

20 August 2018

The Hon. Stephen Wade MLC
Minister for Health and Wellbeing

Delivered by hand

Dear Minister

Consideration of evaluation of the practices, policies and procedures of the Central Adelaide Local Health Network.

I refer to my meeting with State Cabinet on 24 May 2018, my meeting with you on 22 March 2018, my meeting with the Chief Executive of the Department of Health and Wellbeing on 8 June 2018 and my meeting with you and the Chief Executive on 16 August 2018. During each of those meetings I described my concerns around potential corruption, misconduct and maladministration in various local health networks.

Since my office commenced in September 2013 around 20% of all public integrity¹ complaints and reports received by the Office for Public Integrity relate to SA Health.

A large number of complaints and reports relating to SA Health have resulted in investigations into potential corruption, misconduct or maladministration conducted either by this office, or by another agency on referral by this office.

Persistent themes have emerged in respect of the misuse of public money, the manner in which public resources are utilised and the manner in which staff responsibilities, including those of clinicians, are overseen.

In my view SA Health, through its local health networks, are at serious risk of corruption, misconduct and maladministration. The risks associated with poor management and misuse of public resources within SA Health particularly are significant.

Based upon observations over nearly five years as the Independent Commissioner Against Corruption I have formed the view that there is widespread maladministration throughout SA Health. A number of investigations already undertaken by my office have been thwarted because of poor records management and condonation of improper behaviour or improper practices by senior staff. Those investigations have exposed not only significant wrongdoing and misuse of public resources, but a culture and an environment where such conduct is not identified and dealt with appropriately. The adverse financial consequences to the State are, in my view, significant.

¹ Including all state government, local government and contractors, but excluding SA Police.

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During our meeting on 16 August 2018 both your Chief Executive and you acknowledged a range of issues within SA Health and you invited me to consider how I might be able to assist in identifying those issues and recommending ways of resolving them.

Section 7 of the *Independent Commissioner Against Corruption Act* (ICAC Act) sets out my statutory functions. Section 7(d) provides that one of my functions is:

To evaluate the practices, policies and procedures of inquiry agencies and public authorities with a view to advancing comprehensive and effective systems for preventing or minimising corruption, misconduct and maladministration in public administration.

In my opinion, an incorporated hospital established under the *Health Care Act 2008* (ie a local health network) is a public authority for the purposes of the ICAC Act. Indeed, that was the view expressed by the Crown Solicitor acting for the State during the course of my investigation into the Oakden Older Persons Mental Health Service.

Accordingly, I am empowered under the ICAC Act to conduct an evaluation of the practices, policies and procedures of a local health network.

In my opinion, it would be desirable to conduct such an evaluation. I note during our meeting on 16 August 2018 that both you and your Chief Executive agreed as to the desirability of such an evaluation.

Given the broad range of complaints and reports received about SA Health any evaluation of a local health network ought to be wide ranging and consider all facets of the organisation including management structures, financial oversight, clinical and administrative responsibilities, employment and contractual arrangements, procurement, oversight and audit.

If I were to conduct an evaluation I would presently be minded to focus on the practices, policies and procedures of the Central Adelaide Local Health Network (CALHN).

While I would need to consider the matter further, my present inclination would be to conduct such an evaluation by way of a public inquiry, as I am presently empowered to do by virtue of section 7(5) of the ICAC Act.

Such an evaluation would be a significant undertaking. The breadth of matters to be addressed, the volume of material to be considered and the broad range of stakeholders to consult would be substantial. I am conscious that resources in my office already operate at capacity.

In order to complete the evaluation in a timely manner significant resources would need to be invested. Those resources would include employed staff together with the engagement of legal, medical and accounting expertise.

In my view, the benefits recognised by such a wholesale review of a local health network would far outweigh the resource investment required to conduct the evaluation.

Before deciding whether or not to conduct an evaluation of CALHN, I seek the government's position as to its willingness to provide the necessary resources. I have set out my resource estimates below. The estimate is based upon an evaluation taking 12 months and commencing in November 2018.

Not included in the estimate are the costs associated with the involvement of my Chief Executive Officer and me (estimated to be around \$900,000), two positions within my office already funded to support evaluations, together with support provided by a range of staff from within my office, including the OPI and my Corporate Services Team.

I stress that the estimates below are based upon a best guess, in light of experience gained from current and previous evaluations.

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2018 / 2019

Resource	Estimate
Employment of eight additional staff	\$635,486
Additional duties performed by ICAC staff to enable the Chief Executive Officer to lead the evaluation	\$40,221
ICT costs associated with additional staff	\$90,000
Venue hire and transcription fees (public hearings)	\$15,000
Security for Public Hearings	\$15,000
Engagement of Senior Counsel Assisting	\$450,000
Engagement of medical and accounting experts	\$150,000
Total	\$1,395,707

2019 / 2020

Resource	Estimate
Employment of eight additional staff	\$317,743
Additional duties performed by ICAC staff to enable the Chief Executive Officer to lead the evaluation	\$20,110
Records Management, including sentencing, boxing, listing and archiving	\$20,000
Venue hire and transcription fees (public hearings)	\$15,000
Security for Public Hearings	\$15,000
Engagement of Senior Counsel Assisting	\$135,000
Engagement of medical and accounting experts	\$100,000
Preparation and printing of final report	\$10,000
Total	\$632,853

If the government looks favourably upon the provision of the resources as estimated above (including the provision of additional FTE positions for a 12 month period) I will determine finally whether the conduct an evaluation of the practices, policies and procedures of CALHN.

I indicate that I will not be in a position to undertake an evaluation of such magnitude without the provision of additional resources.

I look forward to hearing from you.

Yours sincerely



The Hon. Bruce Lander QC
Independent Commissioner Against Corruption