

Minutes for NSW Health Pathology Board

13 December 2023 | 10:00 AM - 01:30 PM, 1 Reserve Road, St Leonards, and Microsoft Teams

Attendees

Nigel Lyons (Chair), Cathryn Cox, Darren Turner, Gayle Murphy, Michael Legg, and Nicholas Hawkins.

Apologies: Carmen Rechbauer, David Currow, Elizabeth Salisbury

In Attendance: Vanessa Janissen, Martin Canova, Michael Whiley, Tammy Boone, and Deanna Paulin for Items 6 and 7, Lyn Baker for Item 8 and Juliana Iles-Mann for Item 11.

Secretariat: Tanya Dunn

Welcome, Acknowledgment of Country and Emergency Management

The Chair opened the meeting with acknowledgement of country and welcomed all in attendance.

The Chair **NOTED** the apologies received.

A quorum of Board members was present, and the meeting proceeded with business. The Secretariat recorded the minutes.

Declarations of Conflict of Interest

The Board Chair requested that all attendees declare or remove any conflicts of interest at the meeting.

There were no new conflicts of interest declared at the meeting.

There were no updates disclosed regarding the Conflict of Interest Register.

Confirmation of previous Minutes and Review of Action Log

Board members were invited to comment on the minutes.

The members of the Board **APPROVED** the draft Board meeting minutes of 25 October 2023 as an accurate record of the meeting; subject to amendment. It was noted that the wording "cut off" should be replaced with "cut up".

Moved: Gayle Murphy

Seconded: Nick Hawkins

The Action Log was reviewed and noted. The pending actions were reviewed and discussed.

Chief Executive Update

The Chief Executive report was taken as read.

Noting:

- There has been valuable engagement with stakeholders across NSW Health. This information will assist the Strategic Leadership Team (SLT) to inform their focus for the next 18 months.

- Both Local Health Districts (LHDs) and the Ministry of Health (MoH) partners have strong relationships and sense of value. They are working in collaboration to achieve standardisation and improve efficiencies.
- Reflections from clinicians, laboratory leaders, and staff indicate a strong relationship. There is a degree of fatigue, particularly in the collection and specimen reception areas. Measures are currently being taken to address and alleviate these areas.
- Initiatives are being developed to drive out low-value ordering and engage laboratories in working with clinicians. Further work is to be undertaken in Anatomical Pathology, where there is a shift in volume and complexity, and a need to fast-track the digital strategy to enable further progress.
- Concerns regarding the Rights of Private Practice continue to be raised. Any work in this area will need to align with the Award Reform process currently under discussion with pathologists and Australian Salaried Medical Officers' Federation (ASMOF).
- Efforts are underway to drive budget efficiencies in laboratories, primarily by managing vacancies and modifying work methods. However, there is an understanding that more structural changes are needed. A range of initiatives are currently being planned to facilitate these changes.
- The change management process around Fusion needs to be managed to ensure operational effectiveness. This process includes the progression of statewide tenders. Work is underway to outline the changes that can be implemented before Fusion is implemented.
- Work is ongoing to resolve the dispute involving Technical Officers and Scientific Officers before the Industrial Relations Commission (IRC). The case is scheduled for arbitration in March 2024. Conciliation efforts with the Ministry of Health, Industrial Relations (IR), and the Health Services Union (HSU) are continuing. A discussion regarding this matter was held with the Board.
- The Board were informed on the upcoming changes within the SLT and related portfolios. These changes include: the creation of the Director, Clinical Transformation role to lead service changes between laboratories; the decision to remove the Director, Strategy and Transformation role from the structure; the integration of the Data and Insights portfolio with the Business Analysts portfolio; and changes to the reporting lines of Biobank and Research Governance to ensure clinical leadership oversight.
- The Board and the Chief Executive both acknowledged and conveyed their appreciation for Martin Canova's significant contributions over the last four years. Martin's professionalism and dedication to driving innovation, as well as planning and delivering strategic programs, have been evident in NSWHP. Support will be provided during Martin's transition.
- Early December, a two-day SLT workshop was held. SLT members reflected on the NSWHP Strategic Refresh and discussed strategies to establish future laboratories and sustainable

pathology. Time was also dedicated to aligning priorities for the next 18 months, and the governance committee structure review was discussed. The Board will be presented with an update regarding the structure of the governance committee review at the February Board meeting. Presentations were provided by Dr Jean-Frederic Levesque and Mr Gary Sturgess. It was confirmed that Gary Sturgess's research report is currently being finalised and will be provided to the Board once available.

- The Board was updated on the Anatomical Pathology services in Wollongong, including the potential changes to the contractual arrangements.
- In response to a question regarding the sequencing of the Single Digital Patient Record, it was clarified that it aligns with the footprint of the Statewide Laboratory Information System.

Action: Gary Sturgess's research report is currently being finalised and will be provided to the Board once available.

Action: The Board will be presented with an update regarding the structure of the governance committee review at the February Board meeting.

The Board **NOTED** the updates provided.

Budget Efficiency Plan

- The Board Chair provided a brief overview of the current financial situation, noting the impact of COVID and economic factors on NSW Health Pathology and the broader health system.
- Nick Dunn, Director, Finance and Corporate Services, provided an overview of the consolidated Net Cost of Services (NCOS) results for November 2023. Noting the YTD unfavourable result and likely that the full-year forecast would also be unfavourable. While some efficiency targets have been achieved, there is still a significant gap. Strategies are being developed to address this gap.
- The current full-year forecast is an extrapolation of the YTD result and does not include some of the efficiency improvements plans identified in recent months across operations and the corporate office.
- The achievement of the employee-related expense target was made possible through a reduction in vacancies across October and November 2023.
- COVID has masked the BAU result over the last three years; additional efficiencies and unfunded CPI remain.
- Both public and private revenues have increased year on year and are projected to continue in line with activity. External revenue targets were discussed.
- Repairs and maintenance costs have been impacted by the delayed rollout of new equipment and FASS site costs.
- Goods and services were unfavourable due to the efficiency targets and CPI-related price increases. A significant CPI increase has occurred, with most contracts and uncontracted suppliers requesting CPI increases, leading to a 6-7% increase.

- Ongoing discussions with Local Health District Chief Executives regarding pathology charges will continue. The focus on these discussions will be on variances related to service and cost differences, the cost and component implications of certain tests, the operational effectiveness of various billing systems and standardising billing charges and practices.
- Nick Dunn provided an overview of the ongoing work around the efficiency improvement programs. This involves reviewing operations and the corporate office to identify potential short-term cost reductions, as well as longer-term structural changes through the Comprehensive Expenditure Review (CER) program. Achievements for this financial year are being quantified.
- Collaboration is ongoing with operational teams regarding turnaround strategies and evolving concepts across operations. Deep dives into varying results across different operational areas were discussed, along with planned efforts to close the full-year forecast.
- Other focus areas include review and management of cross-subsidisation in research, grants, and other diagnostic areas. Contracts are being reviewed and activity-based costing data is being analysed to streamline and consolidate testing, which may lead to alternate pricing structures or arrangements.
- Discussions are underway with Local Health Districts regarding COVID testing, considering that no budget has been allocated to LHDs from the Ministry of Health for testing. NSWHP is working to identify and simplify the reconciliation of charges.
- Discussions will continue with the Ministry of Health regarding the Regional Health Incentive Scheme funding program and the Workforce Resilience FTE funding program.
- The capital reserve and the prioritisation of future capital initiatives were discussed.
- The Board noted the details presented regarding NSWHP's financial performance, particularly the challenges in achieving a balanced budget, managing variations in costs and charges across different Local Health Districts (LHDs), and meeting the goals of the Comprehensive Expenditure Review (CER).
- The Board acknowledged the strategies proposed to address these challenges, including efficiency improvement programs, a review of all operational areas and the corporate office, and discussions with Local Health Districts and the Ministry of Health on various funding programs.
- The Board expressed concern over the projected financial result and emphasised the need for a detailed plan to achieve or come close to a balanced budget. An update was requested for the February Board meeting.
- Vanessa Janissen discussed the need for transformation and creating laboratories for the future. Focus areas included creating laboratories for the future, sustainable health services, enhancing operational delivery, and savings in procurement. These initiatives and targets are primarily for the coming years, but that work needs to start now due to the time required to implement structural changes.

- Governance structures for these initiatives have been established. A Service Design Committee will oversee larger scale changes, ensuring they are consistent with the future focus for 2035. The SLT will oversee all major business cases, and the CER and EIP programs, ensuring the governance model, sponsorship and resourcing are in place.
- The Board expressed their appreciation for the detailed work that has contributed to the presentation and subsequent discussion.
- The Board acknowledged the challenges ahead and provided their support and focus to these important initiatives.

People Strategy

- Deanna Paulin presented a high-level summary of the proposed NSW Health Pathology People Strategy (Strategy). This framework integrates several existing strategies and outlines a vision for staff and the outcomes to work towards.
- The Strategy aims to create a positive work environment that enhances staff well-being, fosters a sense of belonging, and improves staff experiences.
- The Strategy identifies the strongest drivers of engagement and burnout, which encompass and include a commitment to developing staff, supporting staff through change, wellbeing support, recognition of contributions, and proactive decision-making to address future challenges.
- A discussion was held around the top 10 initiatives identified by the People Strategy Staff Focus Group.
- The Strategy is currently being refined with a planned launch in February 2024. An accountability mechanism, including a scorecard, will be shared across NSWHP.

The Strategy was well received, and the Board commended the team for their outstanding effort.

Culture, Safety and Wellbeing

The Culture, Safety and Wellbeing report was taken as read.

Finance and Performance Committee

The Finance and Performance Committee report was taken as read.

Darren Turner, Chair of the Finance and Performance Committee noted the financial performance outlined in the Budget Efficiency Plan presentation.

The highlights of the Scorecard was presented and discussed.

Noting:

- The turnaround times for coronial reports are trending down due to the improvements implemented in the Forensic Medicine Information System (FMIS). The insights gained and lessons learned and the benefits to be shared with the Fusion team.
- Work is ongoing to improve satisfaction in collection centres.

- An initiative is currently underway to meet the Anatomical Pathology Complexity Level 4 turnaround target at 21 hospitals.
- The turnaround times for the Australian Council on Healthcare Standards (ACHS) were noted, with performance improvement efforts being led by Senior Operations Managers.
- KPIs are being developed to measure productivity, focusing on headcount, vacancies, and staff alignment to relevant roles.
- A review of the ICT budget is being undertaken, along with an evaluation of ICT resources to understand recurrent and capital expenses.
- The challenges associated with goods and services were discussed as part of the budget efficiency plan presentation.

On the distributed Scorecard, it was suggested:

- That the difference between the target and actual value be represented as a percentage.
- The variance between the reporting points used and the current actual value was noted.
- Ownership of KPIs was discussed, particularly focusing on areas sensitive to patient outcomes.
- It was requested to seek guidance to ensure that each Chair of the Board Subcommittees has an understanding of the KPIs related to their Board Subcommittees.

The Board **NOTED** the updates provided.

Action: Each Chair of the Board Subcommittees could seek advice from Tammy Boone around which Board Subcommittee should monitor which KPIs.

Action: Darren Turner and Nick Hawkins are to discuss out of session, the KPIs that are relevant to the Finance and Performance Committee and Quality and Clinical Safety Committee.

Action: A request was made for greater clarity and consistency in the reporting methods used for the Scorecard. It was suggested that the difference between the target and actual values be represented as a percentage.

Quality and Clinical Safety Committee

Nick Hawkins, Chair of the Quality and Clinical Safety Committee provided an update to the Board.

Noting:

- KPIs remain on track. However, the closure of incidents or recommendations within 45 days of an incident occurring has declined over the last six months. Cain Byrnes, Director, Clinical Governance, will discuss this with the Clinical Operations teams.
- One Harm Score is currently under investigation due to failure to notify around a low blood count.
- Progress is being made on the Quality Management Information System (QMIS).

- Proposed changes to the Committee membership, include reducing the number of Local Pathology Directors (LPD) from four to two (one metropolitan, one rural and regional – EOI in progress), the addition of two laboratory managers (EOI completed), and adding a representative from the Collections Team (Judy Kempton Webb, Director, Pre, and Post Analytics, to join the committee in 2024).
- The Committee plans to finalise the membership changes and revise the Terms of Reference (ToR) prior to presenting them to the Board for endorsement at the February Board meeting.

The Board **NOTED** the update provided.

Audit and Risk Management Committee

Lyn Baker, Chair of the Audit and Risk Management Committee (ARMC) provided an update to the Board.

Noting:

- The 2023-2024 Audit Program is progressing as planned, with 50% on track.
- The number of outstanding internal audit recommendations is decreasing. Some recommendations, particularly those related to ICT Business Continuity, are still outstanding and are being monitored. These will be discussed out of session, and updates will be provided at the ARMC's February meeting.
- In the context of revised financial plans and budgets, the appointment of a new Chief Executive, and a refreshed strategic plan, the ARMC will review the internal audit plan and risk register to ensure alignment with the current strategy.
- An audit was conducted to verify the effectiveness and completeness of the implementation of audit recommendations. Nine recommendations were identified and will be monitored further.

The Board Chair expressed his appreciation for Lyn Baker's leadership of the ARMC and her ongoing commitment to NSWHP.

The Board **NOTED** the update provided.

Clinical Council

Report only by exception. No update provided.

Medical Staff Executive Council

Report only by exception. No update provided.

The Board **NOTED** the update provided.

Medical and Dental Appointments Advisory Committee

The Medical and Dental Appointments Advisory Committee report was taken as read.

Report only by exception. No update provided.

Fusion and Single Digital Patient Record Update

- Juliana Iles-Mann presented an update on the Fusion Program, which included the Statewide Laboratory Information Management System, the Single Digital Patient Record Program (SDPR), and other related projects.
- The exchange of SDPR contracts were noted, with eHealth set to begin recruiting resources by April 2024 in preparation for training scheduled for late May 2024. The initial go-live of the program is expected in early 2026.
- The sequencing has been confirmed with John Hunter Hospital, (Hunter New England Local Health District), and Justice Health and Forensic Mental Health Network in the first tranche. This will be followed by Mid North Coast, Northern NSW, Northern Sydney, and Central Coast Local Health Districts. The potential operational risks presented by the splitting of platforms were noted, and the teams are working closely with EPIC to explore alternative risk mitigation strategies.

Action: Out of session, Stephen Braye will provide the Board with an update on ICT-related activities.

The Board **NOTED** the update provided.

Board Evaluation

It was noted that work is currently underway to streamline and enhance the Board evaluation process. An update will be provided to the Board at the February meeting.

Items without notice

- The Board Chair provided a retrospective of the past year, expressing appreciation to the SLT and the broader executive teams for their support. The efforts in preparing briefings and presentations for the Board were acknowledged.
- Board members were recognised for their roles, capabilities, and experiences, in particular those chairing Board Subcommittees.
- The ongoing assistance of Tanya Dunn and Tammy Boone to the Board was acknowledged.
- The Board Chair wished Board members and the executive team a safe enjoyable holiday season.

With no other business to come before the meeting, the meeting was closed at 1.23pm.

For Information

NSW Health Pathology Scorecard

The Scorecard was provided for information and taken as read.

Audit Office Management Letter

Noted for information.

Transformation Program Status Report

Noted for information.

Medical and Dental Appointments Advisory Committee Meeting Minutes

Noted for information.

Finance and Performance Committee Meeting Minutes

Noted for information.

Audit and Risk Management Committee Meeting Minutes

Noted for Information.

Clinical Council Committee Meeting Minutes

Noted for information.

Quality and Clinical Safety Committee Meeting Minutes

Noted for information.









Medical Staff Executive Council Committee Meeting Minutes

Noted for information.

Endorsed by Dr Nigel Lyons, Board Chair, NSW Health Pathology

A handwritten signature in black ink, appearing to read 'Nigel Lyons', is positioned below the endorsement text.

Action Log NSW Health Pathology Board

13/12/23 Item 10.	Out of session, Stephen Braye will provide the Board with an update on ICT-related activities.	Stephen Braye		COMPLETED On agenda
13/12/23 Item 7.	Ensure that each Chair of the Board Subcommittees has an understanding of the KPIs related to their Board Subcommittees. Each Chair of the Board Subcommittees could seek advice from Tammy Boone around which Board Subcommittee should monitor which KPI. Darren Turner and Nick Hawkins are to discuss out of session, the KPIs that are relevant to the Finance and Performance Committee and Quality and Clinical Safety Committee.	Tammy Boone Darren Turner Nick Hawkins		ONGOING
13/12/23 Item 7.	A request was made for greater clarity and consistency in the reporting methods used for the Scorecard. It was suggested that the difference between the target and actual values be represented as a percentage.	Alex Eigenstetter		ONGOING Initial discussion held with Alex and Michael Legg. Further discussion to be held Mar '24.
13/12/23 Item 4.	The Board will be presented with an update regarding the structure of the governance committee review at the February Board meeting.	Tammy Boone		COMPLETED On agenda
13/12/23 Item 4.	Provide the Board with the report from Gary Sturgess as it becomes available.	Vanessa Janissen		COMPLETED On agenda
26/10/23 Item 6.	Investigate the salary packaging issues concerning FASS. <i>* NSWHP is working with the Ministry of Health Principal Taxation advisor on the submission to the Australian Taxation Office for a binding private ruling on whether these FASS staff are eligible to salary package. This submission is expected to be lodged with the ATO early in 2024 so we will expect a ruling prior to the end of the financial year.</i>	Nick Dunn		ONGOING Jun 2024
26/04/23 Item 11.	Evaluation of the Statewide Billing Project Audit post implementation to be undertaken. <i>* Update was provided to the Nov F&P for information.</i>	Nick Dunn		COMPLETED
26/04/23 Item 5.	The Board will be provided with a copy of the Minister's briefing and value proposition for information. (Noting Minister visit is still to be scheduled). <i>* Minister and PPA meeting early 2024. Policy Advisors to tour ICPMR, Westmead early 2024.</i>	Vanessa Janissen		ONGOING