

Mr Stuart Wright
Committee Secretary
Legislative Council
Parliament House
Hobart TAS 7000

Dear Sir,

I spoke with you recently regarding my desire to submit material to the Sub-Committee examining the Department of Health and Human Services Cost Reduction Strategy. I was concerned that the material I desired to lodge may not fit within the terms of reference.

Since then I have spoken with the Honourable Paul Harriss MLC, a member of the Committee, and explained my concerns. He indicated that he felt the material would be tabled as it directly concerned the reduction strategy.

As such, I attach my submission to the Committee, with a request to be given the opportunity to appear before them to further explain the issues.

Yours sincerely,



David Watson
21.11.2011

The Hon. Ruth Forrest, MLC
Chair
Government Administration Committee 'A'
Sub-Committee examining the DHHS Cost Reduction Strategy

Thank you for the opportunity to lodge material to be reviewed by your committee. My name is David Watson, and I have been involved in the ambulance industry since the mid 1970's. Since 1998 I have been the Managing Director of Ambulance Private Pty Ltd and as such I believe I can be considered an expert on ambulance matters. It is also appropriate to state I have disagreed with the Tasmanian Ambulance Service management on a number of issues and have publically stated my concerns!

With my particular interest in ambulance matters I have closely monitored developments in the government funded ambulance service over the years. The provision of federal funding to the tune of \$9.8 million associated with the Mersey Hospital in recent years and its redirection to Tas Ambulance has had a significant and dangerous impact on my business. The subsequent expansion of their Patient Transport Service, until recently a very minor participant in non-emergency patient transport, to become the dominant transport service has seriously affected the Tasmania private sector industry.

I made an attempt to cost the work done by the Patient Transport Service with a view to putting a dollar value on the same work being done by the private sector. At the same time I attempted to put a cost to the running expenses of the PTS. I believe the Tasmanian Ambulance's Patient Transport Service costs \$3.2 million per year, but the work done by them could be conducted by the private sector for \$1 million per year. Put another way, this service loses \$2.2 million per annum.

Earlier this year I wrote to the Minister for Health stating this, only to be told the Agency did not accept my figures. I still believe my costings are not only accurate but somewhat conservative! I also made mention to the Minister of the sporting events that Tas Ambulance loses money on at each attendance and the fee-for-service work also performed that reduces it's budget allocation by the amount raised.

The Patient Transport service was established with a projected budget of \$2,017,500 for its first year of operation. Inside that year it has doubled its projected caseload, with substantial transfer of cases from Ambulance Private. It has increased it's staffing over its allocation and increased its vehicles over its allocation.

From their figures it appears that the entire budget was spent by Feb of this year, yet the minister quotes the Agency as saying my understanding of the cost is higher than actually provided!

I find the failure of the Minister to seriously address a potential saving of \$2.2 million per annum in the Health Transport sector confusing. I request the opportunity to expand on my submission if the Committee approve.

Yours sincerely,



David Watson
Managing Director
Ambulance Private Pty Ltd
21.11.2011

Attachments

Letter dated 21.7.2011

D Watson, Ambulance Private to Minister for Health and Human Services

Letter dated 28.7.2011

Minister for Health and Human Services to D Watson, reply

Worksheet on expenditure, Patient Transport service.

The Honourable Michelle O'Byrne
Minister for Health
Tasmania

Dear Minister,

Like most Tasmanians I have been following the budget situation in the media. I have a special interest in ambulance and noticed a \$2.5 million cut to the Ambulance Tasmania allocation, via documents leaked to the ABC. In the same bulletin I understood you to say that the budget cuts were to be finalised by the end of the month, and assume you meant end of July.

I believe there is an opportunity within the ambulance service to cut at least two million dollars of expenditure without affecting core activity in any way. Just so there is no misunderstanding about my previous comment I will say it again; I believe that there is a minimum two million dollar saving to be made in the ambulance service that will not have any detrimental impact on ambulance front line services, on ambulance stations and on paramedic staff numbers! In actual fact, if all my points are adopted, we should see a positive reduction in Ambulance Tasmania caseload and an equally positive reduction in arrival times.

- I propose you immediately close down the AT Patient Transport service and outsource its work. I believe the service is costing in excess of three million dollars yet I believe the caseload could be done by the private sector for about one million dollars.
- I propose that Ambulance Tasmania immediately cease attending public contracts until the fee charged shows a profit over the wages bill. In other words, they stop losing money on nearly every public contract they take on!
- I propose that Ambulance Tasmania immediately stop attending Veterans Affairs, MAIB and Insurance non-emergency cases and pass them onto the private sector. Any money earned by this practice is lost to the ambulance service under the Ambulance Act guidelines.
- I propose the Ambulance Service be moved from the Health portfolio to Police and Emergency Services where it can rationalise its upper management and share specific skills with the other services. A significant but uncoded savings potential.

I acknowledge a vested interest in most of these changes, as Ambulance Private was performing much of the PTS work in Tasmania until late 2010, but even then we were considerably more cost effective than the current arrangement. We still have the ambulances and staff to take back the work immediately, without delay.

Yours sincerely,



David Watson
Ambulance Private
0419123550
21.7.11

Copies sent to:
The Treasurer
Liberal Party
The Greens
Various Members House of Assembly
Various Members Legislative Council
Media

ivan.dean@parliament.tas.gov.au;
ruth.forrest@parliament.tas.gov.au;
Vanessa.goodwin@parliament.tas.gov.au;
greg.hall@parliament.tas.gov.au;
paul.harriss@parliament.tas.gov.au;
adriana.taylor@parliament.tas.gov.au;
jim.wilkinson@parliament.tas.gov.au;
don.wing@parliament.tas.gov.au;
elise.archer@parliament.tas.gov.au;
scott.bacon@parliament.tas.gov.au;
kim.booth@parliament.tas.gov.au;
michael.ferguson@parliament.tas.gov.au;
peter.gutwein@parliament.tas.gov.au;
will.hodgman@parliament.tas.gov.au;
nick.mckim@parliament.tas.gov.au;
tim.morris@parliament.tas.gov.au;
david.obyrne@parliament.tas.gov.au;
cassy.oconnor@parliament.tas.gov.au;
paul.ohalloran@parliament.tas.gov.au;
michael.polley@parliament.tas.gov.au;
jeremy.rockliff@parliament.tas.gov.au;
rebecca.white@parliament.tas.gov.au;

sandy.wittison@parliament.tas.gov.au;
tasmania.news@abc.net.au;
hobart@examiner.com.au;
lposkitt@examiner.com.au;
joc@theadvocate.com.au;
mercury.news@dbi.newsltd.com.au;
sxnews@scmedia.com.au;
Liberal.Media@parliament.tas.gov.au;
adam.brooks@parliament.tas.gov.au;
michael.ferguson@parliament.tas.gov.au;
lara.giddings@parliament.tas.gov.au;
bryan.green@parliament.tas.gov.au;
matthew.groom@parliament.tas.gov.au;
Michelle.obyrne@parliament.tas.gov.au;
jacquie.petrusma@parliament.tas.gov.au;
mark.shelton@parliament.tas.gov.au;
rosemary.armitage@parliament.tas.gov.au;
craig.farrell@parliament.tas.gov.au;
kerry.finch@parliament.tas.gov.au;
Michael.gaffney@parliament.tas.gov.au;
tony.mulder@parliament.tas.gov.au;
sue.smith@parliament.tas.gov.au;

Minister for Health
Minister for Children
Minister for Sport and Recreation
Leader of Government Business

Ground Floor, Public Buildings, 33 St John Street, LAUNCESTON TAS
Ph: +61 3 6336 2685 Fax: +61 3 6336 2640

Level 6, 10 Murray Street, HOBART TAS
GPO Box 1470, HOBART TAS 7001 Australia
Ph: +61 3 6233 0804 Fax: +61 3 6233 4980
Email: Michelle.O'Byrne@parliament.tas.gov.au
Web: www.dhhs.tas.gov.au www.development.tas.gov.au/sportrec



WITS No.: 63264

28 JUL 2011

Mr David Watson
Ambulance Private
PO Box 53
BATTERY POINT TAS 7004

Dear Mr Watson

Thank you for your correspondence of 21 July 2011. The Tasmanian Government is committed to finding the required budget savings to maintain our services across the public sector. The aim of this strategy is not just to reduce budgets but it is to ensure government delivers the best services for the people of Tasmania at the best price.

As you are aware the State Government has a policy approved by Cabinet not to outsource non emergency patient transport where government resources are available. Ambulance Tasmania delivers this service on behalf of the Government and undertakes non emergency patient transport between Department of Health and Human Services (the Agency) facilities.

I have made inquiries of the Agency and have been informed that your understanding of the budget allocated for Ambulance Tasmania's non emergency patient transport is substantially higher than that provided. It is the Government's position to deliver the service for the best cost and as such this proposal would not be consistent with the direction of Government.

In relation to your proposal that Ambulance Tasmania withdraw from attending public contracts I can advise that the ambulance service has no legal mechanism for refusing to attend high risk events, such as horse racing or motor vehicle races. Additionally, by law the non emergency patient transport private sector cannot deliver the high level of clinical care reasonably required at these events and as such Ambulance Tasmania will continue to attend.

You raise the view that the ambulance service is unable to recover fees for compensable cases and veterans affairs, but I am pleased to advise that Ambulance Tasmania has the right to recover fees in the circumstances you describe, which contributes to reducing the budget they require.

In response to your final point, as you would be aware the former Tasmanian Ambulance Service was moved from the Health portfolio in the 1990s and subsequently transferred back. The significant changes in patient safety and clinical governance arrangements make a compelling case as to why Ambulance Tasmania should remain a part of the Department of Health and Human Services and as such I can advise that at this stage the Government is not contemplating such a move.

Thank you for taking the time to write to me again as it is a difficult time for all and your efforts in giving these issues consideration is appreciated.

Yours sincerely



Michelle O'Byrne
Minister for Health

Estimated Costs PTS Tas 6-2011

Staff

6 Burnie
2 MCH
6 Lton
6 Hobart
2 Comms (maybe three)
1 Manager
1 Assistant

24 Total

Wages \$1.75

Plus OT etc \$200,000

Plus OC 6 per day \$55,000

Plus Super at 9% \$157,500

Plus WC at 2% \$35000

TOTAL WAGES BILL \$2.2 approx

Uniforms at \$700 X 22 = \$14000.00

Vehicles 10 at \$120,000 plus equip 1.2 mill \$400,000 per annum

Stretchers at \$7000 \$70,000

Radios \$20000

Computers \$10000

AED/Resus \$30000

Management car/s \$10000 per annum

Fuel and mechanical \$70000

Tyres \$7000

Housing/Garaging \$60000

Training \$50000

Supervision \$10000

Management \$50000

Comms AH \$50000 \$3,051,000