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Review of Services and Structure of Territory Health Services

June 1999
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Executive Summary

Territory Health Services is acknowledged as a leading health and human services organisation within Australia. It has recently undergone a most inclusive consultative process in charting its strategic direction and intent through to the Year 2003. This document, launched in March 1999 by the Minister for Health, Family & Children’s Services, the Hon Stephen Dunham, MLA, is entitled “Strategy 21st Century Strategic Intent”. It followed a major corporate planning exercise during which the input of some 800 individuals: THS staff and 54 external organisations, was obtained for the Corporate Plan and for the Strategic Intent. The strategic direction of THS from 1999 to 2003 is clear and most importantly, has been built around this very inclusive consultative process. The document sets out the strategic directions aimed at building on and sharpening core directions; it establishes the core business focus and includes four stretch goal areas:

- strengthening community capacity
- a quantum shift to service delivery by others
- a significant increase in Aboriginal involvement in the health workforce
- total health solutions through intersectoral collaboration

With this strategic platform, it was considered timely for an independent review to be carried out of Territory Health Services (THS). This review was to provide advice to the Chief Executive Officer and the members of the THS Executive on areas that could be addressed so that THS is best equipped to meet its strategic directions, particularly the four stretch goal areas.

This independent review was carried out between 8 March 1999 and 11 June 1999. It involved reviewing the present organisation of THS in considerable detail, taking into account significant developments over the last decade, in particular.

The review involved meetings or discussions with some 300 individuals from within THS, but also including key external selected stakeholders. Visits were made to Alice Springs, the Barkly District, the Katherine Region, the East Arnhem Region as well as discussions in the Darwin urban area. Visits were also made to six remote communities in different parts of the Territory.

The detailed terms of reference are included in the main body of the report as are the details of the approaches taken to the consultancy. The key objective of the review was to align operational intent with the strategic directions.

The next section of this Executive Summary lists the key recommendations made as a result of the review and consultancy project.
List of Recommendations

Strategic and Governance Issues

1) That a Strategy 21st Century Steering Committee be established to replace the current THS Executive. This would be the top level strategic directions Committee aligning strategic intent with THS objectives.

2) That three Standing Committees be established to support the Strategy 21st Century Steering Committee:
   - A Finance and Administration Standing Committee
   - A Quality Improvement/Best Practice Standing Committee
   - A Program Development/Stretch Goals Standing Committee

These Committees would meet monthly and report to the Strategy 21st Century Steering Committee.

3) That a Policy Coordination capacity be developed at the present Assistant Secretary, Planning & Systems Support level in order to coordinate the present policy development issues by establishing a THS wide policy framework. Policy development to be aligned with the Strategy 21st Century Strategic Intent.

4) That a Health Gain Planning Unit be established within the present Planning & Systems Support corporate area. The major task to develop an annual “health gain” plan to inform resource allocation and program/service development. It would set out the health and well being status of the Territory and its population and identify key problems and priorities. The plan would be a summary of the “State Of Health Of Territorians”.

5) That the current model for the organisation of THS and the delivery of services be replaced by Option 3. (See page 24.) Of the four options considered, the Organisation Review Project Steering Committee endorsed Option 3 as the preferred option.

6) That a hierarchy of comprehensive and clear service agreements be developed to underpin the internal purchaser/provider roles in Option 3. These will facilitate specificity and accountability in the service provision areas and bring about THS wide consistency at all levels.

7) That a Strategy 21st Century Support Unit be established for a time limited period to project manage all of the changes endorsed as part of the review project. See page 33A.

Purchaser/Provider Framework

8) That a Purchasing Advisory and Resource Unit be established under the present structure, Assistant Secretary, Health Planning & Systems Support, for an initial period of one year.

The key functions to include developing a clear understanding of the funder/purchaser/provider concept throughout THS. It would also develop an action plan, in association with senior management for extending purchaser/provider arrangements for the next 12 months and then through to 2003. It would also facilitate a series of workshops and training courses for all staff involved in the process of implementing purchaser/provider arrangements.
9) That a standard contract model be developed for all purchaser/provider contracts and service agreements with NGO's. The complexity and scope of contracts to be indicated by the schedules and attachments to the standard contract documentation.

Rural/Remote Services
10) That annual “Health Service” plans be developed with and by local communities to establish the real priorities for providing services to the individual remote area communities. This would assist in clarifying the role and responsibilities of staff working in THS clinics in particular.

11) That a close working relationship be developed between DMO's, General Practitioners in remote areas and hospital clinical staff where this is not currently the case.

12) That an emphasis be placed on better coordinating visits to community controlled health services by staff employed by THS at various levels.

13) That area specific cultural awareness and basic language training be provided to THS health clinic staff on an ongoing basis.

14) That a priority be placed on establishing regular discussion, either formally or informally, between health clinic staff and school teaching staff where this is not already occurring.

15) That training and support for health clinic staff be provided by epidemiologists in analysing the health trend data collected in the clinics. (There is little analysis of the data currently collected.)

16) That the results of the various internal and external reviews of health clinics carried out over the last few years be reviewed to establish “post review” changes.

General and Issues of Cost Effectiveness
17) That subject to the endorsement of Recommendations 1 and 2, the following be delegated to a designated number of key managers:

- Decisions on the centrally managed “essentiality” staff replacement system
- Decisions on interstate travel up to a designated cost

Clear delegated parameters and targets to be set for each key manager. These would be monitored monthly through the Finance and Administration Standing Committee.

18) That consideration be given to reviewing the current nursing structures within THS as there is a perception amongst some nursing staff that the present structures in some areas are “out of balance”.

19) That in association with DCIS a review be carried out of all discretionary salary and wages costs to establish the current processes for authorisation. These would include overtime/penal payments and HDA's.

20) That decisions made as a result of external and internal reviews/consultations be communicated to staff throughout THS to give feedback.

21) That a priority be placed on developing and promoting practice guidelines and service protocols in key service delivery areas to guide staff and achieve consistency in service provision.
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22) That consideration be given to “contracting in” a tailored middle and senior management development program to best equip selected staff for managing within the Strategy 21st Century strategic framework.

23) That a performance management system be introduced between the CEO and his direct reports and the staff reporting to them. The system to be evaluated at the end of 12 months with the objective of extending it further.

24) That the strongly held and widespread concerns on the issues of staff recruitment and retention be addressed as a top priority by the Finance and Administration Standing Committee (subject to endorsement of Recommendation 2). Progress on implementing the recommendations of the October 1997 Recruitment and Retention Taskforce project could be reviewed as the first step.

25) That a review be carried out of all committees and working groups currently in place within THS to establish the need for them continuing. (A methodology for the review was provided earlier and the review has taken place.)

The objective of the review being to significantly reduce the large number of committees currently in place and to refocus those that are to continue and are seen as “adding value” to the organisation and its activities.

26) That a top priority be placed on finalising the detailed service agreement between Territory Health Services and the Department of Corporate and Information Services. There are significant risks for both parties without a clear service agreement being in place in the critical areas forming this new relationship.

27) That the Hospital Executive Group be continued and be chaired by the Deputy Secretary, Service Provision.

28) That the Territory wide role of Medical Director (Hospitals) be formally recognised. The Medical Director (Hospitals) to also be Medical Director for the major teaching hospital, Royal Darwin Hospital.
Introduction

Territory Health Services (THS) is recognised as one of the leading health and human services organisations in Australia and in March 1999 the Minister for Health, Family and Children’s Services, the Hon Stephen Dunham MLA, launched a major strategic directions document entitled “Strategy 21st Century - Strategic Intent”. This document followed a major corporate planning exercise and it sets out the strategic direction of THS from 1999 to 2003. It establishes the strategic intent of THS “to create and enhance a territory wide network of services which delivers continuing improvement in the health status and well-being of all Territorians”. It includes the strategic directions aimed at building on and sharpening core directions; it establishes the core business focus and includes four “stretch goal” areas which are achievable but will provide a challenging environment for THS over the next five years.

The four “stretch goal” areas are:

- strengthening community capacity
- a quantum shift to service delivery by others
- a significant increase in Aboriginal involvement in the health workforce
- total health solutions through intersectoral collaboration

The corporate planning process was one of the most inclusive processes carried out in organisations of the scale and type of THS. It included around 800 individuals and organisations in a consultative process; both internal and external stakeholders. The documents are, therefore, built from a bottom up process with the Government’s overall strategic directions policy forming the overarching strategic framework.

With the new strategic directions it was considered timely for an independent review to be carried out of THS to provide advice to the CEO and the members of THS Executive. The review to include areas that could be addressed in order that THS best equip itself to meet the strategic imperatives, particularly the important four stretch goal areas.

This exercise was carried out by a single consultant over the period from 8 March 1999 through to 11 June 1999. Administrative and clerical support for the consultant was provided by THS.

Terms of Reference

The services to be provided by the consultant within the terms of reference were:

1) Conduct a study of the existing processes and organisational structures of THS and its methods of delivery of health and community services in the Northern Territory. In doing so, this would involve consultation with a number of stakeholders. These included:

- Territory Health Services’ management and other key staff;
- Non-Government service providers; and
- External and client associations, where practical.

2) Identify and develop options with documented rationale for the possible restructure of THS to achieve a more cost effective management and delivery of services whilst improving or no less than maintaining the quality of service. In so doing, regard be given to identifying
innovative models of management to achieve cost savings in the short and longer terms.

3) In undertaking the above, consideration be given to the expected change in how hospitals could function in the Northern Territory and the introduction of purchaser/provider arrangement into THS.

4) A steering committee would be established, chaired by the Chief Executive Officer of THS, with membership determined by the CEO. The steering committee to oversight and monitor the progress of the consultancy. The consultant would attend all meetings of the committee to raise issues requiring clarifying and to report on progress.

5) A project plan to be developed by the consultant at the beginning of the consultancy project to control the whole project. The project plan to be approved by the steering committee at the first meeting.

6) The consultancy to be for a period of three months, commencing on 8 March 1999.

7) Satisfactory completion of the project would be determined by the steering committee following their acceptance of the final Review Report containing:
   - areas of potential saving through cost effective management/service delivery;
   - likely growth areas for the future;
   - problems identified with the existing structure;
   - options for restructuring THS and the rationale (client service, quality, cost effectiveness, management effectiveness, etc) for each option

8) Terms of reference also required the consultant to take into account the Northern Territory Government’s Planning for Growth exercise which involved a comprehensive examination of public sector functions and associated outlays and receipts. The objective of the Planning for Growth process was to provide sufficient flexibility to meet the additional needs of a growing population and economy within the Territory’s financial resources.

**Project Plan**

A project plan was prepared by the consultant and approved by the steering committee at its first meeting. The project plan incorporated the following areas:

- Results to be achieved
- Outcome of review to be compatible with the Strategy 21st Century directions
- History of Territory Health Services
- Current situation
- Related projects to be taken into account
- Performance targets to be met as part of consultancy

It also included a risk management process for the project.

The project plan was broken into five discrete stages.

**Stage One**

*A review of the present state*

The researching of key documents including previous organisation reviews and the history of THS over the last 20 years.
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Stage Two
The consultant to visit a selection of services/sites and meet with key stakeholders including staff and community representatives

Stage Three
The consultant to develop options and document rationale for recommendations and organisation models for consideration

Stage Four
Consideration of recommendations and options by steering committee and preferred options identified

Stage Five
Final recommendations and Review Report to be considered by THS Executive at meeting on 22 June 1999

Time frames for the completion of each of these stages were established by the consultant and approved by the steering committee. All stages of the project were met to the satisfaction of the steering committee.

Review Process
As part of the project plan a set of overheads were prepared for presentation to internal and external stakeholders setting out the background to the review and what the review covered. The purpose being to inform those who attended presentations of the way the review would be managed and the criteria that would be used in evaluating recommendations and any options proposed at the completion of the review project.

As part of this presentation one overhead set out the “givens” for the process. These were:

- The mission statement of THS would not change. The mission was considered as still appropriate, which is: “To improve the health status and well-being of all people in the Northern Territory”

- The new Corporate Plan, which had been produced as a result of the intensive and extensive consultation process, would underpin the organisation for the next five years - from 1999 through to 2003.

- During this project, the consultant would draw on stakeholder input to the new Corporate Plan and would not duplicate and repeat that consultation process.

- The strategic intent document, Strategy 21st Century, would drive the organisation over the next few years, but like in any similar dynamic organisation, ongoing change could be anticipated and managed strategically.

- The consultant made it very clear that the Northern Territory, for a number of reasons, was unique. There were no transportable organisation models that could be easily imported from other areas, either in Australia or overseas.

In evaluating the recommendations, as well as the way the present organisation delivers services, it was made clear that guiding principles must include the well established one:
“form must follow function”. 
Some other principles that would be used when evaluating the present organisation and any recommendations or other options were:

- is it possible to eliminate any unnecessary complexity with the present organisation and the delivery of services;
- does the present organisation, or any recommendations or options, provide clear accountability and responsibility;
- does the present organisation, or any recommendations or options, facilitate effective or improved service integration;
- does the present organisation, or any recommendations or options, facilitate devolved decision making;
- does the present organisation, or any recommendations or options, facilitate partnership agreements with other providers, and particularly, the concept of purchaser/provider arrangements as required in the terms of reference for the project;
- is there, in the present organisation, or in any recommendations or options, an effective capacity to deliver improved outcomes to clients;
- does the present organisation, or any recommendations or options, facilitate an overall quality improvement strategy to enhance the delivery of higher quality and cost effective services for clients.

As part of the terms of reference, there was a requirement to consider efficiency and effectiveness issues and where inefficient or costly practices or processes were identified, recommendations were to be made to address these.

It is important to be reminded that for every dollar that is considered to be wasted or not spent effectively, it is a dollar denied for other high priority services.

**Approach Taken**

**Review - The Previous Twenty Years**

The Commonwealth directly provided health services to the Northern Territory up until 1 January 1979. From that date the Territory took over responsibility and the Northern Territory Department of Health came into operation.

It was considered important before commencing the project to review key developments since 1 January 1979. The first part of the consultancy focused on reviewing and researching progress and developments from that time through until March 1999. In essence, the history of the previous 20 years was studied. This proved to be a most interesting exercise.

Territory Health Services has undergone significant change during that period. There have been a number of reconfigurations of the various departments and different titles given to the body responsible for providing the services. Some of the key changes were in 1987 when a “mega” department was created, called Department of Health and Community Services. It was a large department; as well as health and community services, it had a number of other services considered to relate to the core business of a department of health or community services. This Department operated until another major review was carried out - the Cresap Review. This review was conducted when the Northern Territory Government was undergoing an Estimates...
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Review Process. This extensive review was delivered by way of a report in September 1991. The recommendations from that review were, in the main, implemented.

In 1995, more changes were made and the Department became known as Territory Health Services (THS) to give it a broader title and indicate it was providing health and human services to all Territorians and was not just a public sector provider.

In the last twenty years, a number of organisation models have been proposed, and tried, and the Territory has experimented with several organisation models of a contemporary nature, in one way or another.

It has been difficult to establish in all cases why changes have occurred. It does not appear that many of the major changes have been subjected to an evaluation of how effective the existing models were and why changes were implemented. This situation is not unique to the Northern Territory. It is common in most other jurisdictions in Australia.

In this review, it was important that the present organisation model be tested against criteria or principles enunciated in the previous section. Any other options put forward for consideration to also be tested against the same criteria or principles.

There is a certain amount of "change fatigue" within THS, but there is also a strong recognition that with the launching of the Strategy 21st Century Strategic Direction document, it is timely to look at implementing necessary changes, as long as they are considered to be improvements on the present. In simple terms the climate is right for improvements and the majority of staff and organisations consulted were supportive of change as long as it was overcoming identified problems.

The task is quite simple - to align THS' operational intent with the clear strategic direction

Visits

As part of the project, it was considered essential to obtain a good understanding of the unique characteristics of the Northern Territory. An opportunity was given to visit various centres and to talk with staff at different levels of the organisation as well as external individuals or groups. It was important to explain the purpose of the consultancy, and to obtain their views on the key issues to be addressed.

Over the period from 8 March 1999 to 14 May 1999, the following major centres were visited:

**Darwin**
- Urban and rural areas
- Royal Darwin Hospital

**Katherine**

- Two visits were made to Katherine
  - Launch of Strategy 21 Strategic Directions document by Minister
  - More extensive visit to:
    - meet a wide variety of staff and to discuss the issues being addressed in the district
    - visit communities of Beswick and Barunga
Alice Springs

Two visits were made to Alice Springs

◊ Launch of Strategy 21 document by Minister
◊ More extensive visit in late March to:
  meet a wide variety of staff and to discuss the issues being addressed in the district
  Alice Springs Hospital
  meet with some representatives of the Hospital Advisory Board
  discuss various programs administered through Operations Central; and
  a number of non-Government organisations

Tennant Creek/Barkly District

Two visits were made to Tennant Creek District

◊ Launch of Strategy 21 Strategic Directions document by Minister
◊ More extensive visit in May to:
  meet a wide variety of staff at the Hospital and to discuss the issues being addressed in the district
  discuss with staff the various programs administered through the Barkly District; and
  visit the Ali Curung community

Nhulunbuy/East Arnhem District

Two visits were made to East Arnhem

◊ Launch of Strategy 21 Strategic Directions document by Minister
◊ More extensive visit in late April to:
  meet a wide variety of staff at the Gove Hospital and to discuss the issues being addressed in the district
  discuss with staff the various programs administered; and
  visit the Yirrkala, Galiwinku and Gapuwiyak communities

As well as the above visits, the opportunity was taken to meet with management groups, individual staff and other external organisations. Between 300 and 400 hundred people were consulted, in one way or another, as part of the project.

Observe

As well as visiting the sites and talking with members of the staff, community representatives and others, it was important to observe how services were actually being delivered. The observations around the Territory on the different systems operating assisted in coming to conclusions on a number of recommendations.

Some practices in different areas varied to a degree that warranted attention. There was the potential for problems relating to equity of access, in particular to the timeliness of receiving certain services. It is important in a State or Territory to do as much as possible to provide a balanced range of services and to identify where there were significant problems in one area, relative to another. On the other hand, it is equally important that where there are innovative modes of service delivery, that these be translated or transferred to other areas throughout the Territory.

The observations made reinforced the view already held, that THS has a dedicated and committed staff who, in general terms, have a positive attitude to their immediate work and to the direction for THS over the next few years.
Issues of significance in the different way that services were provided in different parts of the Territory are covered in the recommendations made. Other recommendations on a wide range of issues were also made during the project debriefing stages.

Listen
It was stimulating to have the opportunity of meeting with staff and people from outside THS, in different situations and in different parts of the Territory. Many of the people with whom I had discussions had spent long periods with THS or its antecedent bodies and were able to give me valuable information on the changes and the trends during their periods of employment. A number had moved to THS from other organisations within the Territory whilst others had worked in similar organisations in different parts of Australia, or in other parts of the world.

The value of the information obtained from both formal and informal discussions with a wide variety of staff and community representatives was sincerely appreciated.

There were common themes that came through on those areas that were working well, and should be preserved if any changes were to take place. On the other hand, there were also common themes on those issues that were causing concern and needed to be addressed as a matter of priority.

The general thrust of these discussions was that THS had undergone significant change on a regular basis over the last decade or so. Comment was made that the changes had been taking place at too fast a pace. It was difficult for people at the service delivery level to keep up with them and actually understand what changes were taking place and why the decisions to change had been made. There was the view that change had appeared to have taken place on some occasions for “change’s sake” and there had not been feedback to staff or external stakeholders on why the degree of change was necessary. In some cases, examples were given where processes that had been working effectively were changed, whereas those that were causing some concern had remained as they were.

On the other hand, with the launching of the Strategy 21st Century Strategic Intent document, the vast majority of people believed that changes did need to take place if THS was going to be able to align its services with what is set out in Strategy 21st Century Strategic Intent.

In summary, there was a ground swell of support for change where key problems were evident. There was a commitment to move forward as long as the reasons were understood and communicated. Staff and external organisations must understand the logic and benefit from any significant changes that take place.

An indication of the people and organisations that meetings or discussions were held with is included on page 35. I was fortunate to have had the opportunity to meet with between 300 to 400 people, both within THS and externally, during the review project.

Develop
Following the review, the visits, the observations and the listening processes set out earlier in the report, the key task was to develop a number of options reflecting local needs and, most importantly, local ownership.

Because THS had experienced numerous organisational changes in the past, the approach taken in this case was to work through a number of options with the Steering Committee responsible for the project overall and with key people internally. It was decided that there should not be just one solution to a range of complex issues, but that because of the history and the unique characteristics of the Northern Territory, that several options should be worked through. These to be evaluated against the key principles set out earlier in the report.
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In association with the Steering Committee, it was decided that four options would be considered:

**Option 1** THS - the present organisation; the status quo.

**Option 2** Broadly the present organisation, but with changes or modifications addressing the key issues identified during the project.

**Option 3** An organisation model that addressed key issues with the current structure and provided single point accountability for policy development and service provision respectively. This would operate as a four program model of service delivery, using two regions, with a Territory-wide program consistency.

**Option 4** Broadly similar to the Option 3 model, but with service delivery being provided on a geographic base. This would have the benefit of giving a high priority to consistency in the district and remote service areas.

Further details on these organisation models are contained in the section headed Structural Options on page 18.

**Northern Territory Population**

The challenges facing the Northern Territory Government and THS in their task of providing a comprehensive range of accessible services throughout the Territory is highlighted by the following facts.

The Territory covers a large land mass of some 1.7M km$^2$. This extends North from the South Australian border to the Arafura Sea, East to the Gulf of Carpentaria and West to the Western Australian border. Occupying this land mass is a population, on Australian Bureau of Statistics figures at 30 June 1997, of in excess of 187,000. Some 98,500 are serviced in the Darwin urban area. Approximately 28% of the Territory population is Aboriginal, with 70% of Aboriginals living in rural or remote areas. The population is a young one compared to other parts of Australia, with some 34% being under the age of 18 years. The figure for Australia is 28%.

There is a major challenge in improving the health status of the Aboriginal population and although indigenous people constitute 28% of the total population, around 50% of people who are treated in the public hospital system in the Territory are Aboriginal. In 1995, 55.7% of total expenditure was expended on the Aboriginal population.

Notwithstanding this, the health status indicators are still alarming, and much more needs to be done to improve the overall health status of Aboriginal people. Life expectancy at birth for Aboriginal males is 57 years, compared to 77 years for non-Aboriginal males. For Aboriginal females, life expectancy at birth is 61 years, compared to 83 years for non-Aboriginal females.

Aboriginal health has been given a high priority within THS and by the Northern Territory Government for a long period and there are many innovative models addressing these challenges, in place at present, and planned for the future.

A positive statistic is that since 1986 Aboriginal health workers have increased by 400% from 105 up to 414. There is also a newly developed career structure for Aboriginal health workers being implemented at the present time. Some other positive initiatives are the very successful to date, Coordinated Care Trials in Tiwi and Katherine West. There are also proposals to establish health zones in the Barkly District and Central Australia, with the focus being on improving the services delivered to predominantly Aboriginal populations.
As part of the visits around the Territory I had the privilege of visiting six Aboriginal communities. During these I was able to observe the strategies in place and the actual delivery of services to Aboriginal people in remote areas of the Territory.

Although the Northern Territory has a young population relative to other parts of Australia, it is ageing and in the next ten years the percentage of people over 65 years of age is predicted to double. There are also significant challenges in the areas of family and children’s services because of the high number of young people in the Territory. There is a significant challenge in providing accessible and effective services for people with disabilities. The 1998 study carried out by the Australian Institute of Health and Welfare on Unmet Need in the disability area throughout Australia indicated that there is current unmet need in the Northern Territory of around $3M per year.

To compound the pressure on the public hospital system, the Northern Territory has the lowest level in Australia of people with private health insurance. Currently this is running at around 25%, but only 3.6% of the privately insured people elect to be treated as private patients when admitted to the public hospital system.

One of the four stretching goal areas in the Strategy 21st Century Strategic Intent document is to achieve a quantum shift to service delivery by others. Part of this will be a focus on alternatives to the public hospital system and extending the range of services provided by other providers. In particular, the non-Government sector. The Northern Territory Government and THS have been active in this area and already some 15% of the overall budget is spent with non-Government organisations providing services on behalf of THS. The figure currently provided to non-Government organisations in this way is around $60M per annum.

When considering the above points, the unique challenge for the Northern Territory Government and THS can be placed in a clearer perspective. It has an extremely large land mass and a dispersed population. This does not allow for the economies of scale and the rationalising of services as can be achieved in a number of other jurisdictions in Australia.

Staffing Profile and Key Staffing Issues

To provide the comprehensive range of services currently in place, THS employs a full time equivalent staff of around 3,900. It is the largest employer in the Northern Territory, followed by Education, with 3,600 staff and then Police, Fire and Emergency Services with 1,275.

A major challenge for THS is being able to recruit and retain high calibre staff to provide the complex and comprehensive range of services required of THS, throughout the Northern Territory. This creates its own set of complexities. There has been significant progress over the last few years, particularly in recruiting and retaining a comprehensive range of medical specialists employed at the Royal Darwin Hospital, as well as at the Alice Springs Hospital.

Notwithstanding this, staff turnover rates are still very high and a major thrust of THS has been to, not only improve recruitment, but to focus on improving retention rates. To demonstrate the difficulties in this area, in 1998 the turnover rate overall was 42% of all staff. When nursing staff are excluded from this calculation, the turnover rate is still a high 30%. Most of the difficulties surrounding this occur in retaining staff in the rural and remote areas. The overall figures are skewed somewhat by including in the figures remote area nursing and other staff, who can come for short periods during a year on a number of occasions for specific contracts.

In benchmarking these figures with the other two large public sector employers, the overall turnover rate in Education is 30% while for Police, Fire and Emergency Services, it is 9%. A range of other
staff benchmarking assessments was undertaken during the project. As an example, just two of these showed overtime and penal payments amounting to around 17% of the overall salaries and wages budget, and on average for the financial year from 1 July 1997 through to 30 June 1998, the number of sick days taken per employee was 10.7. When compared to other Government employers in the Territory, there was not a significant difference. In other parts of Australia, this level of sick leave taken would be considered high.

In 1998, the Northern Territory Government established a Department of Corporate and Information Services (DCIS) and this department will provide corporate and information services to Government agencies on a bureau basis. It is planned to finalise a service level agreement between THS and DCIS which will cover a wide range of human relations services and associated financial services. There has been some criticism in the discussions that I have had as part of the project around the Territory as to how the level of services will be monitored and enhanced. There is also the risk that if not carefully managed and monitored, some parts of THS could start to replace staff who were providing these services prior to the establishment of DCIS, but were transferred, to provide services back to THS through the service level agreement. This is an issue that is well understood by senior management within THS, but it will need to be monitored carefully. It will also be important to specify the management and monitoring services that will need to be met through the service agreement. Particularly, on monitoring staff numbers on a monthly basis, on position establishment procedures and controls and on providing critical reports on sick leave, overtime, penal time and workers' compensation figures per employee and on a trend basis.

Summary of Review Findings

Strengths

After the extensive review and consultation the overriding theme that came through was of a positive and dynamic organisation that was positioning itself to be able to cope with the strategic and operational challenges through to the Year 2003. A summary of the major strengths of the organisation could be listed as follows:

◊ Unlike a number of similar organisations there is a very clear strategic direction for THS by way of the Strategy 21st Century Strategic Intent document. Along with the new Corporate Plan this was one of the most inclusive exercises in strategic planning carried out and included consultation with some 800 individuals. The benefits of this were quickly apparent as I had the benefit of attending the official launching of the document with the Minister, the Hon Stephen Dunham MLA and the CEO, Peter Plummer and other senior staff. Over the following month, as I visited work places throughout the Territory, including non-Government organisations, I was impressed that all were aware of the Strategy 21st Century document and in most cases, they had read it carefully. People were aware of the strategic directions, the core business focus and the four stretch goal areas. The four stretch goal areas being:

• strengthening community capacity
• a quantum shift to service delivery by others
• a significant increase in Aboriginal involvement in the health workforce
• total health solutions through intersectoral collaboration

◊ With this clear strategic platform and the undoubted support and credibility that it has throughout THS and the related community, the task of aligning the organisation and its priorities and processes with what is set out is comparatively simple, when compared to organisations that do not have such a clear strategic focus.
There is widely acknowledged support for the strong leadership of THS and of the very positive relationship between the Minister and top management of THS. This strong working relationship augurs well for the future of health and human services in the Territory.

A further positive result was the almost unanimous feeling amongst all consulted that THS was an organisation going forward and that it had improved its performance quite significantly over the last few years. These views were expressed at all levels, both within the organisation and, in general, with external people consulted as well.

Another strong factor was the commitment and positive attitude of the staff. Almost without exception the staff consulted and those with whom I worked during the project were “can do” people of a very high calibre. They identified with THS and were anxious to continue to improve services and develop the organisation as best they could.

Another positive point that must be recognised is that THS is delivering a wide range of comprehensive and accessible services of a high quality, 24 hours a day, seven days a week, 365 days a year, in many cases. In other words, it is doing the job required of it now, and the suggestions and recommendations made are to improve, not because it is failing in its responsibilities at present.

In the majority of discussions with external stakeholders, THS was seen as an organisation wanting to improve. It was acknowledged as a credible, forward looking organisation that was addressing identified problems. It had an open agenda and was prepared to subject itself to review and evaluation with the objective of improving its services and outcomes for clients.

Risks

Although the Strategy 21st Century Strategic Intent document is well recognised and acknowledged, there was a concern expressed in a number of cases as to how THS will deliver what is set out in that document. It is important that not only the strategic direction be believable, which it is, but that THS makes sure that it is achievable and that it publicises measurable progress in moving forward, particularly in the stretch goal areas.

Some concerns were expressed that, with the improvements that have taken place and the positioning of THS at present, it was still key person dependent in a number of areas and that stability would be important in the foreseeable future.

The organisation structure of THS across the Territory is rather complex and is not well understood internally or externally. Because of this lack of transparency, there are some internal “them and us” factions, and it will be important to overcome some of the fears and concerns expressed in addressing and simplifying the organisation structure.

There is currently a lack of policy coordination across THS and a lack of key operational policy/guidelines in a number of service delivery areas, in particular.

There was a strong view expressed that there is too much central control and that decision making needs to be devolved to key managers who are employed to make such decisions and be accountable for them.

Concerns were expressed about the depth of the management capacity and capability. These included the availability of specialist management and professional development courses for clinical staff who have been moved into management areas without, in many cases, adequate training for the responsibilities they are required to perform.
There was a strong concern that THS endeavours to take on too much at the one time, and that staff within the organisation are not receiving adequate information about changes and why they are being made.

Overall the balance of strengths against risks is very much on the positive side. It will be important for THS to build on the goodwill and commitment that accompanies its Strategic Intent document and make the critical changes that will best position THS to improve outcomes as it moves through the next two to three years.

Morale within the organisation is quite high. The time is right to align the activities of the organisation with the Strategic Intent set out earlier, as well as the obligations required by way of the various Commonwealth/State agreements that are in place at present.

In many organisations, before a review or evaluation is carried out, the organisation is perceived to have reached a crisis point and a review is generated either because of external or internal pressure that might not be able to be controlled. In the case of THS this is not the position.

When change is to take place, it is essential to ensure that there is a very clear change management strategy to support the organisation and staff involved in the change processes. A recommendation as to how this can be achieved is made in the recommendations section on pages 4 and 34 of the report. It is important that this recommendation be addressed, and if adopted, resourced adequately. Without such change management strategies, even with the best intent possible, change will not take place. Current operational responsibilities will always have to be the priority of staff unless resources are applied to support change management processes.

**Structural Options**

It was agreed by the Steering Committee for this project, that rather than propose a single option, a number of options should be addressed by the Committee over the period of the project. To achieve this, options were considered on an on-going basis, but were modified as the project progressed to the point that four structural options were developed for consideration by the CEO and the THS Executive.
As previously mentioned, these four options are:

**Option 1**  THS - the present organisation; the status quo.

**Option 2**  Broadly the present organisation, but modified to address key issues of concern.

**Option 3**  A new model designed to improve accountability and to achieve more consistent program development and the moving forward to a purchaser/provider framework.

**Option 4**  A model similar to Option 3 model but with service delivery being carried out on a different basis, namely a geographic or urban and a district and remote basis.
Option 1  THS - The Present Organisation (the status quo)

This model is set out on page 21A. The main point about Option 1 is that it is working now and services are being provided throughout the Territory using the model currently in place. When it is evaluated against the guiding principles set out on page 10, the points about the current organisation stated against each principle are as follows:

### Evaluation Principles

<table>
<thead>
<tr>
<th>Principle 1</th>
<th>Is it possible to eliminate any unnecessary complexity with the present organisation and the delivery of services?</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Yes, the present organisation structure and the way services are delivered is acknowledged as being complex. It was designed as a transition structure. It is not clearly understood within the organisation or externally.</td>
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<table>
<thead>
<tr>
<th>Principle 2</th>
<th>Does the present organisation provide clear accountability and responsibility?</th>
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<tr>
<td></td>
<td>It was widely stated in the meetings and discussions that responsibility and accountability were not clear in the present organisation. It was stated that there are often a number of people who believe that they are responsible or accountable for the same areas.</td>
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<thead>
<tr>
<th>Principle 3</th>
<th>Does the present organisation facilitate effective or improved service integration?</th>
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<tr>
<td></td>
<td>The present organisation structure is achieving a certain degree of service integration, but this is variable across the Territory. In some places, it is working effectively, whereas in others it was stated to be a problem in achieving integration. Integration is taken as “achieving unity of effort in meeting the organisation goals and in improving outcomes for clients/patients”.</td>
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<tr>
<th>Principle 4</th>
<th>Does the present organisation facilitate devolved decision making?</th>
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<tr>
<td></td>
<td>In the discussions and meetings that took place, this was a recurring area of difficulty. Senior and middle managers in the service delivery areas believed that they were not given the delegations or the authority to make decisions they should be able to make. There was the view that too many decisions were being made centrally.</td>
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<table>
<thead>
<tr>
<th>Principle 5</th>
<th>Does the present organisation facilitate partnership agreements with other providers, and particularly, the concept of purchaser/provider arrangements?</th>
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<tbody>
<tr>
<td></td>
<td>The present organisation has facilitated this to a certain degree. There is a general lack of understanding of the concept of purchaser/provider benefits and how it will be moved forward into a policy and operational framework.</td>
</tr>
<tr>
<td>Principle 6</td>
<td>Is there, in the present organisation an effective capacity to deliver improved outcomes to clients?</td>
</tr>
<tr>
<td>-------------</td>
<td>------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Yes, it is considered that with the present organisation the ongoing improvements in outcomes to clients/patients will continue as has been the case over the last few years.</td>
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<thead>
<tr>
<th>Principle 7</th>
<th>Does the present organisation facilitate an overall quality improvement strategy to enhance the delivery of higher quality and cost effective services for clients?</th>
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<tbody>
<tr>
<td></td>
<td>There are many quality improvement/best practice initiatives underway within THS, but there is no overall quality improvement/best practice strategy to integrate these activities within a policy framework.</td>
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</tbody>
</table>
Option 2 THS current structure modified to overcome key difficulties identified

Rather than design an Option 2 structure, I have listed below the seven principles and have made comment as to how the organisation could be modified to overcome key difficulties that currently exist.

**Principle 1**  
Is it possible to eliminate any unnecessary complexity with the organisation and the delivery of services?

The present structure could be simplified by reviewing at the bottom of the current Option 1 model on page 21A, the clustering of services under each of the Deputy, Chief Health Officer or Assistant Secretary positions contained on the chart. If the responsibilities listed under each position are reviewed, there would appear to be areas that could be linked, but are currently under the control of different people in the organisation. A review of all services, looking at their linkages and an alignment of policy development and service delivery, could overcome difficulties that were highlighted in the discussions that took place during the project.

**Principle 2**  
Does the option provide clear accountability and responsibility?

The problems that were identified with the present organisation could be overcome by reviewing the delegations currently in place for senior and middle management in particular. The central control of staff vacancies and interstate travel could be reviewed and delegations given to a number of key managers, together with targets that would need to be met as part of the process of delegating responsibility, and accountability. This, along with the comments made under the section above, would help improve the current situation as it is perceived by a number of senior and middle management staff within THS.

**Principle 3**  
Does the option facilitate effective or improved service integration?

The integration of services could continue to be improved by way of clear service level agreements between the policy program development areas and the service provision and operational areas. There could also be an emphasis on developing policy guidelines in a number of operational areas where service integration problems have been identified, eg Family & Children’s Services, Mental Health, and Disability.

**Principle 4**  
Does the option facilitate devolved decision making?

Refer to the comments made under the answer to Principle 2. If the schedule of delegations is reviewed and decisions currently being made centrally devolved to key senior and middle managers, with targets being set and monitored regularly, the present difficulties could, to a large extent, be overcome.
**Principle 5**

*Does the option facilitate partnership agreements with other providers, and particularly, the concept of purchaser/provider arrangements?*

There is currently a lack of understanding of the concept of purchaser/provider arrangements and how it will operate within THS in accordance with the stretch goal “a quantum shift to service delivery by others”. This could be overcome by adopting recommendation number 8 on page 4 by establishing a purchasing advisory and resource unit in the current area of the Assistant Secretary, Health Planning & Systems Support. This unit would have an initial life of 12 months and it would be reviewed at the expiration of that time. Its functions and responsibilities are set out in recommendation number 4 and in attachment A.

**Principle 6**

*Is there in the option an effective capacity to deliver improved outcomes to clients?*

As stated earlier, this is occurring at the moment and has been an ongoing process over the last few years. Greater clarity could be given to measuring this by establishing a health gain planning unit as set out in recommendation 4 on page 4 and also by establishing the Strategy 21st Century steering committee and the quality improvement/best practice standing committee as set out in recommendations 1 & 2 on page 4. This would provide a policy framework so that outcomes can be evaluated and measured within a structure and policy framework.

**Principle 7**

*Does the option facilitate an overall quality improvement strategy to enhance the delivery of higher quality and cost effective services for clients?*

See comments under Principle 6 which also apply to Principle 7 and would strengthen the current position.

In summary, the present organisation structure could be modified and become Option 2. If the recommendations set out in the preceding paragraphs are adopted, a number of significant problems identified during consultations and discussions would be overcome or improved. Option 2 can therefore be considered as a realistic one which, without a great deal of effort or investment in change, would provide significant benefits and overcome a number of common or recurring problems identified under Option 1 -THS - the present organisation (the status quo).
Option 3  New organisation model to address structural and other issues identified (Program)

The Option 3 Model is set out on page 27A. In essence, this model establishes two Deputy Secretary positions. One would be entitled Deputy Secretary, Policy and Program Development and have the responsibilities set out on the right side blocks of the Option 3 Model. The other Deputy Secretary position, entitled Deputy Secretary, Service Provision, would provide a single point accountability for the provision of services throughout THS.

The other major changes, as well as aligning the program development and professional purchasing advice with the delivery of services through the blocks set out on the left side of the model, are listed below.

Policy and Program Development

There would be established a policy coordination and health gain planning unit which would develop a health plan annually, entitled “The State of the Health of Territorians”. This would set out the major health risks and priorities for improving health status and outcomes over the next 12 months and would inform resource allocation decisions. It would be updated on an annual basis.

There would be established a purchasing advisory and resource unit which would exist for 12 months in the first instance. It would be responsible for establishing a clear understanding of the concept of purchaser/provider throughout THS and the levels at which purchaser/provider arrangements would operate. In addition, it would establish a glossary of terms and a common understanding amongst all staff on the levels of services purchasing and provision. There would also be developed standard and consistent contract documentation. Education and training programs brokered by the purchasing advisory and resource unit would also be provided so that staff who will be involved have a clear understanding of their responsibilities. For more detail, see attachment B.

All of the existing policy and program development activities being carried out in Health House and associated areas would be grouped into the boxes on the right side of the Option 3 Model. This would facilitate focused and consistent policy development across the four programs suggested. This would be achieved by identifying and designating the existing staff as working as part of one of the four program development and professional purchasing advice blocks. In accordance with recommendation number 2 on page 4, there would be established a standing committee entitled “Program Development/Stretch Goals Standing Committee” which would report directly to the Strategy 21st Century Steering Committee.

Service Provision

The Deputy Secretary Service Provision would be responsible for the provision of services across the Territory to ensure that services were delivered as Territory Health Service consistent services, but on a regional basis.

The regions could be the Top End Service Network, which would be much the same as Operations North and the Central Service Network, which would be similar in operation to Operations Central Australia.

The existing service delivery programs have been listed below the four blocks on the left side, Health Development, Community Health Services, Hospital Services and Community Services.
There would be a Manager responsible for each of these four programs and their responsibility would be to deliver in both the Top End and the Central areas the services as listed under the various program blocks on the left side.

The Aboriginal Health Strategy, and other key strategies, would transcend all of the four program areas set out.

These service clusters under the four program boxes would be mirrored in the four program development and professional purchasing advice blocks on the right side of the model.

**Service Agreements**

This model would be underpinned by detailed service agreements developed by the four program development and professional purchasing advice blocks on the right side and as part of the work of the Program Development and Stretch Goals Standing Committee. The high level service agreement, which would also include the range and level of support to be provided by both parties, would then be established between the Deputy Secretary, Policy & Program Development and the Deputy Secretary, Service Provision.

The progress in meeting the requirements of the service agreements would be monitored by the business support and performance audit group which would be established, reporting directly to the Chief Executive Officer. (See page 27B)

**Strategic Alignment**

In this model the current THS Executive would be replaced by the Strategy 21\textsuperscript{st} Century Steering Committee which would become the major strategic planning and monitoring “board of directors” for THS. Its membership would comprise the CEO as chair, the two deputy secretaries and key managers from the four program development and purchasing advice blocks, as well as key service provision managers from the left side of the model.

The Strategy 21\textsuperscript{st} Century Steering Committee would be the body responsible for monitoring the achieving of the stretch goals and other Strategy 21 commitments and it would meet monthly.

There would also be established three standing committees. These would be:

- A finance and administration committee. This would meet monthly and would be responsible for monitoring the budget and budgetary performance on a monthly basis as well as monitoring the achieving of targets after devolving decision making to the key senior and middle managers, as set out in comments in the Option 2 model.

- A quality improvement/best practice standing committee. This would meet monthly and would establish a quality improvement/best practice policy framework to integrate the many quality improvement and best practice initiatives that are being carried out in various parts of the organisation, but are not coordinated at present. It would also monitor the achieving of improved health outcomes in accordance with the goals and targets set out in the annual health plan.

- A program development/stretch goals standing committee. This would meet monthly and would provide a consistent approach to program development. At present this is not consistent across the programs. It would also be the standing committee responsible for the achieving of the stretch goals in association with the Strategy 21\textsuperscript{st} Century Steering Committee.
The three standing committees would meet in the first, second and third weeks of a month and report to the Strategy 21st Century Steering Committee which would meet in the last week of the month. The phasing of the weeks for the standing committees would depend on the information flow and it would probably be in the sequence of:

- Week 1 - quality improvement/best practice
- Week 2 - program development/stretch goals
- Week 3 - finance and administration

When evaluating the Option 3 model against the seven principles previous set out, the comments are as follows:

| Principle 1 | This model would separate and provide single point accountability for service provision and for policy and program development. It is a relatively simple model to understand and the challenges lie in the implementation strategy, provided later, and in the service agreements that would be entered into between the policy and program development deputy secretary and the deputy secretary service provision. |
| Principle 2 | This model would clarify accountability and responsibility in the manner set out in comments under Principle 1 and by clear service agreements that would specify the range of services, the budget to be made available and the targets that would be required to be met. There would also be monthly monitoring meetings and negotiating meetings between the policy and program development arm and the service provision arm as well as independent contract/performance audit monitoring to the CEO. The targets would encompass cost/volume/quality/timeliness. |
| Principle 3 | Along with other options, there could be risks in achieving service integration to the fullest extent. This is the most difficult task that is faced in similar organisations to THS. In this option, the clusters of services in the program development areas and the service delivery areas are the same. They have been clustered to best represent a sensible and logical division between health development, community health, hospital and specialist care and community services. The key to effective service integration will be the goals and targets set out in the service agreement and the face to face meetings that will be required in both the program development and service provision areas. |
### Principle 4

**Does the option facilitate devolved decision making?**

The option is a transparent one. It would require devolved decision making with the necessary delegations and authority for the various managers at the different points in the organisation. With the change in governance structures by having a Strategy 21st Century Strategic Steering Committee and three standing committees, there would be an improved capacity to devolve decision making to the point where decisions are best made. The targets and the policy framework established could then be monitored through the committee and governance structure on a monthly basis.

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### Principle 5

**Does the option facilitate partnership agreements with other providers, and particularly, the concept of purchaser/provider arrangements?**

It is considered that by establishing the purchasing advisory and resource unit as set out with the work schedule as included in attachment 2, this principle could be achieved.

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### Principle 6

**Is there in the option an effective capacity to deliver improved outcomes to clients?**

Following the establishment of the policy and health gain planning unit and the quality improvement/best practice standing committee, there would be measurable targets directed at health gain and improved outcomes. This structure would facilitate improving outcomes to clients/patients.

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### Principle 7

**Does the option facilitate an overall quality improvement strategy to enhance the delivery of higher quality and cost effective services for clients?**

See comments under Principle 6. This option does have the capacity to achieve or enhance the delivery of high quality and cost effective services to clients.

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In summary, it is considered that Option 3 is a realistic one, and that although it would involve a significant reconfiguration of functions and responsibilities, it would be achievable. It would necessitate the introduction of a change support strategy and implementation plan as set out in recommendation number 7 on page 4 of this report.
Option 4  New organisation model to address structural and other issues identified *(Geographic)*

Option 4 is a modified version of Option 3 as far as the service provision side is concerned. The model also involves the establishing of two deputy secretary positions: one policy and program development and one service provision. The model would operate in the same way as Option 3 for the areas coming under the control of the deputy secretary policy and program development. The difference between Option 3 and Option 4, is in the approach to service delivery. Whereas Option 3 focused on a Territory wide health service delivered on a regional basis, Top End and Central, which is very much the same as the way services are delivered at present, this option embodies a geographic service provision structure.

Instead of services being delivered on a program basis, as set out in Option 3, the Option 4 model would deliver the services on a geographic basis. It is suggested that the Royal Darwin Hospital and the Alice Springs Hospital operate as entities in their respective areas and that in the Top End, all services for the Darwin area be provided by a service provision block, Darwin Urban services. The district and remote services for the Top End would be delivered by a separate management structure resulting in the Royal Darwin Hospital, Darwin Urban services and District and Remote services, Top End, reporting directly to the deputy secretary, service provision.

The already appointed Joint Assistant Secretary between Health and Education would be responsible to the deputy secretary service provision for the delivery of services in the Central Region. There would be a similar division of services, with Alice Springs Hospital operating as set out with services for the Alice Springs area being delivered through Alice Springs Urban services and for the remaining district and remote services being provided by the central district and remote structure.

In the Top End block, the District services would include Katherine and East Arnhem, as well as all other rural and remote services in the Top End. In the Central block, the District services would include the Barkly district as well as all other rural and remote services in the Central region.

Again, it would be necessary to have the service agreement developed by program as listed in Option 3, through the mechanisms set out in comment on Option 3.

The deputy secretary service provision would then enter into service agreements with the managers of the service provision areas set out on the organisation chart.

The benefits of this model are that it is a relatively simple and clearly understood model. It establishes single point accountability for service delivery on the basis set out and it would provide services in accordance with the terms of the service agreement entered into between the deputy secretary policy and program development and the deputy secretary service provision. The service agreements would be detailed documents specifying the range of services to be provided, the budget to be provided and the goals and targets to be met in the service delivery process on the basis of cost, volume, quality and timeliness.

It would also focus on the challenges in improving the health status of the Aboriginal population, particularly as 70% of the Aboriginal population live in rural and remote areas. In the discussions and meetings held, there was a strong view in areas outside Darwin and Alice Springs that the district and remote services require strengthening. There is a thrust for a concerted effort as far as establishing guidelines for the provision of services and for consistency and equity in the various district and remote areas. It would also fit in with the concept of the health zones which are to be established in the Barkly district and in Central Australia.
With a dedicated management structure for the district and rural and remote services in both the Top End and Central Australia, the insecurities and perceptions currently felt could be addressed. Rightly or wrongly, there are real concerns expressed at the perceived inconsistencies in resourcing and the provision of services in different districts and communities. Some communities have full time doctors, some have a district medical officer visiting, and some have more frequent visiting clinical services than others. All complain about the lack of administrative support.

With such a structure there would need to be close cooperation between the three service delivery arms in the Top End and in Central Australia. It would be important that services be provided on a geographic basis, but in so doing, the relationship with the other provider arms be clear. It is believed that this could be achieved by the development and monitoring of the service agreements and by the realistic span of control of the deputy secretary service provision. There would be the capacity to facilitate regular meetings between the provider arms to ensure the consistency of service delivery across the Territory.

In evaluating the Option 4 model against the seven principles previously enunciated, the following comments are made:

<table>
<thead>
<tr>
<th>Principle 1</th>
<th>Is it possible to eliminate any unnecessary complexity with the organisation and the delivery of services?</th>
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<tbody>
<tr>
<td></td>
<td>The same comments would apply for the Option 4 model as for the Option 3 model.</td>
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<table>
<thead>
<tr>
<th>Principle 2</th>
<th>Does the option provide clear accountability and responsibility?</th>
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<tbody>
<tr>
<td></td>
<td>It is believed that Option 4 would assist in clarifying accountability and responsibility. It is a transparent and quite simple structure, particularly on the service provision side, where significant problems exist at present in respect of accountability and responsibility.</td>
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<table>
<thead>
<tr>
<th>Principle 3</th>
<th>Does the option facilitate effective or improved service integration?</th>
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<tr>
<td></td>
<td>Problems can exist in options such as Option 4 for clients who are moving between urban and district and remote areas. The key to achieving integration is for the mechanisms at the management level and the links between the various service provision blocks to be covered by way of clear protocols and service agreements.</td>
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<tr>
<th>Principle 4</th>
<th>Does the option facilitate devolved decision making?</th>
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<tr>
<td></td>
<td>Option 4 would, like other models explained, facilitate devolved decision making because of the standing committee structure previously outlined and by clear delegations to designated managers in both the program development and service provision areas.</td>
</tr>
<tr>
<td>Principle 5</td>
<td>As stated with the Option 3 model, Option 4, with the purchasing advisory and resource unit along with the other procedures outlined, would be effective in facilitating partnership agreements of the type sought.</td>
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<tr>
<td><strong>Does the option facilitate partnership agreements with other providers, and particularly, the concept of purchaser/provider arrangements?</strong></td>
<td></td>
</tr>
<tr>
<td>Principle 6</td>
<td>Option 4, with the standing committee structure including the quality improvement/best practice standing committee, would provide a policy framework and mechanism to measure improved outcomes for clients.</td>
</tr>
<tr>
<td><strong>Is there in the option an effective capacity to deliver improved outcomes to clients?</strong></td>
<td></td>
</tr>
<tr>
<td>Principle 7</td>
<td>Taking into account the comments made under Principle 6, Option 4 would achieve these objectives.</td>
</tr>
<tr>
<td><strong>Does the option facilitate an overall quality improvement strategy to enhance the delivery of higher quality and cost effective services for clients?</strong></td>
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In summary, Option 4 is a realistic model and it would address a significant number of the problems that were highlighted with the current organisation in my meetings and discussions both with staff employed by THS and with people external to THS.

In particular, it takes into account many of the difficulties that are perceived with the present provision of services in the district and remote communities. By providing a dedicated management structure for the district and rural and remote services, it fits well with the coordinated care trials in Tiwi and Katherine West and the proposed health zones in East Barkly and in Central Australia.

In the review and research part of the consultancy, numerous reports were read which covered the challenges in delivering effective and equitable services to the district and remote communities. The Option 4 model addresses many of the perceived problems that were highlighted in those numerous reports.
Preferred Option

In considering the four options outlined in the preceding section of the report, it can be stated that Option 1 - the status quo, is not a realistic option. This is after considering the comments and examples made and given in the large number of meetings and consultations over the last few months.

There is a strong ground swell of opinion that would mean that changes to the existing organisation could be made with the commitment and support of the vast majority of staff. This means that models that could be seriously considered as being realistic are Options 2, 3 & 4.

After considering the three options in considerable detail, and following intensive discussion at the steering committee and THS Executive level, the preferred option is Option 3. The reasons for this recommendation are as follows:

- The structure of any organisation is set by the design of its major components or sub systems and by the establishment of patterns of relationships among the sub systems, or, more simply, by the “established pattern of relationships among the component parts of the organisation”.

- It was agreed that the present organisation, although functioning quite well, was not optimising the relationships that need to be developed between the sub systems. It was considered that although Option 2 could have improved this, there would still be difficulties.

- After considering Option 3 and 4, and the points made against the 7 principles, Option 3 was seen as having the greatest potential to align the Strategy 21st Century Strategic Intent with THS operational intent and ongoing activities.

- Recommendations 1 through to 4 on page 4 would need to be considered and implemented as an essential part of the Option 3 decision.

Proposals Relating to Improved Efficiency and Effectiveness

In the terms of reference for the consultancy, there was a requirement to address efficiency and effectiveness issues and where inefficient or costly practices or processes were identified, recommendations be made to address these. As the consultancy progressed, there were areas where there was the potential to improve efficiency or effectiveness and, in particular, cost effectiveness.

With staffing costs, salaries and wages and other oncosts accounting for some 70% of the overall budget, there is the potential to review whether savings could be made in these areas. Other areas are in the management of assets, including the costs of accommodation as well as the discretionary expenditure in the non-salaries budget areas.

Rather than go into significant detail in this section of the report, recommendations made as part of this particular term of reference are included as part of the overall list of recommendations contained in the Executive Summary section of the report and in the project debriefing process.

Implementation Strategy

In an organisation of the scale and complexity of THS, it is important to give a top priority to the implementation strategy for any agreed changes so that they can be clearly articulated, justified and then implemented within a cohesive framework and within an agreed timeframe. Staff within THS are working extremely hard to provide the comprehensive range of services currently provided and it will be necessary to dedicate resources to support changes agreed to be implemented.

As Option 3 is the preferred option, the implementation and support strategy outlined in this section of the report applies to that option. If a decision was made at any stage to proceed with a different
option, then the same implementation strategy would apply but the resourcing requirements might differ, depending on the degree of change required.

It will be important to establish a Strategy 21 support unit which will support the Strategy 21st Century Steering Committee and the standing committees in ensuring that the Strategy 21st Century Strategic Intent document is implemented and monitored.

On page 33A a structure is outlined suggesting how the Strategy 21 support unit would address the changes that are required in moving from the present Option 1 model to the preferred Option 3 model, within an agreed timeframe.

In essence this will require designating a full time manager and three to four support staff to work as the Strategy 21 support unit and to carry out the work required in the four sections reporting to this unit as set out on page 33A. There would be a small group, the current services/program translation group which would identify all existing services and suggest the appropriate translation of them by program, by location and then by provider or by policy/purchaser area.

The individuals seconded to the unit for this purpose should have a good working knowledge of the organisation. Their task would be to reconfigure all of the existing services into the new program and service provision sections of the preferred option.

The next group would carry out a similar exercise for the corporate and business support areas. It would ensure there was an adequate translation of resources to the business support and performance audit unit that would report directly to the CEO. It will also be necessary to ensure that staff and resources are apportioned between the policy and program development and service provision areas. There will need to be an appropriate balance of support in the corporate and business support areas for the three main functions, contract management/performance audit, program development/purchasing advice and effective service provision. This could be achieved through specific service agreements.

In any successful change management process the most important element is communications. In the various meetings and discussions that were held, one of the recurring concerns was that when changes were made, often, staff did not know what was happening or why. It will be important to have a small group, working as part of the Strategy 21 support unit, responsible for communicating what changes are taking place, why the changes are taking place and then giving the opportunity to have any questions answered. Therefore, this group would coordinate an effective and simple internal communication process. This could include providing information kits on the changes that are agreed, conducting a number of staff information forums throughout the Territory and, possibly establishing a "hotline" for a certain period.

The other important element of the change process is to ensure that where positions are changed, or new positions replace old positions, to have an effective human relations process in place. The group designated under the fourth block on page 33A would have the responsibility for finalising job descriptions for positions that have changed. Obviously, this work would be carried out in association with the Department of Corporate and Information Services.

The people who are seconded to a Strategy 21 support unit and to the four small working groups that would support it, would need to represent both the corporate and the service provision areas and have a mix of people from Darwin and other parts of the Territory.

A management plan would be prepared by the Strategy 21 support unit around the recommendations finally agreed by the CEO and THS Executive. Timeframes should be clearly set out in implementing the recommendations.
REVIEW OF SERVICES AND STRUCTURE OF TERRITORY HEALTH SERVICES

It is considered that the Strategy 21 support unit would, in view of the likely scale of change that will be agreed, have a life of at least six months. It should be reviewed at the expiration of six months, and then a decision made on extending it, or modifying it if necessary. The person who would head this unit would need to be a senior person, currently employed by THS who has credibility within the organisation and is seen as a positive change agent. It is also important for the change to be seen as coming from within and for it be acknowledged as a result of the input of the staff and key external stakeholders. The quicker that the agreed and essential changes are implemented, then the sooner the newly configured organisation is best placed to move through to the Year 2003 in accordance with the Strategy 21st Century Strategic Intent.

Conclusion

The consultancy project was an interesting and stimulating one. Although a number of difficulties and concerns have been expressed with the present organisation, there is no doubt that relative to similar organisations within Australasia, Territory Health Services is in a strong position. It has a clear strategic direction and intent and this has been developed through wide consultation. Within the organisation, there is a strong commitment from staff at all levels to ensure that the strategic directions are maintained and that goals are achieved.

There is strong leadership. One of the most positive themes that came out of the consultations and meetings was that the vast majority of THS and external stakeholders are convinced that there have been significant improvements in the last few years and that THS is a credible and forward looking organisation.

The timing is right for THS to move forward in accordance with the Strategy 21st Century Strategic Intent document. It is hoped that this report and the background material that supports it will be helpful to THS in working through the next few years in accordance with the well developed plans it has for this period.
Reference Materials
As mentioned in the review and research section of the report, considerable time was spent in reading a large number of documents, files and reports which date back to 1979. It would not be possible to list all of the reports and publications that formed part of the review project.

Rather than list selected reports, it was felt preferable to acknowledge the assistance given by Dr Dayalan Devanesen, Director of Primary Health and Coordinated Care, THS, who provided his library covering reports and consultancy reviews from 1975, when he first commenced with THS, through to the present time. Similar acknowledgment is given to Mr John Montz, Director of Program Evaluation and Review, THS, who made available all of the program review and evaluation reports, dating back from the early 1980’s until the present time.

The consultancy drew heavily on the submissions and contributions made to the development of the new Corporate Plan for THS and the submissions and input to developing the Strategy 21st Century Strategic Intent. The other reference materials that were helpful were the THS Annual Reports. These were comprehensive and easily read. It was not a surprise to learn near the end of the consultancy that the Annual Report of Territory Health Services for the 1997/98 reporting year, in the recent Northern Territory Public Sector Annual Report Awards, received an Excellence Award and an Award for the Most Readable Report. These two awards are well deserved acknowledgment of the effort that goes into the production of the THS Annual Reports and how valuable they are as historical reference documents.

Other reference materials were the major reports which resulted in restructuring or reconfiguration of THS over the years and the large number of consultants’ reports available. These included reports on program areas, services in remote areas, the coordinated care trials and the health zones in the Barkly Region and Central Australia.

If readers of the report require information on any of these areas, it is suggested they contact Dr Devanesen or Mr Montz in Health House, who will be able to guide them to key reports or publications over the last decade or so.

Consultative Processes
During the period of the review, some 300-400 people were consulted either individually or in small group meetings. Rather than list all individuals or organisations consulted with, formal acknowledgement is given to the assistance and support of the members of the Project Steering Committee:

Mr Peter Plummer, Chief Executive Officer, THS
Mr Michael Martin, Deputy Secretary, THS
Mr Kevin Williams, Assistant Secretary, THS
Dr David Ashbridge, A/Assistant Secretary, THS

In addition, the discussions with, and the feedback from, all of the members of the THS Executive was much appreciated.

The opportunity is taken also to thank Dr Shirley Hendy, Assistant Secretary/Chief Health Officer, Ms Rose Rhodes, and all of the staff consulted, either individually or in group meetings, in Operations North. I also thank Ms Sue Korner and Mr Ralph Wiese and all of the staff consulted either individually or in meetings from Operations Central. Similar thanks go to Mr Peter Lindenmayer and to staff in the East Arnhem Region, Ms Kathy Stow and to all staff in the Katherine Region and Mr Bill Higham and to all staff in the Barkly District.

The strong assistance and support of staff at all levels within Health House is also acknowledged. Their assistance was invaluable.
I also had the privilege of visiting a number of remote communities and these were:

- Katherine Region - Barunga and Beswick
- East Arnhem Region - Galuwinku, Gapuwiyak and Yirrkala
- Barkly District - Ali Curung

I would take this opportunity to thank members of the Councils and the Aboriginal health workers, nursing and medical staff in all of these areas for their contributions during discussions.

I was also fortunate enough to meet some Hospital Advisory Board members in Alice Springs and to attend a meeting of the Hospital Advisory Board in Tennant Creek. I would like to thank those members for their assistance.

During the consultancy I was fortunate to meet with a number of non-Government organisations and other external organisations. These were:

**Alice Springs**
- St Marys
- CASAR
- Holyoake
- Tangentyere
- IAD-CARHTU
- Menzies School of Health Research
- Central Australian Aboriginal Congress

**Darwin Area**
- Under Treasurer, NT Treasury
- CEO, Department of Housing
- Deputy Secretary, Department of Housing
- Somerville Community Services Inc
- ACROD
- St John Ambulance Association NT
- Tiwi Health Board (Executive staff)
- Top End Division of General Practice
- Rural and Remote Health Workforce Agency Inc

I was also invited to attend a number of meetings, workshops and other group meetings to either give a background presentation on the project, or to sit in and listen to the discussions to inform me of particular issues that were being addressed at that time. I will not list these, but would thank all those who were so generous of their time and who willingly invited me to join with them in discussing in a very frank manner, the particular challenges that were being faced in their respective areas.
Last, but not least, I would thank all staff who provided assistance to me during the period of the consultancy, particularly, Mr John Montz, Ms Nicola Ball and program review staff. I would also acknowledge the work, firstly by Ms Pauline Benaim and then Ms Sue Richardson, who typed the various project reports and papers for me in their capacity as Executive Assistant to the CEO of THS. This final report was typed by Sue Richardson and I would like to thank her for her excellent support.

**Steering Committee Papers**

*(Examples of papers considered)*

Option 3 Model Update - Attachment 1

Purchasing Advisory & Resource Unit - Attachment 2