Western Australia

LEGISLATIVE ASSEMBLY

Hospitals and Health Services Amendment Bill 1998

A Bill for

An Act to amend the *Hospitals and Health Services Act 1927* and to make an amendment to, and a validation relating to, the *Queen Elizabeth II Medical Centre Act 1966*.

The Parliament of Western Australia enacts as follows:

1. Short title

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This Act may be cited as the *Hospitals and Health Services Amendment Act 1998*.

2. Commencement

The provisions of this Act come into operation on such day as is, or days as are respectively, fixed by proclamation.

3. The Act amended

The amendments in this Act are to the *Hospitals and Health Services Act 1927**.

[* Reprinted as at 22 April 1993. For subsequent amendments see 1997 Index to Legislation of Western Australia, Table 1, p. 108 and Act No. 31 of 1997.]

10 4. Section 2 amended

(1) Section 2(1) is amended by deleting the definition of "board" and inserting instead —

"board" means a hospital board constituted under this Act;

(2) Section 2(1) is amended by inserting after the definition of "Commissioner" the following definition:

"constituted under this Act", in relation to a board, includes those cases where the Minister is, under section 7(2), deemed to be constituted as a board;

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(3) Section 2(1) is amended, in the definition of "public hospital", by deleting paragraph (a) and inserting instead conducted or managed by a board constituted (a) under this Act; 5 5. Section 6 inserted After section 5A the following section is inserted — " 6. **Role of Commissioner** 10 It is a function of the Commissioner, in addition to his functions under particular provisions of this Act to advise the Minister on all aspects of policy relating to hospitals and health services; and to assist the Minister — 15 (b) in the planning, provision, coordination and review of the accommodation, services and facilities referred to in section 5A; and in the performance and exercise of the (ii) 20 other functions, powers and duties vested in the Minister by this Act. **6.** Section 7 amended Section 7(2) is amended by inserting after "deemed to be" — 25 constituted as ".

7. Section 7C amended

Section 7C(4)(a) is amended by deleting "the Schedule", in both places where it occurs, and inserting instead —

" Schedule 1".

5 8. Section 15 amended

- (1) Section 15(1) is amended by deleting "under section 7 of this Act as the board" and inserting instead
 - " in his capacity under section 7".
- (2) Section 15(2) is amended by inserting after "constituted" —
- " under this section ".
 - (3) Section 15(7) is amended by deleting "the Schedule" and inserting instead
 - " Schedule 1 ".

9. Section 18A replaced by sections 18A, 18B, 18C and 18D

Section 18A is repealed and the following sections are inserted instead —

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18A. Certain boards to establish and operate under corporate planning documents

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(1) The Minister may, by order published in the *Gazette*, determine that a board specified in the order, being a board constituted under section 15, is one to which Schedule 2 applies.

- (2) A determination under subsection (1) that Schedule 2 applies to a board
 - (a) shall specify a financial year, or part of a financial year, in respect of which the application of that Schedule commences; and
 - (b) if a part of a financial year is so specified, may make provision for time limits to apply other than those required by that Schedule.
- (3) Section 43(4) and (7) to (9) of the *Interpretation*Act 1984 apply to an order under subsection (1) as if it were a regulation.
- (4) If a determination in relation to a board is revoked the order may include provisions to deal with transitional matters arising out of the revocation.
- (5) A board to which Schedule 2 applies shall in performing its functions comply with its operational plan and its statement of corporate intent as existing from time to time.

18B. Minister may obtain information

- (1) This section applies to a board that is constituted under section 15, and does not affect the powers of the Minister acting in his capacity under section 7.
- (2) The Minister is entitled
 - (a) to have information in the possession of a board; and
 - (b) where the information is in or on a document, to have, and make and retain copies of, that document.

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For the purposes of subsection (2) the Minister may request a board to furnish information to the Minister; (b) request a board to give the Minister access to information; 5 for the purposes of paragraph (b) make use of (c) staff employed or engaged by a board under section 19 to obtain the information and furnish it to the Minister. 10 (4) A board shall comply with a request under subsection (3) and make its facilities and staff available to the Minister for the purposes of paragraph (c) of that subsection. The Minister is not entitled to have information under this section in a form that -15 discloses the identity of a person who receives any hospital service or health service; or might enable the identity of any such person to (b) be ascertained, unless that person has consented to the Minister having 20 that information. In this section — (6) "document" includes any tape, disc or other device or medium on which information is recorded or 25 stored mechanically, photographically, electronically or otherwise; "information" means information specified, or of a

to the functions of a board.

description specified, by the Minister that relates

18C. Minister to be kept informed

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- (1) A board that is constituted under section 15 shall
 - (a) keep the Minister reasonably informed of the actual and prospective
 - (i) operations;
 - (ii) financial performance; and
 - (iii) financial position,

of the board, including its assets and liabilities; and

- (b) give the Minister reports and information that he requires for the making of informed assessments of matters mentioned in paragraph (a).
- (2) A board to which Schedule 2 applies shall, if matters arise that in the board's opinion may prevent, or significantly affect, the board
 - (a) achieving the things outlined in its statement of corporate intent; or
 - (b) meeting objectives and targets under its operational plan,

promptly inform the Minister of the matters and its opinion in relation to them.

18D. Consultation

A board that is constituted under section 15 and the Minister, at the request of either, are to consult together, either personally or through appropriate representatives, in relation to any aspect of the operation of the board.

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10. Section 18E inserted

Before section 19 the following section is inserted —

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18E. Duties of certain members

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(1) Where a board has the management and control of more than one hospital the Minister may, by order published in the *Gazette*, determine that Schedule 3 applies to the members of the board.

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(2) Section 43(4) and (7) to (9) of the *Interpretation*Act 1984 apply to an order under subsection (1) as if it were a regulation.

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11. Section 19A inserted

After section 19 the following section is inserted —

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19A. Limitation on appointment etc. of chief executives where board controls more than one hospital

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(1) Where a board has the management and control of more than one hospital the Minister may, by order published in the *Gazette*, determine that this section applies to the board.

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(2) Where a determination under subsection (1) is in force in respect of a board, the exercise of the powers of the board under section 19(1) are subject to the restrictions imposed by subsections (3) and (5).

	(3)	Commissioner, and otherwise than in accordance with the terms and conditions of an approval —			
5		(a)	-	y or engage a person to perform the ons of —	
			(i)	chief executive officer or chief employee of the board (whatever the title of the position); or	
10			(ii)	chief executive of a hospital under its control and management (whatever the title of the position),	
				the terms and conditions of the person's e or engagement; or	
15		(b)	function the ter	re from office a person who is performing ons referred to in paragraph (a) or vary rms and conditions of the person's service ragement.	
	(4)	In subs	section	(3)(b) —	
20		de		ludes a person in office when a ation under subsection (1) comes into	
25	(5)	The Commissioner may give directions in writing to the board as to the processes to be followed in the recruitment and selection of persons referred to in subsection (3), and the board shall give effect to any such direction.			
	(6)	Act 19		and (7) to (9) of the <i>Interpretation</i> y to an order under subsection (1) as if it tion.	
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12. Schedule amended

The Schedule is amended as follows:

(a) by deleting the heading **"SCHEDULE"** and inserting instead —

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Schedule 1

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and

- (b) in clause 2
 - (i) by inserting before the first word the subclause designation "(1)"; and
 - (ii) by inserting the following subclause —

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- (2) Without limiting subclause (1)(d), a member is guilty of misbehaviour if
 - (a) he has failed to carry out his duties as a member; or
 - (b) his acts or omissions have contributed to a failure by the board of which he is a member to carry out its duties.

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[s. 18A]

13. Schedule 2 added

After Schedule 1 the following Schedule is added —

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Schedule 2

5 Corporate planning documents for hospital boards

Division 1 — General

1. Definitions

In this Schedule —

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"board" means a hospital board to which this Schedule applies because of a determination under section 18A;

"financial year" includes a part of a financial year specified in a determination under section 18A(2)(a).

2. Procedure where a House is not sitting

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(1) If —

- (a) at the commencement of a period referred to in clause 6(5), 9(4), 14(5), 16(2) or 17(4) in respect of a document a House of Parliament is not sitting; and
- (b) the Minister is of the opinion that that House will not sit during that period,

the Minister is to transmit a copy of the document to the Clerk of that House.

- (2) A copy of a document transmitted to the Clerk of a House is to be
 - (a) taken to have been laid before that House; and
 - (b) taken to be a document published by order or under the authority of that House.

(3) The laying of a copy of a document that is taken to have occurred under subclause (2)(a) is to be recorded in the Minutes, or Votes and Proceedings, of the House on the first sitting day of the House after the receipt of the copy by the Clerk.

Division 2 — Operational plans

3. Draft operational plan to be submitted to Minister

- (1) A board shall in each year prepare, and submit to the Minister for his or her agreement, a draft operational plan.
- (2) Each draft operational plan is to be submitted not later than 3 months before the start of the next financial year.

4. Matters to be included in operational plan

- (1) The operational plan for a board shall set out
 - (a) the economic and financial objectives; and
 - (b) the operational targets,

of the board, and how those objectives and targets will be met.

- (2) The matters which are to be considered in the preparation of an operational plan include
 - (a) productivity levels;
 - (b) financial allocations;
 - (c) inventory and use of resources;
 - (d) capital expenditure;
 - (e) customer service arrangements;
 - (f) compliance with relevant government and health industry policy;
 - (g) work-force requirements and liabilities;
 - (h) service development initiatives;

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(i)	priority	Tunct	ions,

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- (j) teaching and research functions;
- (k) health service plans approved by the Minister; and
- (l) changes in the delivery of hospital and health services.
- (3) An operational plan is to cover a forecast period of 5 years or a lesser period agreed with the Minister.

5. Operational plan to be agreed if possible

A board and the Minister shall endeavour to reach agreement on the draft operational plan as soon as possible, and in any event not later than one month before the start of the next financial year.

6. Minister's powers in relation to draft operational plan

- (1) The Minister may return a draft operational plan to a board and request it to
 - (a) consider or further consider any matter and deal with the matter in the draft plan; and
 - (b) revise the draft plan in the light of its consideration or further consideration.
- (2) The board shall comply with the request as soon as is practicable.
- (3) If a draft operational plan for a board has not been agreed to by the Minister by one month before the start of the next financial year, the Minister may, by written notice, direct the board
 - (a) to take specified steps in relation to the draft plan; or
 - (b) to make specified modifications to the draft plan.

- (4) The board shall comply with a direction under subclause (3) as soon as is practicable.
- (5) The Minister shall within 14 days after a direction is given cause a copy of it to be
 - (a) laid before each House of Parliament; or
 - (b) dealt with in accordance with clause 2.

7. Operational plan pending agreement

- (1) If the Minister has not agreed to a draft operational plan for a board before the start of a financial year, the latest draft plan is to be the operational plan for the board until a draft operational plan is agreed to under clause 8.
- (2) In subclause (1) —

"latest draft plan" means the draft operational plan submitted, or last submitted, by the board to the Minister before the start of the financial year with any modifications made by the board, whether before or after that time, at the direction of the Minister.

8. Minister's agreement to draft operational plan

When a draft operational plan for a board is agreed to by the Minister, it becomes the operational plan for the board for the relevant financial year or the remainder of the year, as the case may be.

9. Modifications of operational plan

- (1) An operational plan may be modified by a board with the agreement of the Minister.
- (2) The Minister may, by written notice, direct a board to modify an operational plan.
- (3) Before giving the direction the Minister shall consult with the board and take its views into account.

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	(4)	The Minister shall within 14 days after a direction is given cause a copy of it to be —
		(a) laid before each House of Parliament; or
		(b) dealt with in accordance with clause 2.
5	10.	Concurrence of Treasurer
		The Minister shall not —
		(a) agree to a draft operational plan under clause 8; or
		(b) agree to or direct any modification of an operational plan under clause 9,
10		except with the concurrence of the Treasurer.
		Division 3 — Statements of corporate intent
	11.	Draft statement of corporate intent to be submitted to Minister
15	(1)	A board shall in each year prepare, and submit to the Minister for his or her agreement, a draft statement of corporate intent.
	(2)	Each draft statement of corporate intent is to be submitted not later than 3 months before the start of the next financial year.
20	12.	Matters to be included in statement of corporate intent
	(1)	The statement of corporate intent for a board shall be consistent with the board's operational plan under Division 2.
25	(2)	The statement of corporate intent for a board shall specify —
		(a) an outline of objectives including —
		(i) the continuity of the provision of hospital and health services;

			(ii)	the maintenance of assets to ensure the proper provision of hospital and health services; and
5			(iii)	the delivery of an optimum service to customers in meeting their requirements for hospital and health services;
		(b)	measur	for the key performance indicators and other res by which performances may be judged ated to objectives;
10		(c)	propos	ine of the nature and scope of the functions ed to be performed during the relevant al year;
		(d)		ine of the borrowings to be undertaken or ed to be undertaken;
15		(e)	_	le of the targeted activity in all patient s during the relevant financial year;
		(f)		ment of any funds held in trust and the es for which they are to be applied;
		(g)	the typ	e of information to be given to the Minister;
20		(h)	the nat	ure and extent of —
			(i)	the services to be performed under section 18(2a); and
			(ii)	the services and facilities to be applied to the treatment of private patients;
25			and	
		(i)		ther matters as may be agreed on by the er and the board.
	(3)	matter,	or any a	hay exempt a board from including any aspect of a matter, mentioned in subclause (2)
30		in the s	tatemen	t of corporate intent.

13. Statement of corporate intent to be agreed if possible

A board and the Minister shall endeavour to reach agreement on the draft statement of corporate intent as soon as possible and, in any event not later than the start of the next financial year.

14. Minister's powers in relation to draft statement of corporate intent

- (1) The Minister may return a draft statement of corporate intent to the board and request it to
 - (a) consider or further consider any matter and deal with the matter in the draft statement; and
 - (b) revise the draft statement in the light of its consideration or further consideration.
- (2) The board shall comply with the request as soon as is practicable.
- (3) If a draft statement of corporate intent for a board has not been agreed to by the Minister by one month before the start of the financial year, the Minister may, by written notice, direct the board
 - (a) to take specified steps in relation to the draft statement; or
 - (b) to make specified modifications to the draft statement.
- (4) The board shall comply with a direction under subclause (3) as soon as is practicable.
- (5) The Minister shall within 14 days after a direction is given cause a copy of it to be
 - (a) laid before each House of Parliament; or
 - (b) dealt with in accordance with clause 2.

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15. Statement of corporate intent pending agreement

- (1) If the Minister has not agreed to a draft statement of corporate intent for a board before the start of a financial year, the latest draft statement is to be the statement of corporate intent for the board until a draft statement of corporate intent is agreed to under clause 16.
- (2) In subclause (1) —

"latest draft statement" means the draft statement of corporate intent submitted, or last submitted, by the board to the Minister before the start of the financial year with any modifications made by the board, whether before or after that time, at the direction of the Minister.

16. Minister's agreement to draft statement of corporate intent

- (1) When a draft statement of corporate intent for a board is agreed to by the Minister, it becomes the statement of corporate intent for the relevant financial year or the remainder of the year, as the case may be.
- (2) The Minister shall within 14 days after he or she agrees to a draft statement of corporate intent under subclause (1) cause a copy of it to be
 - (a) laid before each House of Parliament; or
 - (b) dealt with in accordance with clause 2.
- (3) The board may request the Minister to delete from the copy of a statement of corporate intent that is to be laid before Parliament a matter that is of a commercially sensitive nature.

	(4)	Despite subclause (2), the Minister may —
		(a) comply with a request under subclause (3); or
5		(b) delete from the copy of a statement of corporate intent that is to be laid before Parliament a matter that the Minister considers should be deleted.
	17.	Modifications of statement of corporate intent
	(1)	A statement of corporate intent may be modified by a board with the agreement of the Minister.
10	(2)	The Minister may, by written notice, direct the board to modify the statement of corporate intent, and the board shall comply with any such direction.
	(3)	Before giving the direction, the Minister shall consult with the board and take its views into account.
15	(4)	The Minister shall within 14 days after a direction is given cause a copy of it to be —
		(a) laid before each House of Parliament; or
		(b) dealt with in accordance with clause 2.
	18.	Concurrence of Treasurer
		The Minister shall not —
20		(a) agree to a draft statement of corporate intent under clause 16;
		(b) delete a matter under clause 16(4)(b); or
		(c) agree to or direct any modification of a statement of corporate intent under clause 17,
25		except with the concurrence of the Treasurer.

14. Schedule 3 added

At the end of the *Hospitals and Health Services Act 1927* the following Schedule is added —

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Schedule 3 — Members' duties

[s. 18E]

Division 1 — **Interpretation**

1. Interpretation

- (1) In this Schedule
 - **"board"**, in relation to a member, means the board that includes that member:
 - "member" means a member to which this Schedule applies because of a determination under section 18E(1);
 - **"summary conviction penalty"** in relation to a crime, has the same meaning as in section 5 of *The Criminal Code*.
- (2) A person who attempts (within the meaning of section 4 of *The Criminal Code*) to commit an offence against a provision of this Schedule is guilty of that offence.

Division 2 — Particular duties stated

20 **2. Duty to act honestly**

- (1) A member must at all times act honestly in the performance of the functions of his or her office, whether within or outside the State.
- (2) A person who contravenes subclause (1)
 - (a) with intent to deceive or defraud
 - (i) the board; or

- (ii) creditors of the board or of any other person; or
- (b) for any other fraudulent purpose,

is guilty of a crime and is liable to a fine of \$20 000 or imprisonment for 5 years, or both.

Summary conviction penalty: A fine of \$12 000 or imprisonment for 3 years, or both.

(3) If subclause (2) does not apply a person who contravenes subsection (1) is liable to a fine of \$5 000.

3. Duty to exercise reasonable care and diligence

A member must at all times exercise the degree of care and diligence in the performance of the functions of his or her office, whether within or outside the State, that a reasonable person in that position would reasonably be expected to exercise in the board's circumstances.

Penalty: \$5 000.

4. Duty not to make improper use of information

- (1) A member or former member must not, whether within or outside the State, make improper use of information acquired by virtue of his or her position as such to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the board.
- (2) A person who contravenes subclause (1) is guilty of a crime and is liable to a fine of \$20 000 or imprisonment for 5 years, or both.

Summary conviction penalty: A fine of \$12 000 or imprisonment for 3 years, or both.

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5. Duty not to make improper use of position

- (1) A member must not, whether within or outside the State, make improper use of his or her position as such to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the board.
- (2) A person who contravenes subclause (1) is guilty of a crime and is liable to a fine of \$20 000 or imprisonment for 5 years, or both.

Summary conviction penalty: A fine of \$12 000 or imprisonment for 3 years, or both.

Division 3 — Compensation

6. Payment of compensation may be ordered

- (1) Where
 - (a) a person is convicted of an offence for a contravention of clause 2, 3, 4 or 5; and
 - (b) the court is satisfied that the board has suffered loss or damage as a result of the act or omission that constituted the offence,

the court by which the person is convicted may, in addition to imposing a penalty, order the convicted person to pay compensation to the board of such amount as the court specifies.

(2) Any such order may be enforced as if it were a judgment of the court.

7. Civil proceedings for recovery

Where a person contravenes clause 2, 3, 4 or 5, the board may, whether or not the person has been convicted of an offence in respect of that contravention, recover from the

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person as a debt due to the board by action in any court of competent jurisdiction —

- (a) if that person or any other person made a profit as a result of the contravention, an amount equal to that profit; and
- (b) if the board has suffered loss or damage as a result of the contravention, an amount equal to that loss or damage.

Division 4 — Relief from liability

8. Relief from liability

For the purposes of clause 6 or 7, if it appears to the court that a person —

- (a) is, or may be, liable under that clause;
- (b) has acted honestly; and
- (c) ought fairly to be excused having regard to all the circumstances of the case, including those connected with the person's appointment,

the court may relieve the person either wholly or partly from liability on such terms as the court thinks fit.

20 **9.** Application for relief

- (1) Where a person has reason to believe that any claim will or might be made against him or her under clause 6 or 7 the person may apply to the Supreme Court for relief.
- (2) On an application under subclause (1) the Supreme Court has the same power to relieve the person as it would have had under clause 8 if it had been a court exercising jurisdiction under clause 6 or 7.

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10. Case may be withdrawn from jury

Where a case to which clause 8 applies is being tried by a judge with a jury, the judge after hearing the evidence may, if the judge is satisfied that the person ought under that clause to be relieved either wholly or partly from liability sought to be enforced against the person —

- (a) withdraw the case in whole or in part from the jury; and
- (b) direct judgment to be entered for the person on such terms as to costs or otherwise as the judge thinks proper.

11. Compliance with directions

- (1) A person does not contravene clause 2 or 3 by doing or omitting to do anything in compliance with a direction given by the Minister under the Act.
- (2) Subclause (1) does not extend to the manner in which a thing is done or omitted if it is done or omitted in a manner that is contrary to clause 2 or 3 and the direction did not require that it be done in that manner.

Division 5 — Restrictions on indemnities and exemptions

12. Indemnification and exemption of members

- (1) A board must not exempt a member (whether directly or through an interposed entity) from a liability to the board incurred as a member of the board.
- (2) A board must not indemnify a person (whether by agreement or by making a payment and whether directly or through an interposed entity) against any of the following liabilities incurred as a member of the board
 - (a) a liability owed to the board;

		(b)	a liability for compensation under an order under clause 6 or for a debt recoverable under clause 7; and
5		(c)	a liability that is owed to someone other than the board and did not arise out of conduct in good faith.
	(3)	Subcla	use (2) does not apply to a liability for legal costs.
10	(4)	agreem through defendi	d must not indemnify a person (whether by ent or by making a payment and whether directly or an interposed entity) against legal costs incurred in an action for a liability incurred as a member of rd if the costs are incurred —
15		(a)	in defending or resisting a proceeding in which the person is found to have a liability for which the person could not be indemnified under subclause (2);
		(b)	in defending or resisting criminal proceedings in which the person is found guilty; or
20		(c)	in connection with proceedings for relief under clauses 8 or 9 in which the Supreme Court denies the relief.
	(5)	of subc	rmining the outcome of proceedings for the purposes lause (4), the result of any appeal in relation to the dings is to be taken into account.
	13.	Insura	nce premiums for certain liabilities of members
25	(1)	contrac	d must not pay, or agree to pay, a premium for a st insuring a member of the board against a liability han one for legal costs) arising out of —
		(a)	conduct involving a wilful breach of duty in relation to the board; or

a contravention of clause 4 or 5.

(b)

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(2) Subclause (1) applies to a premium whether it is paid directly or through an interposed entity.

14. Certain indemnities, exemptions, payments and agreements not authorized and certain documents void

- (1) Clauses 12 and 13 do not authorize anything that would otherwise be unlawful.
- (2) Anything that purports to indemnify or insure a person against a liability or exempt a person from a liability is void to the extent that it contravenes clause 12 or 13.

15. Amendment to the *Queen Elizabeth II Medical Centre*Act 1966, and validations

- (1) After section 16(7) of the principal Act the following subsection is inserted
 - (7a) Subsections (2) to (7) do not apply if the managing body referred to in subsection (1), in addition to having the management and control of any hospital to which that subsection applies, also has the management and control of another hospital or other hospitals to which subsection (1) does not apply.

(2) The formation of the Metropolitan Health Service Board by the *Hospitals and Health Services (Re-organization of Hospital Boards) Notice 1997* published in the *Gazette* on 16 July 1997 at pages 3695-6 is declared to be, and always to have been, as valid as it would have been if section 16(7a) of the principal Act had been in force at the time when that Notice was made.

- (3) Any appointment to the medical staff of a teaching hospital on the reserve made on or after 16 July 1997 is declared to be, and always to have been, as valid as it would have been if section 16(7a) of the principal Act had been in force at the time when the appointment was made.
- (4) In this section —

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- "principal Act" means the Queen Elizabeth II Medical Centre Act 1966*;
- "teaching hospital" has the meaning that it has for the purposes of section 16(1) of the principal Act;
- "the reserve" has the meaning given by section 3(1) of the principal Act.
- [* Reprinted as at 8 September 1988. For subsequent amendments see 1997 Index to Legislation of Western Australia, Table 1, p. 192.]