

## UNEDITED TRANSCRIPT

### THE PARLIAMENTARY STANDING COMMITTEE ON PUBLIC ACCOUNTS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON MONDAY 27 NOVEMBER 2000.

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#### AMBULANCE PRIVATE

**CHAIRMAN** (Mr Fletcher) - The purpose of our meeting today was principally to meet with Mr David Watson of Ambulance Private. Could I set the scene before introducing Mr Watson and asking him to give evidence and then answer questions from the committee. Mr Watson has complained to both the GPOC organisation and to the Public Accounts Committee that there have been some practices which select against his operation in the private ambulance for non-emergency cases in Tasmania. The GPOC commissioner has responded to that and made a determination and two recommendations flowing from there. To this stage we heard recently from Mr Tony Ferrall, the Finance Director of Health and Human Services, and I think Mr Ferrall provided the committee with the evidence that, in the view of the Government, the GPOC commissioner had erred in that he had not given due weight to the fact that the initiatives taken by the ambulance service were government policy and that neither the GPOC commissioner nor others had a role to play in changing government policy, that that was the overriding consideration in relation to this matter.

Mr Watson, we are going to swear you in, and I think now is a good time to do that. I would ask you to give your name and your official position for the benefit of *Hansard* so it is clearly identified on the tape, and then we will proceed to the inquiry.

**Mr DAVID WATSON** WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIRMAN** - Mr Watson, the way the Public Accounts Committee operates generally is that when it receives a complaint it endeavours to hear some evidence from both the complainant and the principal government representative, the subject of the complaint. To some degree we have heard from Health and Human Services and from the minister and the minister's representative, and now we are asking you to state your position. This is only to enable the committee to determine whether it is to go further in the inquiry, whether there is substance in the inquiry, whether an inquiry, if any, should be confined to the major stakeholder interests, or whether there is a broader public interest and the broader public ought to be invited to participate through the calling of evidence. So the committee has not made a decision at this stage to proceed to that next stage. We have heard from government and we have a capacity to call others to provide evidence from government if we so feel a need, but we are asking you today to outline in greater substance your complaint, how you believe it affects State finances to the degree that the Public Accounts Committee might be involved, and whether you have considered that, if it is a matter of government policy, certain conditions apply that is the end of the

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argument, that government policy overrides all else in relation to this matter. We would ask you to put your case, if you like, and then we will ask questions at the end of that time.

**Mr WATSON** - I must admit I am a little bit in the dark regarding the procedures, so what I was proposing to do, if I could, was to go through some of the key points as I saw them. Whether you would like me to stop at the end of each section that I raise and ask questions relevant to that section, I have no problems with that.

**CHAIRMAN** - If members of the committee feel so inclined, they just indicate to me and we will proceed to ask the questions, but initially we would like to hear your case and then ask you the questions at the end of it.

**Mr WATSON** - What I would like to do is to place on the table for you - and I have only done a single copy of all of this - just a brief summary of Ambulance Private's history. I take it you would circulate that later on.

**CHAIRMAN** - Yes.

**Mr WATSON** - The document I just placed on the table talks about the key points as GPOC saw them in the complaint e had. The words seemed extremely appropriate, so I thought it was only suitable that I table that with you now. The area I would like to talk about now, the first section anyway, is just Ambulance Private's history, just to go through it briefly, and answer any queries. I would also like to clarify a few of the misconceptions that are probably circulating regarding Ambulance Private.

In 1992 three ambulance officers approached the Health Department and formally asked for a licence to operate a company, at that stage called Private Paramedic Services. We were later forced to change that name, as Grant Lennox felt that the word 'Paramedic' was inappropriate and, as such, Ambulance Private was born. In 1995-96 legislation changed, which increased our opportunities for market share, and Parliament was told that the private sector would be encouraged to take up the case load. It was made quite clear at that stage that the department supported that as well.

We had been in dealings with the private hospitals at that stage and we had indicated to them that a price of approximately \$70 per case was appropriate for routine stable patient transfers. The Health Department was then in a situation of either providing us with a licence, once the legislation had changed, or having substantial opposition from the private hospitals, as they were going to be charged \$150 to do it from TAS - \$149.50, I think, to be accurate. They struck a new rate of \$75 and chose not to licence us, so we had the anomaly at that stage that the private hospitals were being charged \$75 per case and the public hospitals were being charged \$149.50 for the same case.

**Mr KEN BACON** - When you say 'they', Mr Watson, who are you referring to, as in 'they struck the rate'?

**Mr WATSON** - I would be of the understanding it was the Health department, or specifically the TAS, the government ambulance.

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We were still left in the situation of not having a licence to operate. During the next year two of the officers who were in that initial party of three dropped out through frustration, and in 1998 Ambulance Private was given a licence. There were substantial hurdles to overcome with the licence. Even the last few weeks prior to the licence being issued there were components within that licence which could not be stomached by us, and we continually went back and asked for changes. Some of those changes revolved around being limited to the old 002 telephone area, the use of the word 'ambulance' - even though the name of the company was Ambulance Private we were not to use the word 'ambulance'. There were a variety of restrictions placed upon us. We accepted restrictions along the lines that the words 'Ambulance Private' are not to exceed 75mm in height. It got to the stage at the end it was a choice of either operating or not operating at all.

We applied for licence variations not long after commencing operations. Certainly when we put the licence together there was no clear indication of where Ambulance Private was going to go and what the work load would be, and that started to form up once we actually commenced operations. There is no question that we felt frustrated with the process that we were going through, to the extent that we approached the Minister for Health and explained that as well. We didn't get an audience.

From 1999 we moved our relationship with the Health department from Grant Lennox to John Mulligan, and I suppose from mid-1999 you could see a very solid deterioration in our relationship with the Health department. This year we obviously lodged it with GPOC as a complaint. We had assistance from the ACCC, the TCCI and some politicians as well. You are aware of the GPOC finding, and also you are aware that the day GPOC handed down their finding PAC announced an inquiry into the ambulance business or the transactions that had taken place.

Just to clarify some confusion and myths, the licence to operate a private ambulance in this State is actually held by myself. When we were forming the licence I was extremely keen to see the company hold the licence, but it was made quite clear to me that it was going to be issued to an individual. David Watson holds the licence to operate a private ambulance in Tasmania. Ambulance Private is the company that operates the licence held by David Watson. Ambulance Private is my company, so there is a cross-over, and I will continually slip backwards and refer to the licence held by Ambulance Private, but it is actually a David Watson licence.

The work load for Ambulance Private is stable patients, in varying degrees, but stable patients around Tasmania, sporting contracts. We are also involved in training and we have some ancillary work that the company does as well.

**Mrs JAMES** - St John Ambulance?

**Mr WATSON** - No, we have done some work with St John. They tend to stand pretty well alone. Some discussions have been held with them in the last month regarding some joint work that may have some promise for the future.

**Mr KEN BACON** - Did I understand you to say you are training people?

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**Mr WATSON** - Yes. We have an affiliation now with a Victorian university, and we are providing Workplace I, II and III level training courses. We are also providing some modified training courses to suit Tasmanian requirements.

**CHAIRMAN** - So the training is in the form of immediate response, first response, is it?

**Mr WATSON** - Yes. I suppose industry has now firmed up their approach to what is required, and the old Senior First Aid courses have been replaced with Workplace IIs. It is a more structured system. We have quite a large number of courses going through. We took on training when we saw a decrease and we saw problems arising with the ambulance operations. We had to do some fairly quick thinking, and training at that stage was a very suitable direction for some of our staff to move towards.

**Mr KEN BACON** - What percentage of your business is it?

**Mr WATSON** - Oh, small at this stage. Probably 15 per cent, and that is just off the top of my head.

**Mrs JAMES** - Do you carry deceased persons?

**Mr WATSON** - No.

**Mrs JAMES** - Is there a special ambulance for that?

**Mr WATSON** - I worked with an ambulance for 27 years, and I am not particularly upset by the thought of a dead body, but I am extremely aware of the fact that if Ambulance Private was associated with deceased persons the adverse publicity would be extremely damaging.

**Mrs JAMES** - Someone else does that?

**Mr WATSON** - There is a mortuary service run by the Justice department as a contract, and there are also the private mortuary services who provide their own transport when there is no requirement for a certificate.

I think if we ever got involved in that it would have to be by a totally different badged vehicle and no question about it being separate from our company.

One thing I would like to say in finishing this first section is that Ambulance Private is a licensed private ambulance, it is an ambulance licensed to operate in Tasmania. There is a consistent theme that has been coming from the Health department recently saying we are a patient transport service, and that is denigrating the work that we do. We are licensed as ambulances. Our vehicles cost \$100 000 equipped on the road. We are not, and we do take offence to being classified as, patient transport services, which operate at a much lower level.

**CHAIRMAN** - What are your licence conditions?

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**Mr WATSON** - My licence is a licence to operate a private ambulance in Tasmania. This was one thing that came from the GPOC material. There was a very strong reference always to referring to Ambulance Private as a patient transport service and being allied with those people. That is denigrating to us.

**Mr KEN BACON** - But didn't you say it is limited to non-emergency?

**Mr WATSON** - Yes, there are limitations on what we carry. Those limitations are placed in the licence. As a licensed ambulance, under the law, those limitations do not arise, but within the licence, though, the Director of Ambulances has that right to put restraint upon us. We have asked for variations to that and those variations are now over two years old.

**Mr KEN BACON** - When did you ask for those variations?

**Mr WATSON** - I can go back and give you accurate dates, but certainly in the middle of 1998, I believe, or shortly after we commenced operations the first request went in and they have been fairly constant. The only variation that we have had, with all the requests we have put in, is that we now can transport patients from sporting contracts. That was a problem for us because we couldn't get any sporting work because we could not transport.

**Mr KEN BACON** - Who makes the decision on where you can operate or what type of system you are providing? Is it a clinical decision by professional people or is it made by the Government?

**Mr WATSON** - In the early days it was made by the Director of Ambulances, who at that stage was Grant Lennox, and we had to apply for every sporting contract that we got. We had to have permission to go and do it and the decision was made by him. That changed slightly. We claimed that there was a bias, that our competitor was actually dictating the terms to us and it was moved across to John Mulligan. But I must admit my feeling was that, even though John Mulligan was my contact point, I was still going back down to Grant for some sort of decision process.

**Mr KEN BACON** - So if you took a race meeting, you would have to have two types of services on standby - or motor racing or something like that - so you could provide a service to the non-emergency. You would have to have an ambulance there to provide a means of transport.

**Mr WATSON** - No, the vehicles that we use right across the board are fully-equipped ambulances, so the vehicle that does a patient transport today could go out and do a full-blown sporting contract tomorrow and offer a full level of ambulance care.

**Mr KEN BACON** - Yes, but I understand the situation you are in now is that you can't transport emergency patients. We will just take the recent girl who fell off her horse and did what she did to her head.

**Mr WATSON** - With the variation - I'll have to check the wording on it - given to me by the Director of Ambulances in 1999 (?) - transport from a sporting event can take place as long as there is a link-up with Tas Ambulance and it is either to meet them en route or to

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have them come to the patient - you make that decision at the time. So where we had a total bar on that before we had a removal of that bar and that's the only licence variation that's taken place.

**Mr KEN BACON** - And that was done in 1998?

**Mr WATSON** - I think probably more like 1999 - early 1999 - but I'd have to check the dates.

**Mr KEN BACON** - Could you provide those dates?

**Mr WATSON** - Yes, certainly.

**Mrs JAMES** - Do Medicare and other private health funds pay for patients?

**Mr WATSON** - About four of the smaller funds, the ones mainly from the mainland, will cover ambulance transport across the board. They don't put an exclusion on Tasmania. The two big players don't. I have spoken with them. I think there will be a change one day in the future but it's obviously a bigger picture than just how it affects us.

**Mr WILKINSON** - When you started and started with your negotiations, did you get any indication at all from the Government in relation to whether they were going to start up a business that, for all intents and purposes, was going to be in competition to you?

**Mr WATSON** - No. We made it quite clear that we were targeting both private sector and public sector work; there was no question about that and our documentation reflected that at all times. The first time that we ever had a situation where we were facing competition was sitting with Peter McKay and he said, 'I'll grant you a licence' which put us back on our feet actually because we'd been fighting for some years to get it. In his next breath he made it quite clear that he was going to put together a business unit to compete against us. The response to Peter was that we would take that on the chin, that if we couldn't compete with a government unit and succeed we shouldn't be in private involvement. That was our first time. Now that didn't take place, there was no business unit put up and -

**Mrs JAMES** - There was another party interested in doing the same thing or more than one, wasn't there?

**Mr WATSON** - There was, yes - only the one that I knew of. It was a company registered by John Geapen, who was also an ex-ambulance officer, and whilst I believe he had initial consultations with the Government he then dropped out and moved to Western Australia.

**Mrs JAMES** - You worked for Tas Ambulance yourself, too, did you?

**Mr WATSON** - I spent 25 years with Tas Ambulance and a bit of time beforehand as a volunteer and now full time with Ambulance Private.

**CHAIRMAN** - Mr Watson, I would like to refocus the questioning to some degree, I think. You were granted a licence; you did operate in the market, to all intents and purposes you were successful or were making progress at the outset - had a growth business?

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**Mr WATSON** - I can show you a graph, if you would like, which would demonstrate that.

**CHAIRMAN** - Tell me if I am wrong there, but I don't want to look at the facts at this stage. What changed materially, and when, to cause you the distress you profess now?

**Mr WATSON** - Just to give you an example of our success - and we were very, very comfortable with the way Ambulance Private developed - that's a very quick graph of the work that we did for the Royal Hobart Hospital in our first year of operation, our second and our current year and I think that is probably a fairly self-explanatory graph.

Other areas of the Health department that we did work for, I can provide that - I gave four pages the same. But again, a similar graph also for the Health department - and I'll provide that proper graph later on. So you can see there is a dramatic fall off in business.

**CHAIRMAN** - I am asking you: what is the factor that caused that dramatic fall off?

**Mr WATSON** - My strong belief is that the combined effect of misinformation and influencing clients from both TAS and the Health department caused us considerable problems as far as our case load went. That went from some of the more blatant cases that we came across - and I would assume there were probably cases we didn't - where people and organisations were given patently false information. The subject of two complaints to the Health department regarding motor sport events. One of those complaints has come back and eventually our allegations were confirmed. The other one has never been responded to and the letter was re-sent to John Mulligan some months ago. There still hasn't been a response to that.

**CHAIRMAN** - So you're saying to me that nothing has changed in your licence conditions that affect your operation in a negative way but rather it is forces at work in the marketplace, which might be inspired by individuals or groups or whoever. It is the market forces at work that's caused the downturn in your business rather than any policy decision or any administrative decision that's been taken?

**Mr WATSON** - Well, there's no question that the two events that took place in the middle of this year, the advent of the patient transport service and the abolition of a fee structure for DHHS, completely annihilated our case load. So, I agree with -

**CHAIRMAN** - Would you take them one at a time and explain them to the committee.

**Mr WATSON** - Okay. The two most significant moves that the Health department have had or the two most significant changes that they've had that have impacted on Ambulance Private are, firstly, the development of the Southern Patient Transport Service. I first became aware of this about the middle of last year. John Mulligan and I were at a meeting. I said at the time that I could conduct case load for the Tasmanian Ambulance Service, the stable patients or the non-urgent case load cheaper than Tas Ambulance were doing it themselves. John's response was. 'That's not the information I've got but I'll put it to the test'. He put together a committee to look at patient transport. The terms of reference, I couldn't have been happier with. We were mentioned as a significant

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stakeholder there and certainly as a viable option of one of the three options that we should be considered.

**Mr WILKINSON** - Did you get a chance to be heard in that inquiry?

**Mr WATSON** - It depends on who you listen to. I've got a fairly fixed view on it. The first concern that I did have was when I looked at the make up of the committee. I felt that there was a strong bias. There is already a patient transport service operating out of Burnie and Launceston and has been for some years. Recently they moved across to Tas Ambulance. The person managing the Launceston service was one of those people on the inquiry. The second person on the inquiry was a middle manager, a supervisor from Tas Ambulance, and the third person was a fairly senior nursing officer from the Royal Hobart Hospital. I felt with two people who had influence or involvement within the marketplace already, that there was a bias there and I put that in the form of a letter to the committee.

My first dealing with the committee was when I ran into Andrew O'Brien -

**CHAIRMAN** - Before we go any further, whilst you might claim bias, do you believe the members of the committee had the professional abilities to carry out their duties?

**Mr WATSON** - I think, Marg Murray, the senior nurse from the Royal would certainly operate at a level which would give her the knowledge and the ability to operate comfortably. The other two, I was a bit surprised at; I thought they were a probably a little bit lower in the more direct operational chain. I couldn't question their ability. Certainly looking at some of the documentation since, I don't think all the points were covered.

So, I ran into Andrew O'Brien, I think it was about three weeks after the committee had been put together and I said, 'I'm still waiting on some contact. When are you going to give me a call?' 'We don't need to meet you. We've got all your figures. We know how you operate. There is no requirement for us to have you face to face'.

**CHAIRMAN** - Andrew O'Brien was part of the clinical committee -

**Mr WATSON** - He was one of the three members of the team. I went straight down to John Mulligan and John said, 'I'll arrange a meeting for you'. Then the chairman of the committee, Steve Simmonds made contact with me. He said he was coming down to Hobart and we set up a meeting. I met with Steve, by himself. Now, it's been widely reported that I met the committee. I have never met the committee. I had a casual meeting with Steve. We covered the material that I had presented for him, as far as brochures and the like. We talked about prices. He had no idea of how many patients he wanted to move. He had no idea whether he wanted a seven day a week program. What he wanted to do about after hours. There was no knowledge. So I said, 'Okay, here's what we're doing right now to give you something to work on. As soon as you've got some material, come back and we'll come up with a genuine and a serious attempt at putting a price together'. There was never any question that our one-off charges that are applying across the market would ever be transposed across to being some sort of genuine tender.



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There was no more contact with the committee besides the letter I formally sent in to them. In future references I have never been able to get any material back as to the findings of the committee. I have asked both at the Health department level and also the minister.

**CHAIRMAN** - So you are unaware of the findings of the committee?

**Mr WATSON** - I am now aware of it, only because the *Mercury* apparently applied for a freedom of information request earlier this year. It apparently set up a legal precedence in being one of the longest standing ones and for a variety of reasons has set a legal precedent. They now have that material. I was asked to comment on some of it about two weeks ago. So I've had a chance to study some of it.

**CHAIRMAN** - Do you believe the decision of the clinical committee - is that the correct terminology - clinical committee?

**Mr WATSON** - No. It was a committee into patient transport.

**CHAIRMAN** - A committee into patient transport. Do you believe the findings of that committee selected against your business and if so, would you explain that?

**Mr WATSON** - Yes, I think it did. As I said, I've only really had a chance to gloss over some of the material the *Mercury* obtained. Certainly, the area that I saw, where patient transport running costs were worked out at nine cents per kilometre. Management staff salaries were maintained by the hospital and not by the Patient Transport Service. Nominated vehicles that were to be provided didn't arrive; more expensive ones were put in. Staffing issues were not addressed properly or costed properly. I firmly believe that the working party had to come it at a cost that was less than that we had quoted for the service.

**Mr WILKINSON** - You say they had your figures, did you get a chance to firm up on those figures?

**Mr WATSON** - Never. No. What happened was that I went to the Minister for Health's office and tried to get a meeting. I couldn't achieve it.

To try to get some sort of interest, I put together a one page flyer overnight, which I left with the minister's staff. It said quite clearly that we could save the Health department a substantial amount of work by taking over the work of one ambulance out of Hobart. We put a figure to it and that figure then was, I believe, used as a benchmark figure that the patient transport service had to come in under. And as long as they can come in under it they could say, 'He's too expensive' - and that's what was quoted was in the paper, that we were too expensive.

**Mr KEN BACON** - Do you have a formula for costing out transport activities that relates to labour fixed at variable costs of your business?

**Mr WATSON** - We do. On a very rough rule of thumb there are specific ones we put in our brochures with our prices on them.

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**Mr KEN BACON** - I want to know how you get to the costs, how you determine what it's worth to transport this patient from A to B?

**Mr WATSON** - At a very rough rule of thumb, up until our case load started to drop we needed to achieve about \$100 an hour per vehicle.

**Mr KEN BACON** - Have you got a formula that relates to that?

**Mr WATSON** - That translated back to the running cost of the business so there is a formula to achieve \$100. We haven't changed our prices but our figures have gone up because our case loads have dropped.

**Mr KEN BACON** - Can we get a copy of that?

**Mr WATSON** - I would prefer to keep it confidential. I am preferred to provide it but you can understand we're talking about the basic make-up of our business.

**Mr KEN BACON** - We're talking about a formula that provides the transport costs. Obviously neither would be labour fixed at variable costs, which are no secret. You just plug in a different price to get a different kilometre. You do it on a kilometre base or a patient base, there must be some basis for -

**Mr WATSON** - Yes.

**Mr KEN BACON** - Well that's what I would like to know.

**Mr WATSON** - When we first started our business up we saw ourselves having one competitor and that was TAS. We used the TAS charging structure and said, 'Okay, now we need to compete against that'. The basic premise that we competed on was, one, we were on time and we knew TAS always had problems in maintaining time frames. And the other one was we'd guaranteed a minimum of 20 per cent reduction on TAS's charges. TAS charges on a mileage-base system - which I still don't believe is appropriate for ambulance, I'd be much more happy to provide a structure based on the amount of time you used the facilities for, but at the moment because we compete against TAS we use their own structure.

**Mrs JAMES** - They don't charge, do they?

**Mr WATSON** - There are chargeable cases. As Tasmanians all of us get free ambulances, but there are exceptions. We know about the obvious ones, the Motor Accident Insurance Board, workers comp, okay? What are probably a little bit less known are the private hospital ones. If you're admitted to a private hospital and you require an ambulance to go home, you are going to have to pay for it or the hospital will pay for it. So there are charged raised, yes. This is not a free ambulance service across the board in Tasmania.

**Mr KEN BACON** - But obviously the cost structures would be different for the government-provided service as opposed to yours?

**Mr WATSON** - I would imagine so. They're using different vehicles, they're using different staffing.

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**Mr KEN BACON** - They're going to provide theirs; can you provide your formula of how you work out the cost of the transport?

**Mr WATSON** - I can do that, yes.

**CHAIRMAN** - Mr Watson, you have the right to mount the argument that that should be commercial in confidence, if indeed you feel it's commercial in confidence and the committee has the capacity to treat it that way if that's your argument. I'm not suggesting that it may be, but that's a right you have.

**Mr WATSON** - I'm comfortable in providing it but I would like to mark it as confidential, if that doesn't cause a problem.

**CHAIRMAN** - No.

**Mr WATSON** - Thank you.

Just finishing off, one of the things I was extremely comfortable with, I did get a chance to look through the meeting minutes of the working party on transport. One of the accusations that has been made against Ambulance Private and has been consistently made by both John Mulligan and by Health Minister Jackson, and Fran Bladel when she was in the acting role, was that meetings had taken place with the committee, that I had been reluctant to provide material, slow to return telephone calls, hard to contact. This was something that caused me considerable concern. Nothing like that was noted in the minutes of those meetings. There was also constant reference that I had met the working party and I didn't - I met one person in the working party.

**CHAIRMAN** - You cited that as the first reason why there has been significant change. You had a second one to move onto. Are there any further questions with regard the report of the working party and the changes that were affected by that? Any other questions in relation to that area? Perhaps we'll move on to the second point you made.

**Mr WATSON** - The second hurdle, I suppose, that Ambulance Private faced this year was the abolition of fees to the Health department. We had no warning of this one. Patient transport was something that we had lived with for a twelve-month period and we tried to handle the implications of it. The changes to the fee structure, were out of blue.

**CHAIRMAN** - So that all the members of the committee understand that fee structure, can you in a simple language explain the material change?

**Mr WATSON** - Up until the middle of this year -

**CHAIRMAN** - The middle of the year 2000?

**Mr WATSON** - Yes. A number of patients who were being moved from Health department facilities had charges applied to them. There were some who were being moved without charge to nursing homes, to their own homes, but a substantial number of patients moved out of the Royal Hobart Hospital and a lot of the peripheral hospitals had charges associated with them.

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**CHAIRMAN** - Can I explain that? The charge was made by the ambulance service and paid by the hospital to the ambulance service?

**Mr WATSON** - Yes. And we actually got to the stage where individual wards at the hospital had budget allocations which included an allocation for ambulance. There wasn't a fixed allocation; it was part of their overall budget. So if we could walk in - and we did - we explained that they were being charged an alternative figure of over \$149.50 or nearly \$300 if they gave less than 14-hours notice and yet our fixed charge was substantially less than that - for the Royal it was \$120-odd.

We had a substantial impact on their budget. Wards looked at it, assessed it, looked at the service. The other thing that was extremely attractive was that, unlike the two to six hour delays that would occur with Tas Ambulance, we would be on time and it was extremely important for us to do that; we were also cheaper. Work came from everywhere. We would go to a ward, we would talk to them, they would compare notes with other wards, Ambulance Private just kept on getting better and better, we just could not have been happier.

We went to small hospitals like Ouse who were paying - and this is just off the top of my head, I would check figures - somewhere in the \$1 200 category to bring a patient down to Hobart and we could do it for \$500. It had a substantial impact on their budgets right across the board, so we picked up their stable patient work straight away. Huon District Hospital, every time we dropped in to see someone we would get more work as a result. We ordered more vehicles, luckily we managed to stop those before they arrived. Ambulance Private really did have quite a glowing future.

I did a sales trip up to the east coast and I got as far as St Helens - this was the end of July - and they told me that they could no longer use us, that they were no longer being charged ambulance transport. They were the first ones I found out about. I drove back down from there feeling fairly flat and I didn't really know where we were going to go. A lot of changes took place in the Health department but no-one even considered the idea of giving us a call or making contact with us. I put a letter in to John Mulligan explaining that and asking if I'd misread it, could he explain where the commercial opportunities were or how they still remained and the letter I got back certainly offered no hope at all.

**CHAIRMAN** - Okay, are there any questions in relation to that matter that committee members wish to raise?

**Mr KEN BACON** - I just wondered if we could possibly get some information on what the break-up was of private and public hospitals. My understanding, before we go into that, was that you attempted from 1993 - and excuse my ignorance - until 1998 to get a licence.

**Mr WATSON** - No, 1992.

**Mr KEN BACON** - And you finally started work in 1998. Do you have a break-down of what work you did for private and public hospitals in the period up until now?

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**Mr WATSON** - So what are you looking at, the actual three-year history of Ambulance Private?

**Mr KEN BACON** - Yes, basically - a profit and loss statement.

**CHAIRMAN** - I thought you were asking prior to 1998 - only after 1998?

**Mr KEN BACON** - No, from the time the operation commenced until now.

**Mr WATSON** - Okay. The figures you're going to get are obviously going to be highly mixed up because we started with nothing. On the day we started we had no cash flow and we've worked and achieved to get it up and then it's fallen back down.

**Mr KEN BACON** - A net profit and loss statement.

**Mr WATSON** - Oh yes, okay.

**Mr KEN BACON** - Given the other comments you've made, you're saying that you've lost 60 per cent of your work.

**Mr WATSON** - Yes.

**Mr KEN BACON** - Could you detail for me where that work's been lost?

**Mr WATSON** - Yes.

**Mr KEN BACON** - Would that information - the audit reports - clearly spell out who you had on your payroll and what your wages costs were?

**Mr WATSON** - I run a home-based computer system; I'm a one-man operator. The figures you're asking me for I have no doubt I can achieve but they're going to involve probably bringing professional people in to get them to a stage where they're accurate. As I said, I run an ambulance service myself -

**Mr KEN BACON** - To make a decision on what you're asking me to do I'd need to see some professional documents.

**Mr WATSON** - I can do that.

**Mr WILKINSON** - Prior to 1998 no doubt you spoke with the government department - Health and Human Services. Was anything mentioned at all that they were starting up a patient transfer service themselves?

**Mr WATSON** - No. I had a meeting - the only one I ever had - with John Ramsay, the Secretary of Health and during that meeting I raised the issue of the patient transport service. At the time I felt very clearly that it was an enormous waste of money, that the private sector could easily do the caseload they were predicting for substantially less money. My recollection of that meeting was that John was not aware of where the patient transport service was going and yet a week later I found it had been presented to Cabinet.

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It was presented to Cabinet as part of a \$700 000-odd package to relieve stress and occupational health and safety issues with the ambulance service. What they were saying was, as part of this overall package, they needed to have a crew doing medical work in Hobart to relieve the stress of the ambos. At the same time they announced to the staff that they were going to add a patient transport service to do the medicals but they were going to take an ambulance crew out of Hobart daytime and put them into the evening. In actual fact the net change was zero. This had nothing to do with occupational health and safety.

**Mr WILKINSON** - Yes, but the question was in relation to - it was obvious what you wanted to do; you wanted a patient transport service, you made that obvious to the department that that was what you wanted your licence for and at any stage did the department say, 'Look, we are starting up a service that will be in competition with you and that will be within eighteen months or two years of you starting it up' - in other words, to say to you, 'It's not worth doing this because of the competition, we're not going to charge anything'?

**Mr WATSON** - No. The only time I found out the patient transport service was going was at the beginning of this year. I also found a document, too - and I would assume it's dated around 1996 - which talks about actually closing the marketplace to stop competition arriving. It talks about dealing with the union and causing some strife there as far as the union linking in to stop privatisation of the service.

**Mr WILKINSON** - Did you advise them that you were going to spend  $x$  amount of money?

**Mr WATSON** - By this stage I'd already spent the money.

**Mr WILKINSON** - In 1998, when you wanted your licence?

**Mr WATSON** - In 1998 they were very clear that I saw the marketplace as being a mixture of public and private work and sporting contracts, but they were also very clear on the fact that if we took out one of those components the business would not succeed. There was never any doubt about the make-up of Ambulance Private and the workload needed to make it work. Certainly from 1998 through to the middle of 2000, even though we

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had some problems and some interference where we lost cases and had wards stopping using us out of the blue, we were still making extremely good progress but it obviously all came to a crashing halt as from the middle of this year.

**Mrs JAMES** - ... needed more ambulances than staff if you've been cut back?

**Mr WATSON** - I think with the exception of the GPOC finding if we'd closed our business down about now - which is what we were talking about doing - they will have to put more vehicles on to cover the workload we're doing.

**Mrs JAMES** - But they haven't done so yet?

**Mr WATSON** - Not yet.

**Mrs JAMES** - Well, they must be stretching a bit, then if they've taken 60 per cent of your business.

**Mr WATSON** - I think you can get a rough idea of the impact when you talk about the time frames and the delays that patients are waiting to be transported.

**Mrs JAMES** - So it's causing delays?

**Mr WATSON** - Oh, major ones. Very quickly, I was told the other day about a three-hour delay for a patient from St Helen's Hospital to go the Royal with a blood pressure of 8 systolic - and I have the dates and times for that. These are not individual cases; these are quite commonplace delays and I would say the delays in actual fact are getting worse.

**Mrs JAMES** - So they could be life-threatening - with blood pressure like that?

**Mr WATSON** - I don't think so. As a professional ambulance officer I wouldn't want to wait too long with blood pressure like that, I've got to be honest, that's an unusual one but I also wonder though whether the hospital went back to the ambulance service and say things had changed. Certainly, having worked in the ambulance service, I know the prioritising that goes on in cases but I do know, though, that the lowest level of case sometimes has to wait an inordinate amount of time.

**CHAIRMAN** - You stated that in 1997-98 when you were applying, you made a submission for a licence and you argued that the submission would show clearly that there were links or there was an integration between sporting events and private and public hospital work, to guarantee the sustainability of your business. Would you have a copy of that submission and would the submission show that clear identification of the vision of your -

**Mr WATSON** - I can actually go back to the original Private Paramedic Services submission that talked about it back in 1992 and we have never changed from those submissions. Rather than just hand it across, I will double check to make sure that material is in there and if not, I will add to it the remaining material that you need.

**CHAIRMAN** - If this inquiry to go ahead, bearing in mind that we are not too interested - I'd better speak for myself because my committee might choose to deviate from the path I

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take - but I personally am not too interested in the comings and goings of the last ten years and the pressures that have been in the marketplace. I don't know that will achieve a great deal, but I am very interested in what has happened of late and how, what appears on the surface at least, to have been a viable private sector business is suddenly struggling to stay in business - if in fact your figures are correct - as a result of some decision making? It might be that the Government's position is, as they've intimated at an earlier time, that this is government policy and that's the end of the .. section like, 'We're not going to change our government policy' and clearly you've got no comeback and you might disagree with government policy but at the end of the day they go to the polls periodically to determine whether their policy is right or not, so I would like to get a feel for those subjects you've just explained.

If you were on the committee and you had Tas Ambulance Service, or the minister or the Director of Ambulance Services, sitting down the other end, what questions do you think you'd like to ask them, to place on the record?

**Mr WATSON** - I guess the key issue is that in 1998 when we started business we had a very fixed and clear idea of where we were. We were allowed to continue, we were allowed to attract more and more business from the Health department until a year and a half later when they tried to put the screws on it.

**CHAIRMAN** - You made a statement there but you haven't asked a question.

**Mr WATSON** - I'm just trying to work it out. What I would like to know is: was that an intentional thing or what was the fundamental change that took place that made them decide to pull back from using Ambulance Private and did they think about the impact of what they were doing to the business?

**CHAIRMAN** - Could that be a change of government where one government has a view of life that is different to its successor?

**Mr WATSON** - If it is, it makes any business that has any dealings at all - and they do not have to be contractual - with the Government, highly risky. I would have thought that as a Tasmanian, that is not a very ethical way of doing business.

**CHAIRMAN** - Are there any other questions you would like to ask, if you were in my seat?

**Mr WATSON** - I guess I would like to waste a lot of time and ask a lot of the small detail questions that have annoyed me intently over the last six months -

**CHAIRMAN** - We're not interested in prosecuting your grievances, you'll have to sort those out for yourself.

*Laughter.*

**Mr WATSON** - I would really like to believe that somewhere in the Government, there is somebody who has enough vision to look at the ambulance service, look at the way it is operating and to continue on with the consistent references and say that the ambulance service should be concentrating on its core activity of an emergency service.



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If you go back to *Hansard* of 1995-96 when the legislation was being changed, there was no question about anybody's focus, in that the ambulance service was clogged up with routine medical work, that there was a need to bring it back to a core focus. If we accepted it then, it has been allowed to just wallow around for some time. Ambulance Private came in and made a fairly significant impact; we saw the non-urgent case rate actually drop in their report for the first time in the last few years and yet now we seem to have an ambulance service that wants to get bigger and bigger. The patient transport service is an off-shoot of the ambulance service; the ambulance service is getting bigger and it is not concentrating on its core activities. Somewhere in the system there should be somebody who has enough vision to look at other services around the world and other practises around the world and say, 'Why can't we do it here?'.

**Mrs JAMES** - You were saying they're coping through delay tactics?

**Mr WATSON** - They are, yes.

**Mrs JAMES** - Have you ever knowingly breached licence provisions?

**Mr WATSON** - Never. If I have, it would be on paper and -

**Mrs JAMES** - I did say, 'knowingly'.

**Mr WATSON** - I have responded to accusations that I have gone outside my licence, in a very forceful way.

**Mrs JAMES** - You've had accusations?

**Mr WATSON** - There was a letter from John Ramsay which quite clearly stated that he perceived that I had moved outside of my licence. I responded with a very detailed letter and said my legal advice was the exact opposite. I am not into trying to take on the Health department without reason.

**Mrs JAMES** - That's a bit of a side issue but one which I thought you should -

**Mr WATSON** - I was accused of starting up a web page without getting authority; I was accused of putting out a brochure without wording being checked by the Health department, and on those basis and not notifying on staffing. I've got a sneaking suspicion - and I will have to check on it - that I did actually forget to advise of one staff member who had started with me. I do not willingly go outside licence conditions, at any time. A fundamental argument that the Health department had was because they've got a plane and a helicopter - well, Ambulance Private has a plane and a helicopter - that that should be part of the licence. They're entitled to their perception and if they felt that I had breached the licence, there is a dispute clause there they should go to immediately. I wrote back to John Ramsay and said, 'Here are my answers to these points. If you disagree with any of them, let's go to dispute straightaway'.

**Mrs JAMES** - And it hasn't happened?

**Mr WATSON** - It has never happened, and I am more than happy to table all the documents in that area.

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**Mr KEN BACON** - Mr Watson, is there a register of delays and things occurring, that you have suggested happen, where a St Helens person couldn't get an ambulance, is there some sort of register where all this is recorded?

**Mr WATSON** - I would imagine that the computer system that is run by the ambulance service - they just put a new one in just after I left - would be capable of pulling delays out but they don't always answer the delays but quite commonly somebody will ring up and say what delays are there like. And they'll put off booking something in the morning and leave it until the afternoon. So some of the extreme delays that take place may not be there. But I would still say that the majority of delays would be well and truly documented.

**Mr KEN BACON** - It's pretty serious situation for us to be getting into as a State if there are delays. I mean, you've made that statement. I would just like to see something to back that up so I could -

**Mr WATSON** - I can't provide information from Tas Ambulance but as a practising ambulance officer, I mean for 25 years we dealt with delays. Part of it is not bad. There will always be a situation where you can take a routine booking to take somebody to a nursing home and a vehicle accident will occur at the same time. It's when the delays become consistently extreme - and we saw that happen in Victoria - that you are inviting problems.

**Mr KEN BACON** - And they were getting our phone calls, that made it worse.

**Mr WATSON** - That wasn't the big issue that people made it out to be.

**Mr KEN BACON** - I would like to see some more information and probably some of it is in here; I haven't had a chance to read it all. But I really have issue with looking at, I guess, the service that's there, the service you're providing, the services there and how it intermingles with other departments and putting all that into a public interest issue. I would probably like to tease that out a bit - not today - but it's an issue that really needs to go on the table.

**Mr WILKINSON** - Just a couple of questions. When Tas Ambulance Service took on this patient transfer service, are you aware whether any vehicles were purchased or any moneys were expended in order to carry out that service?

**Mr WATSON** - No. My impression was that one vehicle was brand new. Certainly the original proposal that went to Cabinet was for one transport vehicle - which is a strip-down ambulance - and also for one station wagon. What I have noticed is that there are two patient transport vans there, as such. It is possible that some of those vehicles are being intermingled or moved around from other areas of patient transport because all the thing really is under the umbrella of ambulance. There have been times when full-blown ambulances have been used by patient transport people for either breakdowns or damage or bodyworks being done.

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**Mr KEN BACON** - Could I ask a \$60 000 question: in your mind what would you like to see happen?

**Mr WATSON** - More than anything else, a level playing field. I'd like to go back to where I was, where we could offer a cheaper, on-time option to the hospitals, that they make their own choice as to who they choose - based on clinical criteria - and we go back to where we were twelve months ago.

**Mr KEN BACON** - Would that be acceptable though, I mean if we are going to get the best service for the cheapest price, surely it would have to be tendered out and you're going to attract a lot of other players then, so is that going to be the best position? From what I've read and what I've seen I don't think you are ever going to get back to where you were, only by way of competition and providing a service, given the National Competition Policy.

**Mr WATSON** - I'm happy to take on another competitor, if that's what required. What I can't take on is a government department which is fully funded which doesn't have to turn a profit, which doesn't have expenditure controls or performance contracts where they can turn up late to bookings and get away with it. We wouldn't get any more bookings if we pulled that stunt. That does make it very hard.

**Mr KEN BACON** - You haven't lost any contracts by way of bad service?

**Mr WATSON** - I do virtually no work for the Royal Hobart Hospital, I was doing a lot.

**Mr KEN BACON** - What happened there?

**Mr WATSON** - The abolition of fees; they can get it for nothing. St Helens on the east coast made it quite clear, they can send down 20 broken thumbs if they want. They're not going to pay for ambulance to drive out to the airport, they're not going to pay for the air ambulance to take the patient, it's all free. I can't compete against that.

**Mr KEN BACON** - Have you lost any services because of bad management of your company?

**Mr WATSON** - I hope not. The people who have booked with us have continued to book with us. The only people we've lost is where the fee service issue has been predominant. We have gone towards and put up fairly solid cases to do work with where they've started to use us and they've been instructed not to. The Whittle Ward was a good example, the Roy Fagan Centre and a variety of wards around the hospital all were given instruction to cease using us. It is very hard to compete against that and that was where I was talking about the pre-abolition of fees problems that we had.

**Mr KEN BACON** - Not to use you on an emergency or the whole lot?

**Mr WATSON** - Not to use us, full stop. There was a very well documented case in the media about June where we took on board a sporting contract for the Motor Yacht Club. One of the Motor Yacht Club people rang the Health department to clarify and make sure everything was squeaky clean and were told that we were not licensed to do the event. No-one has ever come forward claiming responsibility for the information that was given

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out but we very nearly lost the contract on that one. That was the first one we chose not to complain about, we went to the media instead. We've never had any written confirmation back from the Health department that somebody said the wrong things.

**Mr WILKINSON** - It says in the background of Ambulance Private - which we got from the Government: 'The loss of business by Ambulance Private cannot be blamed solely on a reduction in patient transport work from the public hospitals. Ambulance Private has lost the business of the Hobart Private Hospital for reasons which Hobart Private has confirmed have nothing to do with any competitive approaches or advantageous pricing by Tas Ambulance Service'.

**Mr WATSON** - I am more than happy to talk about Hobart Private if you want to. It is the only hospital we've ever had problems with and I have a long standing friendship with the CEO there as well. We had consistent problems with payment from Hobart Private to the extent that are running six months behind. You aware of some of the financial problems with that hospital now it has been sold? The person involved in accounts at that stage was where most of our problems lay. In the end, after an exchange of letters, we said we could no longer provide a service if they couldn't pay bills and they kept on arguing and asking for rebates back on cases. We lost money over a six-month period working with Hobart Private. Neil Beer was upset about that and wanted us to continue on. We said, 'Look, unless that problem's resolved we can't'. That girl left her employment - I think was assisted out - some three months later and at this stage we haven't gone back to working for Hobart Private. That is the only hospital that we have not lost. The amount of money that Hobart Private was generating in patient transport was of a level not to impact substantially on Ambulance Private. Would I like to see them back in the fold? Of course I would. I think at one stage that will happen but also my understanding is that our figures of \$70 that we charged Hobart Private have been undercut by Patient Transport Services who only charge that hospital \$60.

**Mr KEN BACON** - What do you work on, a monthly account?

**Mr WATSON** - Yes, a 30-day account. The only exceptions for that are the one-off cases we do in, which case we will usually bill within seven days.

**Mrs JAMES** - Does MAIB use you?

**Mr WATSON** - Yes. They are quite comfortable with Ambulance Private and obviously the cost savings that they have had they are very comfortable with as well.

**Mr WILKINSON** - How many people do you employ?

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**Mr WATSON** - It varies. On our casual list now we are up to about 28 people. We had two full-timers on, both of whom have been moved back to casual employment, so at this stage the only full-time employee is David Watson and David Watson hasn't received a salary for nine months. I keep the company alive and I'll worry about myself later.

**CHAIRMAN** - Could I then ask a couple of general questions to wind up. Private ambulance services such as your own, can you nominate other States or jurisdictions where they do operate?

**Mr WATSON** - The only one that I know of is Western Australia. I have never met the operator over there. We, as I understand it, are the only private ambulance on the east coast of Australia. What has happened in Victoria is that they outsourced their medical work - the stable patient work - to patient transport services and they are a group of key companies doing that work around Victoria. New South Wales at this stage hasn't made a move and I believe there are now moves afoot for the emergence of companies up in the Queensland but, again, in most cases the ambulance services have thought about it much more carefully than Tasmania and have not licensed private ambulances. So we are in a rather unique position.

**CHAIRMAN** - How many private ambulance operators are there in the State of Tasmania? Does St John's operate an ambulance or communities operate ambulances?

**Mr WATSON** - I don't know whether St John could be classified as a private ambulance. St John operates ambulance operations in a couple of areas of the State. There are also other private operators like - well, local operators are Oatlands, Glamorgan, Scottsdale but I think we can classify ourselves as the only private ambulance in Tasmania.

**CHAIRMAN** - Would you see those ambulance services having similar restrictions to your own or don't you know?

**Mr WATSON** - No, my understanding is that they have no restrictions similar to our own but also they're considered to be full emergency ambulances. They don't have a restraint placed on them regarding emergency work, so therefore they have been put into a different category to our own.

**Mrs JAMES** - And volunteers.

**Mr WATSON** - Yes. I'm not offended by volunteers. We employ some volunteers of our own and we find that the TAS training given to them is very good. But I really think there's a need to match cases to individuals.

**CHAIRMAN** - If the committee were to decide to inquire further into this issue, do you believe it is an issue limited to the major stakeholders - for instance, Ambulance Private and Health and Human Services - or do you have an alternate view that there are other stakeholders in the broader community - it might be sporting clubs or private hospitals or minor hospitals, small hospitals - that might have an interest and might want to give evidence?

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**Mr WATSON** - I think there are people out there who would be very keen to come forward. I think there are people from the ambulance service who want to talk; I think there are some doctors out there and some practice managers who would be very keen to say, 'These are the problems we're facing'. I've no doubt that there are sporting groups out there who are feeling the pinch who would like to say, 'Hey, we'd like to use Ambulance Private and we can't' and it would make a big difference. I mean, I know that there are motorcycle clubs out there who run chook raffles and cake stalls so that they can get their one race meeting a year and for which they've got to pay \$600 or \$700 for ambulance. They know they can save money with us. I think there are politicians out there who would like to come forward and say that they've had problems.

I can quote two examples from the ambulance service: one is an ambulance officer with a fairly impeccable standing within the ambulance service who would like to come forward and say that he has sat in meetings where Ambulance Private has been discussed and that it has been made quite clear that actions taken by the ambulance service are to put Ambulance Private out of business - which makes a mockery of the only stated reason for abolition of fees.

There is another ambulance officer who would also like to come forward and talk about some areas that he has had some personal involvement in which he feels very offended by as well.

**CHAIRMAN** - Okay. Are there any other questions of Mr Watson? There not being, Mr Watson, I thank you for your attendance this afternoon and the openness of your responses to us. I understand that during the meeting you gave certain assurances that you would provide documentation concerning the cost basis of operating your business. I further understand that you asked that the committee treat those as commercial in confidence and private information - you have signified that is the case. We will take that evidence. We do ask you to submit it. We will take that evidence as commercial in confidence and hold it privately. We wait for your response from there and we will communicate with you further with regard what we intend to do in the next stage.

**Mr WATSON** - Thank you.

**CHAIRMAN** - You're welcome.

**THE WITNESS WITHDREW.**