



ST JOHN OF GOD

HEALTH CARE

HOSPITALS

DIAGNOSTICS

OUTREACH

6 October 2011

The Hon J C Kobelke MLA
 Chairman
 Public Accounts Committee
 Parliament House
 Perth WA 6000



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Dear Mr Kobelke

RE: Request for Submission to the Public Accounts Committee's Inquiry re Decision by WA Government to Award Serco Australia the Contract for Facilities Management at the Fiona Stanley Hospital

Thank you for the opportunity to make comment with regard to this enquiry. We welcome the Committee's review of this aspect of outsourcing of government health services to the non government sector. Done carefully and well, the outsourcing of public services, be it waiting list work, other clinical services provision or facilities management, can bring value for money to taxpayers, enhanced choice and improved quality of services, facilities and equipment.

In making this response, St John of God Health Care Inc is delighted to acknowledge that as WA's leading private health care provider it has an excellent relationship with the State, including with the WA Country Health Service. This sense of partnership has led to us having highly mutually beneficial relationships with public hospitals in Bunbury and Geraldton leading to waiting list work, clinical services contracting (chemotherapy, dialysis, palliative care) and community services contracting (e.g. South West Drug Team). Our Perth hospitals (Subiaco and Murdoch) have provided contracted services for the State in Drug and Alcohol, and Emergency Department services.

Mutually beneficial relationships are two way. In Bunbury the public hospital system provides certain services for the SJGHC private hospital, earning additional revenue for the State and making the most of scarce community resources.

SJGHC Inc is sufficiently committed to the idea of public contracting that we will be next week submitting a final bid to design, build and operate the new Midland Health Campus. We are confident that our approach to innovation and clinical service provision and competence will result in an absolutely first class facility for public patients, run by a proven hospital operator, with a significant saving to the taxpayer.

We are also aware of the very significant role of Catholic hospitals, all effectively outsourced contracts by Government, in the eastern states. These hospitals (St Vincents, Brisbane Mater etc) are great teaching institutions with up to 150 years of history. They offer a low or no risk economic option for State Governments.

We do not have specific knowledge of the Serco contract, nor were we in any way engaged with the bid. In answer to your specific questions we make the following comments:

Cont/d

Hospitality Compassion Respect Justice Excellence



1. Whilst SJGHC directly operates the great majority of services that take place in its hospitals, we do not operate:

- Imaging services
- Laundry services
- Pharmacy services (other than at our Subiaco Hospital)

At Bunbury, under the Common Facilities Agreement, we outsource equipment sterilising (CSSD) services from the State.

We do not presently outsource Facilities Management but are actively contemplating outsourcing 'hard' Facility Management in our Midland Health Campus bid. This relates to the contractual requirement of the State re hand back conditions at the end of the 20 year contract period.

2. Given we generally do not outsource hospital maintenance, cleaning, hotel services, in-hospital patient transfers or transport we are not in a position to advise you re KPIs in these areas. However, we would expect to have clear and agreed KPIs in place should we outsource "hard" Facilities Management for Midland Health Campus, if we are successful in winning the bid.

Our Pathology Division provides outsourced pathology services to eleven public hospitals in Victoria, including a teaching hospital, all of which are governed by clear KPIs. We do not see it as problematic to clarify and agree KPIs for any service (clinical or non-clinical) conducted in a hospital setting.

3. Our consideration of insourcing vs outsourcing is based on the culture we wish to have within our services and our view of quality and efficiency of services provision. We will not seek to ourselves provide clinical or non-clinical services unless we can do this at high quality relative to other choices. To an extent it is based also on financial return given we inevitably have capital constraints and must always strive to be efficient (in terms of capital and recurrent costs) at what we do.

Prima facie we do not consider it problematic for the State to outsource the operations of a whole hospital (e.g. Joondalup, Peel, Midland) so we don't necessarily see it as problematic for a State Government to outsource part of a hospital's services, be it clinical or non clinical. In fact, we think any State Government should seek to achieve the best outcome for service users and taxpayers rather than focus on what staff or professional bodies may prefer.

The State has a more powerful role as a regulator and funder than it does a provider.

Please let me know if you would like to discuss this response. We hope it is helpful for the Committee's considerations.

Yours sincerely

Dr Michael Stanford CitWA
Group CEO