make up the $1.1 million insurance claim:
- Building 2 Main Switchboard Restorations Works
- Reinstatement of Interim Building 12 Business Continuity Switchboard
- Head contractor third party incurred costs

(4) It cost $507,749 (Ex GST) to restore the damaged switchboard and associated electrical infrastructure to its pre fire functionality.

Page 199 – Other expenses - $5.7 million

(1) Part of the University of Canberra Public Hospital premises are to be used by the University of Canberra (UC) and ACT Health must recognise in its financial statements the fair value to be transferred to UC.

Page 200 – Comparison to 2015-16 actual expenses – grants and purchased services

(1) $14.86 million during 2016-17.

(2) ACT Health reduced the median waiting time from ACT public elective surgery waiting lists from 62 days in 2015-16 to 46 days in 2016-17.

(3) ACT Health has significantly reduced the number of patients waiting longer than clinically recommended timeframe from 1,461 at the end of June 2015 to 424 at the end of June 2017.

(4) Yes.
   (a) (i) Ongoing.
       (ii) $16.2 million has been budgeted for 2017-18.

(5) No. All the work was performed by ACT Health contracted surgeons, mostly VMOs.

Page 201 – Staff development and recruitment

(1) The ACT Public Sector Medical Practitioner Enterprise Agreement (EA) was negotiated in 2005, and the allowance for Medical Education Expenses (MEE) was introduced. Staff Specialists and Senior Staff Specialists can access an entitlement to reimbursement (currently up to $18,089 per annum) for professional development. All expenditure obligations via requests for reimbursement have been met. The full liability for the MEE was not accounted for until the financial year 2016-17, therefore there was a liability shortfall since 2005-06.

(2) ACT Health received Government Solicitor advice on 21 October 2016 that the MEE entitlement should be funded by ACT Government.

(3) See response to Question one.

(4) All expenditure obligations via requests for reimbursement have been met.

(5) Yes.

Page 205 – Total liabilities – staff benefits

(1) ACT Health has a Leave Management Policy that states if employees have accumulated the equivalent of two years annual leave credits, then (except in exceptional circumstances), the employee and the manager will develop an annual leave usage plan designed to manage effectively the leave credits back to a manageable credit.

This policy is in line with the ACT Public Service Administrative and Related Classifications Enterprise Agreement 2013-2017 and similar provisions are contained in every enterprise agreement within ACT Health.

(2) As at 15 November 2017 the average leave accrual in days per staff member for annual leave and personal (sick) leave was:

Employment Category	Average Days Personal Leave	Average Days Annual Leave
Casual	2.42	1.88
Permanent	64.79	29.19
Temporary	25.38	17.00
Grand Total	**53.21**	**25.12**

As at 17 May 2017 the average leave accrual in days for Training, Education and Study Leave (TESL) for Specialists and Senior Specialist was;

Employment Category	Average Days TESL Leave
Specialist and Senior Staff Specialists	57.5

Long service leave balances are not recorded by the ACT Health payroll system and are calculated manually on request.

Page 238 – Note 23 – Ageing of receivables

(1) The processes for recovery of outstanding receivables includes the following:

- All billing/revenue systems that provide invoicing should produce monthly reports showing the aged debt.
- All debtors over 30 days late (or as determined) are contacted, usually by phone. Evidence of follow up (file note etc) is filed.
- Debtors must be followed up every 30 days and an audit trail of follow-ups maintained:
    - 30 days – reminder letter or phone call
    - 60 days – letter of demand
    - 90 days – second letter of demand
- Where necessary, negotiations should be made with debtors to institute an arrangement to pay by instalments.

- In the event that the debt remains unpaid after these steps and it is over $10,000, consideration should be made to refer the debt to the ACT Government solicitor's office for legal action to recover.

(2) The criteria for a receivable being assessed as "impaired" depends on the type and length of time it has been overdue after 60 days. The following types of receivables and length of time overdue include:
- For nursing home and non-eligible patient fees the criteria is over 90 days overdue;
- For private patients the criteria is over 120 days overdue; and
- For compensable patients (e.g. those with workers compensation or third party claims), the criteria is over 1,096 days overdue, to account for the time taken for delays in court cases.

(3) An impaired receivable can be written off pursuant to the Health Debt Management and Invoicing Policy. A write-off of moneys or assets occurs when either it is considered that it is impossible or uneconomical to recover moneys owing to the Directorate, or assets have been stolen or lost.

(4) A non-impaired receivable means it is recoverable and it would only be written off if it became impaired.

Page 240 – Note 26 – Property, plant and equipment

(1) ACT Health re-values land, buildings and leasehold improvements every three years in accordance with ACT Health Policies and Accounting Standards.

(2) Valuers are engaged in accordance with ACT Government Procurement guidelines. For the procurement of valuers in 2016-17, a Request For Quote (RFQ) was issued to three (3) providers sourced from the ACT Government panel of valuers.

(3) The typical cost of a revaluation cycle is approximately $60,000 including GST.

Page 250 – Note 31 – Borrowings

(1) As per the MOU entered into between EPSDD and ACT Health, the loan monies were provided for the following two projects:

a) Installation of a 500kw Solar Photovoltaic array on top of the multistorey carpark at Canberra Hospital.
b) Canberra Hospital LED Lighting Upgrade.

(2) As per the schedule in the MOU, the full amount of the loan monies will be paid to the fund by 20 June 2024 based on the following periodic payments.

Repayment Schedule	Payment Date	$ Amount (ex GST)
Payment 1	30-Jun-16	47,481
Payment 2	30-Jun-17	3,523,14
Payment 3	30-Jun-18	425,107
Payment 4	30-Jun-19	445,348
Payment 5	30-Jun-20	469,626
Payment 6	30-Jun-21	492,933
Payment 7	30-Jun-22	518,680
Payment 8	30-Jun-23	545,826
Payment 9	30-Jun-24	21,661
		3,318,976

(3) The following reporting requirements are contained in the executed MOU:

- Provide EPSDD with data that establishes the pre-investment position and the post investment performance of assets or other improvements funded through the loan.
- Provide brief quarterly status reports starting three months from project funding until all the works have been completed.
- Provide annual progress reports to EPSDD by 30 June each year that the loan is current.
- Agreement to provide additional input to the EPSDD Carbon Neutral Government Fund Administrator on activities supported through the fund (as required)
- Measurement and verification of savings.
- Visitor engagement in the technology – to ensure that the information and specifications are available to both maintenance staff and relevant users of the site.
- Technical learning within government.
- Recycling of removed materials.

All promotions of the project will include a reference to the support funding.

(4) Yes.

(5) Not applicable.

Page 261 – Note 41 – Third party monies

(1) (a) The ACT Health Human Research Ethics Committee (HREC) operates on a fee-for-service basis. Revenue is raised from those who submit research proposals for review. This includes pharmaceutical companies, contract research organisations, research institutions, universities.

(b) The revenue source for the Mental Health Account is from residents within Brian Hennessy Rehabilitation Centre (BHRC) and Dhulwa Mental Health Unit (Dhulwa). The Mental Health bank account is available for residents who are unable to manage their own finances to have money deposited whilst they are in the facilities. Patients deposit funds for living expenses whilst in the facilities.

(2) Third Party Monies are not 'Revenue' but rather 'Cash Receipts' and 'Cash Payments'. Expenditure from the ACT Health HREC account covers the costs of running the HREC. This includes:

- Sitting fees for non-ACT Health members of the HREC;
- Essential education and training of HREC members;
- Attendance at conferences and other forums for HREC members and staff;
- Courier delivery for agenda papers to non-ACT Health members;
- Costs associated with advertising for members (such as in the Canberra Times);
- Costs associated with facilitating full participation by non-ACT Health members (such as provision of lap tops (on long term loan) to enable access to agenda papers).

Funds which are deposited into the Mental Health bank account are funds deposited by residents for their own use on living expenses.

(3) The cash receipts raised through HREC activities are paid into a bank account. The HREC secretariat staff reconcile this account on a monthly basis with assistance from Shared Services that manages the banking arrangements. Expenditure from the account is managed through Shared Services with the Head of Ethics and Governance reviewing all transactions. The Mental Health account holds third party funds and is managed by ACT Health. All patient funds are managed by ACT Health.

(4) The ACT Health HREC account is managed by the Public Trustee.

The Mental Health Account has the following signatories set up for the cash management processes.

a) Operational Director, Adult Acute Mental Health Services;
b) Operational Director, Adult Community Mental Health Services;
c) Operational Director, Child and Adolescent Mental Health Services;
d) Executive Officer, Mental Health, Justice Health and Alcohol and Drug Services.
e) Operational Director, Justice Health Services;
f) Operational Director, Rehabilitation and Specialty Mental Health Services;
g) Operational Director, Alcohol and Drug Services

Page 326 – Contracts – ISS Health Services - $82.38 million

(1) ISS Health Services is the service provider under the ACT Health Domestic and Environmental Services contract. The contract provides for the delivery of the following services to ACT Health facilities.

a) Cleaning;
b) Waste Management;
c) Pest Control;
d) Hygiene (sanitary bins and deodorisers); and,
e) Distribution (movement of furniture and equipment).

Page 334ff – Performance report – Output Class 1 – Health and Community Care

(1) (a) Yes

(b) An expansion of Canberra Hospital Emergency Department (ED) was completed in 2016, which increased the capacity of the ED by 30 per cent, with 1000 square meters of additional floor space, 21 additional treatment spaces and three new ambulance bays added to the facility.

To support and maintain the service, the Government made an election commitment in 2016 to invest $29 million over four years.

(2) (a) No

(b) Not applicable.

(3) (a) The cause of the mapping error was associated with staff team accountabilities changing as part of the Mental Health service redesign. This meant that certain staff teams were aligned to the incorrect accountability indicator group. This did not however affect the service delivery or patient outcomes achieved during 2016-17.

(b) The Minister for Health has announced a system-wide review of ACT Health data and reporting with a particular focus on governance processes and protocols for data management, reporting and analysis. The system-wide review of ACT Health data and reporting will be complete at the end of March 2018.

(4) (a) No
(b) Not applicable.
(c) ACT Health as no plans to introduce this service.
(d) The issue of prostate cancer screening and its effectiveness continues to be debated amongst clinicians. A Prostate Specific Antigen (PSA) blood test and digital rectal examination is the current testing for prostate cancer. PSA levels can rise due to cancer or non-cancerous conditions, and could also remain low in the presence of prostate cancer.

Approved for circulation to the Standing Committee on Health, Ageing and Community Services

Signature: Date: 18/12/12

By the Minister for Health and Wellbeing, Meegan Fitzharris MLA