
Appendix 1 – Response from entities

Response from NSW Health

NSW Health



Date: 9 April 2025

Ref: H25/19059

Mr Bola Oyetunji
Auditor-General of New South Wales

NSW Health response to the Auditor-General's performance audit on Northern Beaches Hospital

Dear Mr Oyetunji

I refer to your letter dated 10 March 2025, and I thank you for the opportunity to provide a response on the final *Performance Audit - Northern Beaches Hospital* report as issued on 25 March 2025.

The audit recommendations made for NSW Health are supported, as detailed in the enclosed table. NSW Health also supports the report's recommendation for Healthscope (2a – 2c) and will work collaboratively with Healthscope to ensure the recommendation's implementation and that any changes made are sustained through ongoing reporting and monitoring.

I am appreciative of the efforts undertaken by the Audit Office in understanding the complex nature of delivering acute hospital services through a Public Private Partnership model. I believe that the findings and recommendations from this audit will have a direct and meaningful impact on the way health care services are provided to the Northern Beaches community.

NSW Health is committed to ensuring that the Northern Beaches community continues to receive safe, high quality health care. NSW Health will work with Healthscope as the Operator of Northern Beaches Hospital, to ensure ongoing progress and that improvements at the facility are implemented.

I also note the support offered by the Audit Office of NSW during this audit and for the collaborative approach taken when working with representatives of NSW Health.

Yours sincerely

A handwritten signature in black ink, appearing to read "Matthew Daly".

Matthew Daly
A/Secretary, NSW Health

Encl: NSW Health response to the Northern Beaches Hospital Performance Audit recommendations

NSW Health response to the Northern Beaches Hospital Performance Audit Recommendations

Rec No	Recommendation	NSW Health response
1	<p>As a matter of priority, the NSW Government and NSW Health should:</p> <p>Note the findings of this report and consider whether the Northern Beaches Hospital public private partnership is the appropriate model to deliver the best quality integrated health care in the Northern Beaches region.</p>	NSW Health accepts this recommendation
2	<p>By December 2025, Healthscope should:</p> <p>Resolve safety and quality, system and reporting issues by:</p> <ul style="list-style-type: none"> a) working with NSW Health to sustainably address underperformance on hospital acquired complications b) minimising clinical risk of duplicate and disconnected systems in the emergency department c) improving incident management system functional capability, to enable analysis and reporting that better identifies and addresses safety and quality risks. 	<p>NSW Health supports this recommendation.</p> <p>NSW Health will work with Healthscope under the provision of the Northern Beaches Hospital Project Deed to ensure that improvement from this recommendation (2a- 2c) are implemented and that the changes made are sustained through ongoing reporting and monitoring processes.</p>
3	<p>For any future health service delivery outsourcing arrangements, NSW Health should:</p> <p>Consider in developing the contract:</p> <ul style="list-style-type: none"> a) the balance of risk allocation between parties to ensure the sustainability of quality and safe health services over the term of the agreement b) the ability to mandate hospital network integration requirements c) requiring adoption of NSW Health systems d) requiring NSW Health staffing models and clinical models of care e) comprehensive key performance indicators to measure and drive performance. 	<p>NSW Health accepts this recommendation (in principle).</p> <p>NSW Health acknowledges the implementation of this recommendation is subject to the <i>Health Services Amendment (PPP Prohibition) Bill 2025</i> and its subsequent consideration in NSW Parliament.</p>

Response from Healthscope

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11 April 2025

Dear Mr Oyetunji,

Re: Northern Beaches Hospital Performance Audit

Healthscope acknowledges the Audit Office of New South Wales report *Northern Beaches Hospital Performance Audit* and appreciates the opportunity to respond.

Healthscope remains committed to delivering safe, high-quality hospital care and to working collaboratively with the Government to achieve the best possible health outcomes for the Northern Beaches community.

Detailed responses to each of the report's recommendations and key findings are included in the attached table, however we would like to highlight two critical areas in response to the report.

The Public-Private Partnership Model

Healthscope agrees that the contractual arrangements with the NSW Government underpinning the operation of Northern Beaches Hospital (NBH) are severely challenged.

We acknowledge the Government's stated policy position against further use of public-private partnerships (PPPs) in the health sector. We recognise that the continued operation of the public hospital component of NBH under a PPP model is no longer compatible with the Government's objectives.

Healthscope reiterates its willingness to engage constructively with the Government regarding the potential early handback of the public hospital component of NBH, consistent with the handover provisions in the Project Deed.

Healthscope independently believes that such an outcome would be in the best interests of the hospital and the community for three principal reasons:

1. The complexity and rigidity of the contractual arrangements require disproportionate resourcing and constant administrative attention from both NBH and the Northern Sydney Local Health District instead of allowing both parties to focus on delivery of high-quality health services.

2. The high level of public scrutiny associated with the PPP model has a material impact on staff and clinician morale and undermines community confidence in the hospital.
3. While the report confirms that NBH operates efficiently and delivers significant cost savings to the Government, there has been significant and persistent underfunding relative to actual patient activity levels by the State.

Accordingly, Healthscope believes it is in the best interests of our staff and the broader community for the Government to initiate discussions regarding an early handback of the public hospital component.

Quality and Safety of Care at Northern Beaches Hospital

We welcome the Audit Office's recognition of the strong performance NBH has delivered in many core areas of care and that we have met or exceeded the performance of most other public hospitals in NSW on most clinical measures. These include elective surgery access, ambulance transfers of care, and emergency department performance.

NBH provides over 120,000 episodes of care every year, with the vast majority of our patients receiving timely and compassionate care.

However, like all hospitals, there are instances where patients sadly pass away after presenting at NBH, despite the best efforts of our clinical teams. On even rarer occasions, there can be times when the care we provide has not met expectations.

Healthscope acknowledges recent instances of failure in patient care at NBH that have resulted in tragic outcomes in specific cases, and we are participating fulsomely and transparently in the independent inquiries that are examining the circumstances.

In addition, NBH has undertaken a range of improvements which are detailed in the attached table. Continuous improvement is essential to fulfilling our obligations as a health service provider. Healthscope remains committed to embedding these reforms across the hospital and to strengthening community confidence in NBH.

Healthscope looks forward to working collaboratively with the NSW Government, NSW Health, and the Local Health District to ensure that residents of the Northern Beaches continue to have access to safe, high-quality, and reliable healthcare.

Yours sincerely,



Tino La Spina
CEO, Healthscope Group

Attachment 1: Detailed Response to Recommendations and Key Findings

RECOMMENDATIONS	RESPONSE	COMMENTARY
As a matter of priority, the NSW Government and NSW Health should: 1. Consider whether the NBH PPP is the appropriate model to deliver the best quality integrated health care in the Northern Beaches region.	Noted	Healthscope agrees that the contractual arrangements with the NSW Government underpinning the operation of Northern Beaches Hospital (NBH) are severely challenged. We acknowledge the Government's stated policy position against further use of public-private partnerships (PPPs) in the health sector. We recognise that the continued operation of the public hospital component of NBH under a PPP model is no longer compatible with the Government's objectives. Healthscope reiterates its willingness to engage constructively with the Government regarding the potential early handback of the public hospital component of NBH, consistent with the handover provisions in the Project Deed.
2. By December 2025, Healthscope should: Resolve safety and quality, system and reporting issues by: a) working with NSW Health to sustainably address underperformance on hospital acquired complications b) minimising clinical risk of duplicate and disconnected systems in the emergency department c) improving incident management system functional capability, to enable analysis and reporting that better identifies and addresses safety and quality risks.	Accept	a) The report summarises NBH's performance against sixteen nationally recognised hospital acquired complications (HACs). NBH performs at or above standard in 13 of the 16 indicators. A targeted action plan which has led to significant improvement in pressure injury rates. Falls and birth trauma remain priority areas at NBH, with active interventions in place. The report notes that the NSLHD, in which NBH's catchment is located, has an older patient demographic, which correlates with a higher expected rate of certain complications, particularly falls. b) NBH has completed a review of its emergency department IT systems and processes and has invested in an improvement project to enhance triage processes, including automatic alerts for patient vital signs. c) NBH will continue to investigate further improvements to incident analysis and reporting. NBH notes it currently has systems in place that allow for interrogation of incidents and trend identification. Specific interrogation ability is available through for all HACs through Healthscope's dashboard, enabling the review of specific trends and outliers. As the report notes, Healthscope complies with requirements to report serious harm incidents to the Ministry of Health and the NSLHD.

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3. For any future health service delivery outsourcing arrangements, NSW Health should: Consider in developing the contract: a) the balance of risk allocation between parties to ensure the sustainability of quality and safe health services over the term of the agreement b) the ability to mandate hospital network integration requirements c) requiring adoption of NSW Health systems d) requiring NSW Health staffing models and clinical models of care e) comprehensive key performance indicators to measure and drive performance.	Noted	Healthscope stands ready to provide any analysis or advice requested by NSW Health, drawing on our experience at NBH, to support informed decision-making into the future. We respectfully submit that a more balanced allocation of risk would better enable all parties to focus on the delivery of high-quality health services, rather than disproportionately on the administration of contractual mechanics.
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KEY FINDINGS	RESPONSE	COMMENTARY
1. NSW Health has identified and is monitoring the risk that the Northern Beaches Hospital public private partnership will fail.	Accepted	Healthscope remains committed to fulfilling its obligations under the project deed. However, we have reiterated our willingness to engage constructively with the Government regarding the potential early handback of the public hospital component of NBH, consistent with the handover provisions in the project deed.
2. The Northern Sydney Local Health District effectively manages the contract day to day to ensure it is cost effective for the State	Noted	The day-to-day working relationship between NBH and the NSLHD is constructive. However, the significant and persistent underfunding of actual patient activity levels identified in the report necessitates ongoing reliance on the dispute resolution processes under the project deed, requiring disproportionate focus and resourcing from both NBH and the LHD.

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<p>3. The Northern Beaches Hospital has achieved accreditation to ensure the hospital meets national quality standards for hospital care, but some quality and safety concerns remain.</p>	<p>Accepted-in-principle</p>	<p>NBH has achieved full accreditation and complies with national quality and safety standards. Accreditation survey feedback highlighted strong teamwork, patient-centred care, and a culture of continuous improvement. While there are areas for ongoing improvement, NBH continues to take proactive steps to address these through targeted action plans and ongoing monitoring. As detailed in the report, Northern Beaches Hospital meets the same national quality standards as all NSW public hospitals and the Ministry of Health's Private Health Facilities Licencing team does not consider NBH to be a high-risk facility.</p> <p>In addition to hospital licencing, accreditation and compliance with national quality standards, NBH is also subject to a complex performance framework and a multifaceted reporting and audit regime under the project deed.</p>
<p>4. The Northern Beaches Hospital has not addressed a known, long-standing clinical risk...</p> <p>...and has limited visibility over minor harm and near miss incidents.</p>	<p>Accepted</p> <p>Not accepted</p>	<p>NBH has completed a review of its emergency department IT systems and processes and has invested in an improvement project to enhance triage processes, including automatic alerts for patient vital signs.</p> <p>NBH has visibility through Healthscope's specific systems that allow for interrogation of near misses, incidents and identified trends. This is done through the indicator report in its incident system called Riskman. NBH also has specific interrogation capability for all hospital acquired complications through Healthscope's performance dashboard, which allows review of specific trends and outliers.</p> <p>In addition to the reporting to the State prescribed in the project deed, Healthscope also requires NBH to use the Australian Council on Healthcare Standards (ACHS) indicators to track performance and monitor trends. The ACHS Report demonstrates that NBH monitors trends across a series of outcome indicators from various incident types. NBH currently submits and benchmarks 112 indicators with ACHS and this data is peer benchmarked by ACHS. Healthscope reviews this data and monitors for trends. Where areas of suboptimal performance are identified, strategies are implemented to drive improvement.</p>
<p>5. The Northern Beaches Hospital is not well integrated into the district and network.</p>	<p>Accepted</p>	<p>NBH is well integrated into the NSLHD clinical network, however, integration with the broader public health system remains inherently constrained under the current model.</p>

<p>6. Healthscope is not required to implement the Safe Staffing Levels program at the Northern Beaches Hospital...</p> <p>...which may affect service quality over time.</p>	<p>Accepted</p> <p>Not accepted</p>	<p>The NBH PPP pre-dates the Safe Staffing Levels program and as such, the program is not contemplated in the project deed or funded by NSW Health.</p> <p>As outlined in the report, the project deed requires Healthscope to provide public health services in accordance with good operating practices including ensuring sufficient clinical staff. Healthscope meets this requirement through a range of processes. At NBH clinical managers review every shift to ensure that staffing hours and profiles are safe and appropriate for both patients and staff. Quality and safety indicators, patient feedback, employee feedback, and work health and safety incidents are also monitored to assess whether staffing levels remain safe and effective.</p>
<p>7. The Northern Beaches Hospital does not meet all performance expectations set out in the project deed, but based on NSW Health data it often outperforms NSW public hospital peers.</p>	<p>Accepted</p>	<p>NBH performs comparably to or exceeds peer hospitals' performance in all emergency department key performance indicators, except for admitted Emergency Treatment Performance (ETP). A 50% increase in Triage 1 cases (highest acuity patients) has placed pressure on ETP performance but reflects NBH's role as a key emergency care provider. NBH outperforms peer hospitals in Transfer of Care (91.4% vs. 75%) and Time to Commencement of Treatment in ED across all triage categories.</p> <p>As noted in the report, NSW Ambulance contacts the Ministry of Health where it has concerns about transfer of care delays at a hospital. NSW Ambulance records that it has not done this for NBH during the audit review period.</p> <p>NBH exceeds peer averages in all elective surgery categories, achieving 100% compliance for Category 1 and 2 cases and 99.6% for Category 3, compared to lower peer hospital compliance rates.</p>