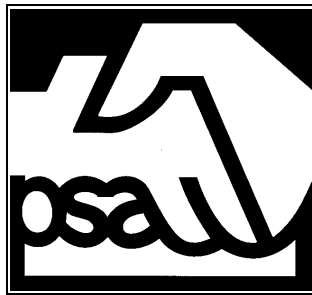


Single Pathology Service Proposal
South Australia 2007

Submission by The Public Service Association
to Paxton Partners Consultants



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1. Introduction

The Public Service Association (PSA) has represented the interests of public sector employees in South Australia for over 100 years.

The Association covers employees in the South Australian Public Sector, Health Units (including staff employed under the South Australian Health Commission Act 1976, and IMVS Act 1972), Higher Education Sector and other Statutory bodies.

PSA members are comprised of different classifications and occupations, including Administration Service Officers, Medical Scientists, Technical Officers, Professional Services Officers, and Operational Service Officers, and are involved in the direct provision of services to the community.

The PSA's vision states;

The PSA will be a dynamic organisation focused on the needs and aspirations of its members throughout South Australia as the principal trade union representing workers who provide community services to South Australia. This will be achieved partly by the promotion of the vital role of the public sector in the economy and community.

In addition to safeguarding and improving the conditions of employment of members, the PSA plays an active role in advocating for quality public sector services on behalf of the South Australian community.

There have been a number of changes in Pathology Services over the years. It is an area that has seen remarkable changes. Some of this has been a result of research and technological innovation, increased market competition, and increasing demand for services within the context of a public health service struggling under the burden of increasing costs and tight budgets.

The contestability period of the Brown Liberal Government necessitated laboratories having to prove their efficiency against outside providers.

In the public sector a number of pathology services were located within hospitals in addition to the IMVS. For example the laboratories at Queen Elizabeth Hospital were incorporated into the IMVS in 1997. Other laboratories are at Child, Youth and Women's Health Service (CYWHS, formerly Women's and Children's Hospital which itself was a merger of Adelaide Children's Hospital and Queen Victoria Hospital laboratories) and SouthPath (which was the merger of Flinders Medical Centre and Repatriation General Hospital (RGH) in 1998).

The comprehensive Generational Health Review was undertaken in 2002/2003 with the aim of developing a framework to guide the South Australian health care system for the coming 20 years¹. The Review recommended that:

¹ *Better Choices Better Health, Final Report of the South Australian Generational Health Review*, April 2003, Government of South Australia

3.13 - DHS establish networked clinical service groups, as appropriate, including a networked group for pathology services.²

Subsequently a Pathology Network Steering Committee was established in 2003, and a Pathology Project Liaison Group established with union involvement.

This Committee studied collaboration potential between public sector providers of pathology services, and ultimately recommended a “network” approach rather than a merger of services. It may be useful to review and reconsider the relevance of this material.

As part of the 2006 State Budget, announcements were made about the establishment of Shared Corporate Services across Government. In September the Minister for Health announced the consolidation of public pathology services into a single statewide service provider as a means of achieving significant budget savings.

A Sub-Committee has been established by the Department of Health to consult with unions. To date there has been little information on the proposals, and little opportunity for real input by employees. It is critical there is a sound rationale for changes, rather than simply for the sake of change.

All PSA members involved are covered by the South Australian Government Wages Parity (Salaried) Enterprise Agreement 2006. Part of the requirements of this agreement is that the parties, including the employer, will commit to a number of broad consultative principles. These include at Clause 22.1.1; *Consultation involves the sharing of information and the exchange of views between employers and persons or bodies that must be consulted and the genuine opportunity for them to contribute effectively to any decision making process.*

And at Clause 22.1.3;

Employers and Agencies consult in good faith, not simply advise what will be done.

The Public Service Association trusts the opportunity to make this submission, and a transparent consultative process, will ensure these requirements are met.

PSA members report a certain level of frustration at the lack of information provided. This has included lack of communication and details from employers, cancellation of sub-committee meetings, lack of Terms of Reference for the committee, and lack of a process for direct involvement. This submission provides a vehicle for staff to have some direct input. These issues must be addressed for the success of any change management process arising out of a transition to a single pathology service. Past mistakes must provide lessons for the future.

As a consequence, a significant part of this submission highlights issues of concern and raises valid questions which to date have not been answered. It is hoped this will provide some basis for the critical investigation of the merits of any proposals.

Given the potential implications for staff and service delivery, it is imperative that these issues are addressed. The focus of enquiries can not be on services alone, but must be comprehensive, including how staff may be affected.

² Note 1, p. 89.

It is still not clear how the final report will be communicated to staff. The PSA formally requested DOH provides any report or recommendations to unions as part of a commitment to a transparent consultative process. It is crucial employees have input into the change process and have some ownership, if the desired goals are to be achieved.

2. Key Issues

i. Model/Governance

Accountability, consistency, efficiency, flexibility and equity are all critical aspects of governance.

It is clear that in order for reforms to occur, changes to the governance structure are going to result. The challenge is finding the balance between centralised services and the flexibility to adapt to local community needs. There will be opportunities for PSA members flowing from a single service, however first other issues need to be considered, including;

- avoiding unnecessary duplication of services/processes, whilst still providing time-critical services at major sites
- the potential for conflict over services and resources
- artificial barriers to providing a pathology service for the state
- the creation of more indirect lines of reporting
- having different sites operating insularly rather than collaboratively
- the need to be able to compete with the private sector for revenue flow

The experience of other health unit boards in regional and metropolitan areas are they have been abolished or merged as part of the Health Reform process. It is unknown what the implication will be for the existing IMVS Board and advisory bodies. This would necessarily involve amending The IMVS Act 1982.

It is unclear where The Hanson Institute and Medvet sit in the single service proposal. Medvet currently have some bed licences at Noarlunga Private Hospital. The Hanson Institute is important in terms of the research and the funding it attracts. The implications need to be assessed if these branches of the pathology services are lost.

Existing services have evolved to a flatter management structure, however this has caused some problems. Having senior staff without management responsibilities to mentor and train other employees has been a casualty, as well as time for research activities. These should be seen as core activities.

There are currently different funding models which exist with the health units. The PSA seeks further information on how these will be formulated, and whether this will have an adverse impact on health units who may need to pay more for services than they currently would with access to on-site pathology services.

The impact on Salary Sacrifice arrangements of employees needs to be considered as part of any changed governance arrangements. The different categories of IMVS, other health units and

hospitals for the purposes of Fringe Benefits taxation exemption has an affect on the take home pay of employees. Whilst the categories are determined by the Australian Taxation Office, options need to be looked at which may minimise the impact on employees. If all employees were to come under the umbrella of IMVS as an employer (even if branded differently), this would clearly disadvantage CYWHS and SouthPath employees. There is the example of the South Australian Dental Service which is attached to the Central North Adelaide Health Service (CNAHS), and hence has the benefit of a hospital classification for the purposes of salary sacrifice, mitigating the impact.

Salary sacrifice is an important recruitment and retention benefit for staff. The loss or reduction of existing arrangements may prompt existing staff to retire early or look to other employment alternatives, including the private sector.

The Federal Government through the Australian Taxation Office ultimately has the responsibility for determining the Public Benevolent Institution classification, which could be changed at anytime. Employees, unions and management have been lobbying the Federal Government regarding this issue, but it is a factor that should be present in the minds of those considering changing governance arrangements. What may also be considered are other ways of approaching recruitment and retention issues. The employer already has discretion in offering retention incentives for particular situations, and the recently negotiated Enterprise Agreement resulted in a new classification structure for Professional Officers and Medical Scientists.

ii. Funding/Resources

The exercise in investigating and implementing a single pathology service inevitably involves the expenditure of considerable resources. This potentially may include any re-branding, particularly in the market and amongst the community. This should be provided by Government and should not come from existing health unit budgets which have been committed to service provision.

iii. Research and Teaching

Grant funding has been attracted to specific institutions, for example specifically targeted towards paediatrics at CYWHS, and this could be lost.

The Hanson Centre is the largest research facility in South Australia, and the fourth largest in the world, attracting more than \$38 million in grants. Pathology services need to maintain a viable research base in this state. The Hanson Institute has a unique relationship between research and diagnostic services. This type of collaboration has resulted in the development of new equipment and Intellectual Property, and this collaboration with the IMVS needs to continue to maintain the State's reputation as a leader in this area.

There is a relationship between hospitals and universities in terms of teaching students and an interchange of staff and ideas. It is important that these linkages are preserved.

iv. Services to Community and Health Units

Generally the provision of existing services is of an exceptionally high standard, and staff would expect this to continue. This standard has been maintained during times of high demand, strains on staff from extended service hours, skills shortages and budgetary pressures.

If the provision of a single service has the capacity to streamline services and result in greater efficiencies, there should be no reason for existing services to the community and health units to suffer. However a number of checks and balances would ensure this does not occur, even inadvertently. A thorough review process after any changes are implemented will assist to ensure standards are maintained and improved.

There is understandably some concerns that on-site services at CYWHS, Flinders Medical Centre (FMC) and the Repatriation General Hospital (RGH) may be compromised. Service agreements ensuring the continuation of services will assist alleviating these concerns. It is not clear whether any thought has been given to the services provided by Biomedical Engineering at CYWHS, FMC and RGH, whether they will be provided offsite, remain as they are, be contracted out to the new service or be amalgamated within a new service. If services are located centrally, or transferred to the IMVS, consideration of the impact on existing staff will need to be considered. Whilst this may involve the shift of resources, existing resources at the IMVS are already strained.

The provision of specialist and regional services need to remain consistent and be improved. The PSA seeks more information on which services will be considered specialist, and which will be considered routine, and where they may be located. When the QEH laboratories were amalgamated with IMVS some specialist services were maintained initially.

The courier services operated via IMVS currently service metropolitan and regional areas. If as a result of a single service provider, some tests are only done at certain sites, there will be increased demand for courier services, and consideration needs to be given to ensuring the courier (and all other support services) are best equipped to meet any new demands.

The PSA recommends comprehensive spatial analysis as to the location and service use patterns of clients is conducted to ensure evidence base research supports any conclusions reached on the service model. This would ensure the model matches community needs.

The PSA believes a single service pathology service should;

- Provide high quality and efficient pathology services
- Ensure a seamless service is offered
- Ensure all health units and clients have services, including speciality services, that are accessible and affordable
- Ensure there is co-operation and co-ordination across the State's Health system
- Balance the need to centralise complex, expensive, specialist services for efficiency, with the need to provide a system accessible across the state
- Provide adequate data collection processes which reflect the pathology service needs on a local and statewide basis

v. Infrastructure

Whilst much of the infrastructure may already be in place, a review of needs should be undertaken. This will include equipment, accommodation, fleet, and IT. Currently IMVS, CYWHS and SouthPath utilise different IT programs, and have different versions. It is clear this will need to be consistent to capitalise on efficiencies. This may require some initial outlay to bring this up to a common standard.

Reports from members indicate IT systems are not updated simply because there is no budgetary provision. If systems are to be co-ordinated, there needs to be the capability in terms of equipment and systems for this to occur. Building infrastructure and accommodation may also become issues which need to be addressed.

The issue of Assets inevitably arises, if there are transfers of services and staff, will assets then move or remain the property of the existing unit?

vi. Efficiencies

As one of the prime motivations for this exercise is maximising the potential for increased efficiencies in the provision of pathology services, there needs to be clear documentation on how these will be realised. Empty rhetoric such as 'bigger is better', has no credibility unless the logic and rationale for changes are clear. Finding ways to cut expenditure due to budgetary constraints should not be the basis for changes.

vii. Workforce Issues

The State Government has a commitment to no forced redundancies for its current term. Employee entitlements for PSA members are covered by various instruments including;

- South Australian Government Wages Parity (Salaried) Enterprise Agreement 2006
- South Australian Public Sector Salaried Employees Interim Award
- Medical Scientists (South Australian Public Sector) Award
- The Department of Health (SAHC Act and IMVS Act) Human Resources Manual
- Office of Public Employment Commissioner's Standards
- Various IMVS/CYWHS/SouthPath policies
- The South Australian Health Commission Act 1976
- The Institute of Medical and Veterinary Science Act 1982
- Statutes Amendment (Public Sector Employment) Act 2006

One obvious implication of a move to a single service would be the potential for inconsistencies in the interpretation and application of employment conditions, classifications and career paths. Whilst generally conditions are determined by overarching instruments (detailed above), things such as classification, flexitime arrangements and other issues are delegated to Chief Executives and the IMVS Director.

Consistency and equity in conditions of employment needs to occur, and not at the lowest level, in the interest of being an employer of choice. This will necessarily involve an analysis of policies currently in place, and a review of employee classifications and job and person specifications. As a general principle, no employee should be disadvantaged throughout this process, and clear Human Resources principles need to be negotiated with Unions prior to implementation of any changes. If there is a need for the relocation of any employees as a result of this process, there needs to be discussions with staff and their representatives to ensure no employee is unfairly disadvantaged.

Many areas of the public sector, and Health in particular, are struggling to cope with demands for services and limited resources. Members report extremely high workloads, and this has been raised by the PSA on behalf of members working in laboratories. There have been high turnovers of staff, and human resource staff have reported difficulties filling vacant positions. There is an existing skills shortages nationally and this has also had an impact in pathology services. A single service provider may provide some relief, however there still needs to be consideration of professional development, recruitment and retention, staff satisfaction, and flexible working arrangements as a means of addressing skill shortages.

The average age of public sector employees is higher than the State average, and the future implications of this needs to be considered now. A comprehensive workforce development strategy identifying current and future issues for the delivery pathology services, and strategies to address these, needs to be developed.

With current workload demands, workforce development and training is often sacrificed. This needs to be put back on the agenda and resources allocated to this. The benefits to the employers are obvious in terms of skills development and investment in human capital, and will assist with workforce planning and recruitment and retention issues.

It should be recognised that employees have a sense of identification and belonging to a particular workplace and employer, many with years of dedicated and loyal service to their employer.

3. Impact of Whole of Government Shared Services Project

As part of the 2006 Budget, the State Government signalled its intention to establish Shared Services across the Government. The Shared Services Reform Office (SSRO) has been set up to investigate which model to implement and is tasked with implementing the reform. More information can be found from their website at <http://www.treasury.sa.gov.au/ssro/index.html>

The intention is to make significant budget savings by amalgamating corporate services such as IT, payroll, procurement, human resources, workers compensation, risk management, finance etc. A determination on what model will be selected and which services will be incorporated, has not yet been made. It is important however, to be aware that this exercise is occurring and will have an impact on health units.

The PSA sits on the peak consultative body. The SSRO has made it clear that whichever model is selected, all Government agencies will be expected to be involved. There had been some suggestions that Health may have its own Shared Services arrangements, however this is not guaranteed. If there is one system across Government, Health will be included.

With recent experiences of centralisation, such as at Metropolitan Domiciliary Care Service, difficulties have become apparent in moving from regional centres and now they have been brought back under Disabilities SA. This demonstrates the caution needed in these types of exercises if they are to achieve the outcomes they intend to.

4. Consultation and Communication

There has been some frustration from staff about the lack of consultation and inadequate communication to date surrounding this exercise. There needs to be a stronger commitment to this. Employees are arguably the most important resource, and have the experience and knowledge to assist in this process. Their contributions should be sought and embraced. The industrial requirements in this area have already been noted.

The PSA expects from the discussion of the report prepared for DOH, through to recommendations and implementation, there will be full and transparent consultation.

A critical element in this is the opportunity to view the final report and recommendations prior to decisions being made. Quite apart from the requirements on the employer, it will ensure that employees move forward with the new service.

5. Implementation

Any change management process needs careful consideration, planning, and review. Realistic timelines are needed, rather than rushing ahead with a poorly laid out vision. Implementation is linked closely to communication strategies, to ensure all parties involved, including health units, employees and other key stakeholders, are clear in their understanding of the aims and the process to achieve them.

In moving to any new model of governance, stable leadership and clear direction needs to be provided. Consultation with health providers in relation to clinical issues needs to occur, with unions over industrial implications, and with the other stakeholders in general over service requirements and delivery.

6. Conclusion

The proposal for the consolidation of public pathology services into a single statewide service provides an opportunity for a frank discussion about the best way to deliver services in this state. The challenges of market competition, increased running costs, improvements in medical research and testing procedures, increased demand, skills shortages and an ageing workforce make this a necessity.

This exercise is not new, there have been discussions since the Generational Health Review was conducted in 2002 about the possibility of greater collaboration between existing services. This never eventuated in any meaningful way, however from the most recent announcement by the Minister for Health in 2006, it appears there is a renewed effort for this to occur. Good working relationships currently exist, and this can be built upon.

This submission has identified a number of issues which need to be considered, and balanced, if these opportunities are to be realised.

The PSA has a commitment to ensuring that the services delivered to the South Australian community are maintained and improved. The PSA, as the largest public sector union in South Australia, is also committed to ensuring the interests of members are represented, and their conditions of employment protected. The two are not mutually exclusive. Dedicated public sector employees have ensured the quality and provision of services continues despite challenges such as budgetary pressures and high workloads. They will continue to do so with their expansive corporate knowledge and practical skills and experience.

Services are provided by staff who a valuable resource and are often in the best position to see what improvements and efficiencies can be made. A commitment to being a best practice employer, with genuine consultative mechanisms to ensure staff are involved in the process, will maximise the chances of success. Pathology staff have been positive in their response to being involved in this process, whilst raising legitimate concerns which require answers.

The opportunities for improvements are real, however the danger is that any rush to implement changes without full consideration of the impact on staff, stakeholders and services, will lead to future problems and result in false economies of scale.

If all elements are thoroughly considered, there is the possibility for improved services, however skimping on any one element, for example infrastructure, workforce planning etc, may have the potential to compromise the whole exercise.

Detail of the rationale and benefits from any proposal need to be up front and discussed. Too often it is assumed changes will deliver savings, which then do not eventuate. To avoid this situation, the issues identified in this paper need to be discussed and debated with a view to achieving the best outcome for the State.