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Auditor-General
of Victoria

SPECIAL REPORT No. 51

VICTORIAN RURAL AMBULANCE SERVICES

Fulfilling a vital community need

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The President
The Speaker

Parliament House
Melbourne Vic. 3002

Sir

Under the provisions of section 16 of the *Audit Act* 1994, I transmit the Auditor-General's Special Report No. 51, *Victorian Rural Ambulance Services: Fulfilling a vital community need"*.

Yours faithfully

C.A. BARAGWANATH
Auditor-General

Contents

Foreword

The State's 6 rural ambulance services make a major contribution to the delivery of health care services to the Victorian community. These 6 services, which operate within distinct geographic boundaries, collectively attend over 100 000 requests for assistance in rural areas each year.

In many respects, the challenges facing rural ambulance services are common to those confronting the Metropolitan Ambulance Service. However, management of the rural services must also consider a range of financial and operational matters of specific relevance to the delivery of ambulance services in less-populated regional areas of the State.

This Report focuses on the principal emerging factors impacting upon the rural ambulance services as they strive for continuous improvement to the efficiency and effectiveness of their operations.

It is hoped that the Report will assist the Department of Human Services and the management of rural services in determining future directions for the delivery of ambulance services in regional areas.

C.A. BARAGWANATH
Auditor-General

Part 1

Executive summary

Part 1.1

Overall audit conclusion

1.1.1 The structure of Victoria's ambulance services incorporates 5 major rural services, namely the North Eastern, North Western, Western, South Eastern and South Western Ambulance Services as well as the Alexandra and District Ambulance Service. The latter Service is operated on a largely voluntary basis with minimal government funding. Each rural service is responsible for delivery of ambulance services in distinct geographic areas of the State.

1.1.2 Effective delivery of ambulance services in rural areas is largely dependent on attaining an appropriate balance between the cost of maintaining resources in areas with relatively low and variable case loads and the risk to community health and safety of any reduction in the speed and quality of response by ambulance officers in emergency situations.

1.1.3 The Department of Human Services has the major responsibility for deciding the relative importance to be placed on these competing factors by establishing high-level performance benchmarks which define the level and quality of service it expects each ambulance service to provide. Despite these requirements, there are currently few benchmarks of a high-level nature operating for rural ambulance services.

1.1.4 During 1996-97, the Department, in conjunction with ambulance services, has identified an extensive range of output-related performance measures. Implementation of these measures will need to be accompanied by the development of appropriate performance benchmarks to facilitate future assessment of rural ambulance services.

1.1.5 The State's major rural services are facing significant financial pressures particularly related to fixed or declining levels of revenue from subscriptions and patient transport fees, the cost implications arising from implementation of a 1995 enterprise agreement and high levels of overtime incurred by ambulance personnel.

1.1.6 The extent to which these pressures have been successfully addressed has varied between services with the South Eastern Service, in particular, currently facing major financial viability and liquidity problems. With the exception of the South Western Service, all of the major rural services are likely to incur financial problems in the foreseeable future in the absence of specific remedial action.

1.1.7 A key requirement in ensuring the ongoing financial viability of all services will be the early review by the Department of the basis for future government funding to rural services. Such a review should ascertain the feasibility of implementing more appropriate funding mechanisms, including introduction of an output-based funding approach.

1.1.8 Rural services also face a number of operational challenges in maintaining and enhancing the quality of ambulance services. Specific challenges include:

- implementing improvements to communications systems for taking calls requesting assistance and the subsequent dispatch of ambulance vehicles and personnel in response to these requests;
- addressing resource-related issues such as:
    - the potential for the reallocation of resources throughout rural areas based on current workloads; and
    - variations, both within and between regions, in the extent of use of casual and volunteer staff;
- maintaining and continuously improving the clinical expertise of ambulance personnel; and
- the impact of increased private sector competition on non-emergency case loads.

1.1.9 Management of rural services are progressively investigating methods of addressing these issues through initiatives such as potential rationalisation of existing communication centres, proposed standards for resource allocation and greater use of casual and volunteer staff to support full-time ambulance officers. The ultimate impact of these management initiatives will be largely dependent on achieving a co-operative approach to change between rural service management, employees and local communities.

1.1.10 Scope also exists for a more consistent approach to improving the effectiveness of service delivery throughout rural areas. In this regard, attention should be given by both the Department and rural services to the consistent application of Statewide communications protocols, clinical standards and training programs and the development of standards for the delivery of non-emergency services.

1.1.11 The scope for improving service delivery generally and, in particular, the potential for rationalisation of the number of rural services have been the subject of discussion among rural ambulance service management for some time. In audit opinion, having regard to the various matters raised in this Report, the amalgamation of the 5 major services by the creation of a single rural ambulance service for the State, an option most commonly-supported by rural service management, would represent an effective means of delivering services to the rural community and provide opportunities to enhance efficiency in ambulance operations.

1.1.12 In determining the continuing status of the Alexandra and District Service as a separate entity, following any rationalisation process, the Department will also need to consider the importance of maintaining the extensive community involvement in this Service.

1.1.13 Finally, the future role of the Department in any revised structure would require consideration. Based on issues identified during the audit, it would seem desirable for the Department to concentrate its activities in those areas of most benefit to the delivery of ambulance services, particularly related to the development of high level policy, standards and performance benchmarks dealing with key areas of operations.

❑ ***RESPONSE*** *by Secretary, Department of Human Services*

The Department notes the comments of audit that, building on the significant development of performance indicators in recent times, there is a need for high level performance benchmarks. It notes also the financial issues raised by audit and is continuing to work with the rural services to address these. The organisational and consistency aspects raised by audit are also noted and the Department confirms that it is working on these in conjunction with the rural services.

❑ ***RESPONSE*** *by Chief Executive Officer, South Eastern Ambulance Service*

My Committee of Management, members of my Executive Management Team and myself read with interest the findings resulting from the performance audit of rural ambulance services.

All comments in respect to content were very supportive and the clear consensus is that, in relation to the South Eastern Service's position, the report is accurate.

❑ ***RESPONSE*** *by Chief Executive Officer, South Western Ambulance Service*

The South Western Service agrees with the general thrust of the findings although there is inadequate recognition of the excellent, by world standards, ambulance service that is provided to the Victorian rural community. With the possible exception of the financial pressures referred to, rural ambulance services in conjunction with the Department of Human Services are currently addressing the main recommendations contained in the Report. These include the establishment of a wider range of performance benchmarks, the various operational challenges and a review of the structure of the 5 rural services.

The Report correctly identifies declining revenue from subscriptions and transport fees due to the increasing number of social security recipients but does not adequately recognise that rural services are funded, subject to certain conditions, by the Department of Human Services for these shortfalls.

The South Western Service will keep on addressing the challenges identified in the Report and is in a sound financial position to continually improve the excellent ambulance service provided to the public and hospitals in south west Victoria.

❑ ***RESPONSE*** *by Chief Executive Officer, Western Ambulance Service*

This Service believes that the conduct of the audit into rural ambulance services was fair and the Report reflects the current situation, although some of the recommendations will require further evaluation.

Considering the minor differences in procedures between rural services it is understandable that, as the level of audit varied across services, any implementation of recommendations would vary.

Part 1.2

Summary of major audit findings

DELIVERY OF AMBULANCE SERVICES TO THE RURAL COMMUNITY Page 23

- The State's 5 major ambulance services responded to a combined total of in excess of 100 000 emergency and non-emergency cases in 1996-97.

Paras 4.8 to 4.11

- In the absence of unlimited funding, rural ambulance services need to attain an appropriate balance between the high cost to the community of maintaining resources in areas with low and variable case loads, and the risk to community health and safety of any reductions in the speed and quality of response by ambulance officers.

Paras 4.12 to 4.14

- Without suitable performance benchmarks for the State's rural ambulance services, the community is not in a position to assess the standard of services it can expect of its ambulance services.

Paras 4.15 to 4.23

- Reliance on response times as the predominant measure of effectiveness limits assessment of ambulance service performance as, currently, concerns exist over the accuracy of times recorded and times do not take into account the quality of care provided by ambulance officers.

Paras 4.24 to 4.29

- During 1996-97, the Department of Human Services and ambulance services have taken action to identify an extensive range of performance measures related to outputs of ambulance services.

Paras 4.28

- Modernisation of communications systems, especially by greater use of state of the art technology, would facilitate improvements in the timeliness and quality of response by rural ambulances.

Paras 4.34 to 4.35

DELIVERY OF AMBULANCE SERVICES TO THE RURAL COMMUNITY *- continued* **Page 23**

- The recommendation, by a review team established by all rural services, for the rationalisation of communications centres from 5 to 2 in rural areas represents an appropriate option for improvements to communication processes and would facilitate implementation of information technology improvements.

Paras 4.36 to 4.42

- Operating procedures to be used in rural communications centres should be jointly developed and consistently implemented throughout rural ambulance services.

Paras 4.43 to 4.46

- The use of 2-officer ambulance crews in responding to emergency cases throughout less populated areas of the State will require greater use of casual and volunteer staff to provide support to full-time ambulance officers.

Paras 4.51 to 4.54

- The future location of ambulance stations and allocation of resources to these stations will be largely dependent on relating resource needs to high-level performance benchmarks developed in conjunction with the Department.

Paras 4.56 to 4.57

- Despite action in rural services to address the monitoring and maintenance of clinical standards, it is clear that further improvements can be made, particularly to ensuring a structured approach to this key area of ambulance service operations throughout the State.

Paras 4.58 to 4.66

- The impact of increased private sector competition, and the corresponding potential for reductions in non-emergency workloads, needs to be analysed and considered by the Department in deciding on future funding levels for rural services.

Paras 4.73 to 4.81

- In the absence of Statewide standards for the delivery of non-emergency services by both rural ambulance services and private sector providers, there can be no guarantee that these services are rendered according to an accepted level of quality

Paras 4.82 to 4.87

INCREASING FINANCIAL PRESSURE ON RURAL AMBULANCE SERVICES Page 43

- All of the 5 major rural services are currently facing a wide range of financial pressures relating mainly to rising operational costs and fixed or declining levels of revenue and most rural services are likely to experience financial problems in the foreseeable future in the absence of specific remedial action.

  Paras 5.9 to 5.13

- The South Eastern Ambulance Service incurred an overall deficit of $1.4 million in 1996-97 and estimates that, given current expenditure patterns, its entire government funding initially approved for the 1997-98 financial year will be fully expended by January 1998.

  Paras 5.14 to 5.19

- Salary and related costs were by far the major expenditure item of the rural services in 1996-97, representing $40 million or 63 per cent of total expenditure for that year.

  Paras 5.21 to 5.22

- Variations between the average funding provided to rural services and the average cost per case indicates that the current basis for funding of rural ambulance services should be subject to detailed review by the Department of Human Services. The purpose of this review should be to ascertain the feasibility of implementing more equitable and appropriate funding mechanisms including introduction of an output-based funding approach.

  Paras 5.23 to 5.29

- The basis for funding provided by the Government for non-chargeable cases, such as pensioners, is currently not specifically related to the cost or number of these cases incurred by rural ambulance services.

  Paras 5.30 to 5.32

- The adverse position across the State concerning ambulance subscription revenue will need to be considered as part of any review by the Department of the funding of ambulance services.

  Paras 5.33 to 5.38

- From the views expressed to audit by the rural services, it is evident that the Metropolitan Ambulance Service needs to consider the specific requirements of rural regions in any contractual renegotiation concerning the subscription scheme.

  Paras 5.39 to 5.44

INCREASING FINANCIAL PRESSURE ON RURAL AMBULANCE SERVICES - *continued* **Page 43**

- Given the diminishing numbers of chargeable patients and subscribers, it would seem highly appropriate for the Department to assess the soundness of current procedures relating to the funding of rural ambulance services and evaluate the feasibility of alternative funding approaches.

Paras 5.45 to 5.49

- Transport fees were chargeable in only 25 per cent of cases handled by rural ambulance services in 1996-97, a proportion likely to become even lower in future years.

Para. 5.48

- While a 1995 enterprise agreement provided for progressive pay increases totalling 10 per cent, management advised that the actual cost of implementing these increases and other conditions of the award had been far higher and that associated productivity improvements envisaged under the agreement had not been achieved.

Paras 5.52 to 5.55

- Expenditure by rural services related to penalties, allowances and overtime during 1996-97 was equivalent to 45 per cent of ordinary salary outlays.

Paras 5.56 to 5.60

- A key aim of the rural services in negotiating future enterprise agreements should be, with the support of the Department, to ensure the current costly practices and conditions adversely impacting on achievement of efficiency improvements are effectively addressed.

Paras 5.61 to 5.62

- The lack of specialised expertise in industrial relations management is a contributing factor to the poor industrial environments and inefficient work practices in certain of the rural services.

Paras 5.63 to 5.67

- Because of the critical importance of the condition of ambulance vehicles for effective service delivery and ultimately the community's safety, service management need to take action to address current problems in the management of ambulance vehicle fleets.

Paras 5.68 to 5.78

FUTURE DIRECTIONS FOR RURAL AMBULANCE SERVICES — Page 63

- It was clear from discussions with audit that the most commonly-held view amongst ambulance service management and staff on the preferred future direction of rural services was the creation of a single rural service.

  Paras 6.7 to 6.12

- Creation of a single rural ambulance service for the State would represent an effective means of delivering ambulance services to the rural community and provide opportunities to enhance efficiency in ambulance operations.

  Paras 6.18 to 6.20

- The extensive voluntary and community involvement in the Alexandra and District Service will clearly require consideration by the Department of Human Services in determining the Service's status in any rationalisation of rural ambulance services.

  Paras 6.21 to 6.25

- In future, the Department should concentrate its strategic activities for rural ambulance services in those areas that would be most beneficial to effective and efficient delivery of ambulance services with particular emphasis on developing high level policy, standards and performance benchmarks related to key areas of operations.

  Paras 6.26 to 6.31

- While actions by the Department and ambulance services to improve the quality of performance measurement and reporting are commended, significant limitations continue to exist in the performance measurement framework for rural ambulance services.

  Paras 6.37 to 6.44

- The Department should convey any likely outcomes of its current Statewide planning process to rural service management as a matter of urgency so that any implications to individual services can be addressed within their business plans.

  Paras 6.45 to 6.50

Part 2

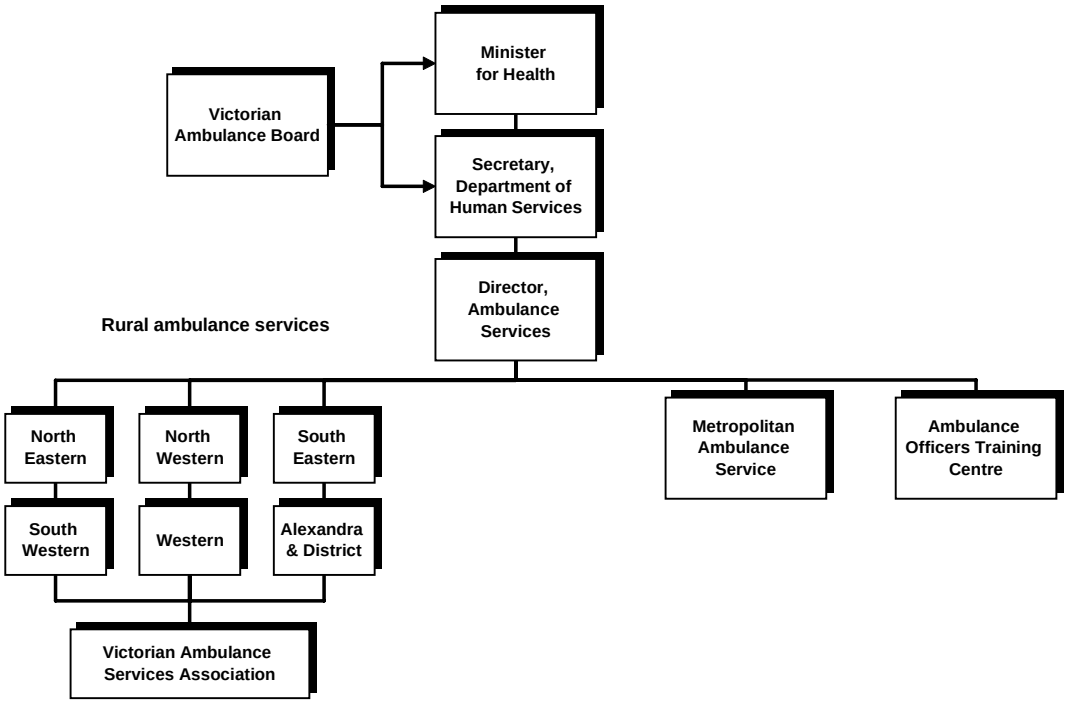
Outline of Victoria's rural ambulance services

STRUCTURE OF VICTORIA'S AMBULANCE SERVICES

2.1 Victoria's rural ambulance services currently operate within an overall statewide structure for the delivery of ambulance services. The legislative basis for this statewide structure is outlined in the *Victorian Ambulance Services Act* 1986. Key features of the structure, which are as outlined in Chart 2A, are:

- allocation of significant legislative functions and powers for the operation of ambulance services, including the formulation of policies and standards and monitoring of ambulance service performance, to the *Secretary of the Department of Human Services*;
- a position of *Director of Ambulance Services* to which the powers of the departmental secretary may be delegated;
- the *Victorian Ambulance Board*, with representation from the ambulance services, relevant employee associations and the Department, to provide advice to the Minister and Secretary of the Department on matters associated with ambulance services;
- *6 rural ambulance services*, each a distinct corporate entity under the control of a committee of management supported by a Chief Executive Officer;
- the *Victorian Ambulance Services Association*, an employer body, which facilitates a joint approach by the 6 rural services to initiatives aimed at improving ambulance services in regional areas and provides specialised services in key areas such as industrial relations and information technology; and.
- the *Metropolitan Ambulance Service* and the *Ambulance Officers Training Centre*.

CHART 2A
STRUCTURE OF VICTORIA'S AMBULANCE SERVICES



OPERATIONS OF THE RURAL SERVICES

2.2 The current operation of 6 rural ambulance services in the State represents a significant reduction from the 15 separate ambulance services which existed prior to 1987. The creation of the current structure followed a 1984 recommendation by the Victorian Parliament's former Public Bodies Review Committee for a reduction in the number of ambulance services and the implementation of this recommendation following enactment of the Victorian Ambulance Services Act.

2.3 Each of the 6 rural services is responsible for the delivery of ambulance services within distinct geographical boundaries throughout the State as illustrated in Chart 2B.

CHART 2B
GEOGRAPHIC AREAS COVERED BY RURAL AMBULANCE SERVICES

2.4 In meeting its responsibility for the delivery of ambulance services, each rural service must address a range of key factors such as:

- ensuring the operation of effective communications systems and processes for taking calls requesting assistance and dispatching the appropriate ambulance resources in response to these requests;
- maintaining a suitable standard of clinical and medical care provided by ambulance officers in their role of providing the initial health care response in emergency situations; and
- determining the location and availability of ambulance personnel and vehicles throughout country Victoria in a way that, to the maximum extent possible, meets the needs of individuals for timely and quality ambulance service while, at the same time, managing the relatively high cost of providing these services particularly in less populated areas of the State.

2.5 The significance of the rural services to the provision of health care services in regional areas can be illustrated by the fact that, collectively during 1996-97, the 6 services:

- attended 100 519 cases incorporating time-critical emergency cases, urgent but non time-critical cases and non-emergency cases;
- operated a total of 117 ambulance stations throughout rural areas, including those operated exclusively by casual and volunteer ambulance officers;
- employed the equivalent of 644 full-time staff which were supplemented by casual and volunteer staff in local communities; and
- incurred total expenditure of $64 million, of which $28 million, or 44 per cent, was funded by government grants and contributions.

2.6 Table 2C summarises relevant operating and financial information for each of the rural services in respect of the 1996-97 financial year.

TABLE 2C
RURAL AMBULANCE SERVICES, 1996-97 OPERATING AND FINANCIAL INFORMATION

Service	*Cases attended*	*Ambulance stations*	*Staff employed*	*Government funding*	*Expenditure incurred*
	(No.)	*(No.)*	*(No.)*	*($'000)*	*($'000)*
North Eastern	23 280	25	131	4 926	13 579
North Western	23 234	23	155	7 483	15 679
South Eastern	19 520	23	134	7 157	14 709
South Western	22 961	23	131	4 587	11 643
Western	11 006	20	92	3 800	8 124
Alexandra and District	518	3	1	1	239
Total	**100 519**	**117**	**644**	**27 954**	**63 973**

2.7 The Alexandra and District Ambulance Service is a relatively small service, as indicated in the preceding table, with a range of distinctive characteristics in that it is:

- the only service specifically referred to in the Victorian Ambulance Services Act;
- operated almost entirely on a voluntary basis; and
- financed with minimal, if any, government funding.

2.8 Given its size and other features, the Alexandra Service is not directly comparable with other rural services and does not necessarily face the same strategic pressures. Nevertheless, specific reference to the matters directly relevant to the current and future direction of the Alexandra Service is presented in Part 6 of this Report.

Part 3

Conduct of the audit

AUDIT OBJECTIVE

3.1 The overall objective of the audit was to identify and evaluate issues affecting the efficiency and effectiveness of the delivery of services to the Victorian community by rural ambulance services. Particular emphasis was placed on identifying factors related to the:

- adequacy of performance measures in place to enable assessment of the effectiveness of ambulance services;
- appropriateness of communications systems and facilities utilised by rural services;
- effectiveness of the allocation of ambulance service resources throughout country areas;
- financial performance and cost of rural services; and
- various options for the future delivery of ambulance services in rural areas.

In the pursuit of this objective, audit sought to give recognition to initiatives taken by the Department of Human Services and rural ambulance services to improve the quality and efficiency of ambulance services provided to the rural community.

AUDIT SCOPE

3.2 For the purpose of gathering information on the principal emerging factors impacting upon rural services, the audit examination involved:

- discussions with senior management of all 6 rural ambulance services;
- analysis of financial and statistical data concerning all services; and
- more detailed discussions with management and staff and evaluation of detailed information at a selection of services

3.3 Specific areas addressed through these audit processes included:

- issues related to the delivery of ambulance services such as communications systems, the level and location of resources, maintenance of clinical standards and provision of non-emergency ambulance services;
- financial and resource management strategies adopted within rural services including the current financial viability of services, the adequacy of current government funding levels and management of personnel-related issues; and
- likely or possible future directions for the rural services encompassing an assessment of:
    - the potential for rationalisation of the current Statewide structure of ambulance services; and
    - the future role of the Department of Human Services in relation to its oversight of rural ambulance services.

3.4 The audit was performed in accordance with Australian Auditing Standards applicable to performance audits and, accordingly, included such tests and other procedures considered necessary in the circumstances.

ASSISTANCE PROVIDED TO AUDIT

3.5 The management and staff of the rural ambulance services and of the Ambulance Services Branch within the Department of Human Services provided significant support and assistance to audit. Audit wishes to acknowledge the contributions that this assistance made to the preparation of material for this Report.

Part 4

Delivery of ambulance services to the rural community

OVERVIEW

4.1 Given the inevitable resource constraints impacting on the delivery of ambulance services, a balance must be attained between the cost of maintaining resources in areas with relatively low and variable case loads and the risk to community health and safety of any reduction in the speed and quality of response by ambulance officers in emergency situations.

4.2 The Department of Human Services has the major responsibility for deciding the relative importance to be placed on these competing factors by establishing high-level performance benchmarks which define the level and quality of service it expects each ambulance service to provide. The extent to which these benchmarks are achieved is clearly the responsibility of management of the individual rural services.

4.3 Currently, there are few benchmarks of a high-level nature operating for rural ambulance services. As such, it is currently not possible to undertake meaningful assessments of the effectiveness of rural services.

4.4 The Department, in conjunction with ambulance services, has identified an extensive range of performance indicators related to outputs of ambulance services. To facilitate future assessment of ambulance services, implementation of these indicators will need to be accompanied by the development of appropriate performance benchmarks.

4.5 Rural services face a number of challenges in delivering ambulance services including:

- implementing required improvements to communications systems;
- addressing various resource-related issues such as:
    - potential for the reallocation of resources throughout rural areas based on current workloads;
    - difficulties in ensuring response by 2-officer crews to all emergency situations; and
    - variations, both within and between regions, in the extent of use of casual and volunteer staff;
- the need to maintain and continuously improve the clinical expertise and performance of ambulance personnel; and
- the impact of increased private sector competition on non-emergency case loads.

4.6 Management of rural services are progressively investigating methods of addressing these issues through initiatives such as potential rationalisation of existing communication centres, proposed standards for resource allocation, and greater use of casual and volunteer staff to support the delivery of ambulance services by full-time ambulance officers. The ultimate impact of these management initiatives will be largely dependent on achieving a co-operative approach to change between rural service management, employees and local communities.

4.7 Scope also exists for a more consistent approach to improving the effectiveness of service delivery throughout rural areas. In this regard, attention should be given by both the Department and rural services to the consistent application of statewide communications protocols, clinical standards and training programs and the development of standards for the delivery of non-emergency services.

CASE LEVELS OF RURAL AMBULANCE SERVICES

4.8 The State's 5 major rural ambulance services are the North Eastern, North Western, Western, South Eastern and South Western ambulance services.

The regional headquarters at Bendigo of the North Western Ambulance Service.

4.9 In recognition of the varied response required according to the type of case, each of these services generally classify cases into 3 categories, namely:

- *time-critical emergency* cases where, due to the emergency nature of the case, the length of time taken by ambulance officers to respond is of crucial importance to the welfare of the patient;
- *non time-critical* cases which, although of an urgent nature, are not immediately life-threatening; and
- *non-emergency or routine cases.*

4.10 In 1996-97, the 5 major rural ambulance services responded to a combined total of in excess of 100 000 cases, comprising a mix of emergency and non-emergency cases. Table 4A provides relevant details.

TABLE 4A
CASE LEVELS FOR RURAL AMBULANCE SERVICES, 1996-97

Service	*Time-critical*	*Non time-critical*	*Routine*	*Total*
North Eastern	6 992	6 730	9 558	23 280
North Western	7 741	7 843	9 299	24 883
South Eastern	7 928	7 725	3 867	19 520
South Western	7 119	6 047	9 795	22 961
Western *(a)*	4 405		6 601	11 006
Total	**34 185**	**28 345**	**39 120**	**101 650**

(a) The Western Ambulance Service does not distinguish between time-critical and urgent but non time-critical cases.

4.11 It can be seen that the rural ambulance services fulfil a significant role in responding to the emergency and non-emergency needs of rural communities.

ADDRESSING THE REQUIRED BALANCE BETWEEN THE COST AND QUALITY OF SERVICES

4.12 In the absence of unlimited funding, it is clear that there will always be constraints on the level of resources available to deliver ambulance services in rural areas. Given these constraints, an appropriate balance has to be reached between:

- the high cost to the community of maintaining resources in areas with relatively low and variable case loads; and
- the risk to community health and safety of any reduction in the speed and quality of response by ambulance officers in emergency situations.

4.13 The Department has the major responsibility for deciding the relative importance to be placed on these competing factors by establishing high level performance benchmarks which define the level and quality of service it expects each ambulance service to provide, based on approved levels of funding.

4.14 The extent to which the required balance between effectiveness and efficiency is attained within these established benchmarks is the responsibility of rural service management. In meeting this responsibility, management must address a wide range of factors including:

- the overall effectiveness of emergency services provided to the community;
- communications systems and processes necessary to facilitate service delivery;
- the level and location of personnel and other resources; and
- the quality of clinical services and maintenance of the skills of personnel.

LACK OF HIGH-LEVEL PERFORMANCE BENCHMARKS

4.15 Service delivery by rural ambulance services should be governed by high-level performance benchmarks which can be used as a basis for:

- assessment of the actual performance of individual rural services against these benchmarks;
- inter-service comparisons within the State and with similar emergency service organisations, both nationally and internationally;
- assisting management to identify areas with potential for performance improvement;
- decisions by government on the extent of funding required by rural services to achieve specified performance levels;
- guiding management decisions on the allocation of resources such as the level and location of staff and equipment; and
- ensuring the community is aware of the quality of service it can reasonably expect from its ambulance services.

4.16 In developing benchmarks, consideration should be given to best practice in comparison with other emergency service agencies, clinical requirements for each type of case handled by the services, historical performance of the services, community expectations and, importantly, the level of service which the Government is willing to fund.

4.17 While benchmarks should ideally be consistently applied across the rural services, recognition would need to be given to the feasibility of setting different performance yardsticks in less populated areas of the State.

4.18 Currently, with the exception of cases involving cardiac patients, there are few benchmarks of this high-level nature operating for rural ambulance services. The Department advised audit that the lack of benchmarks has been largely due to an absence of historical data available to set appropriate response time and other standards in relation to the majority of case types attended by ambulance services.

4.19 Targets for response times and other operational areas are included in annual service agreements between the Department and each rural service and, to varying degrees, in the annual reports and plans of individual services. However, given the absence of benchmarks, these targets appear to be based largely on prior years performance and do not take into account all factors necessary in developing effective benchmarks.

4.20 Development of appropriate benchmarks would enhance the ability of management to monitor operations and make effective decisions on the resourcing and other operational factors affecting rural services.

4.21 The Department, in conjunction with the State's ambulance services, is currently taking action aimed at addressing the current lack of benchmarks including involvement at a national level in the development of standards and indicators for ambulance services. Audit was advised that ultimately, the development of benchmarks will be developed over time as more comprehensive data on ambulance services is compiled.

4.22 It is clear that the development and implementation of high-level performance benchmarks should be accorded a high priority. Once developed, these benchmarks should be publicly communicated so that the community is fully aware of the standard of ambulance services that can be expected.

4.23 Finally, the level of funding provided to rural ambulance services should be directly related to operational and efficiency benchmarks established by the Department.

❑ ***RESPONSE*** *provided by Chief Executive Officer, South Western Ambulance Service*

Funding directly related to operational and efficiency benchmarks is desirable but it should be recognised that it is very difficult to establish an equitable formula.

DIFFICULTIES IN ASSESSING THE OVERALL EFFECTIVENESS OF AMBULANCE SERVICES

4.24 It is currently not possible to undertake meaningful assessments of the effectiveness of rural ambulance services due to:

- the lack of high-level benchmarks, as outlined in the preceding paragraphs, available to measure the performance and, in particular, emergency response times of individual services;
- limited consolidated performance information currently compiled by rural services to measure the quality of services; and
- difficulty in comparing inter-service performance because of inconsistencies between rural services in the preparation of operational performance data.

4.25 Currently, periodic reporting by the services to the Department is focused predominantly on *response times* as a measure of their effectiveness. This measure encompasses the time elapsed from the time a call is taken to the point of arrival of the ambulance crew at an emergency scene. Table 4B outlines response times for time-critical emergency cases reported by each service to the Department for the year ended 30 June 1997.

TABLE 4B
RESPONSE TIMES FOR TIME CRITICAL EMERGENCY CASES, 1996-97
(minutes)

	North Eastern	*North Western*	*South Eastern (a)*	*South Western*	*Western*
Response time for 90 per cent of cases	23.0	20.0	18.1	17.5	23.0
Average response time for all emergency cases	10.7	11.1	8.6	9.2	11.6

(a) Unlike other services, the South Eastern Service does not commence recording of response times at the time a call is taken, but instead when an ambulance crew is dispatched

4.26 Despite the reliance on response times as a measure of effectiveness, this measure has major limitations in that:

- Inconsistencies exist in the definition of response times applied by rural services, for example, the South Eastern service does not commence recording of response times at the time a call is taken, the approach followed by the other services, but when an ambulance crew is dispatched;
- Accuracy of measures in most rural services is heavily reliant on accurate recording of times by ambulance officers in patient case records;
- As previously mentioned, there are no consistent standards for targeted response times with annual targets for each service largely based on prior year performance; and
- The response times measure covers only one aspect of effectiveness and provides no indication of the quality of care provided by ambulance officers. The collection and monitoring of clinical data, which varies between services, as outlined in subsequent paragraphs of this Part, is used mainly as a basis for monitoring the quality of care provided on individual cases and is generally not consolidated to enable an overall assessment of effectiveness.

An ambulance responding to a time-critical emergency case in the Bendigo area.

4.27 The other measure currently used by the Department to monitor the effectiveness of ambulance services is a comparison of the number of external compliments and complaints received by the services. In this regard, compliments have generally far outweighed complaints which gives a broad indication that the community has no major concerns with the quality of ambulance services.

4.28 During 1996-97, a Management Information System Steering Committee, with representation from the Department and the ambulance services, agreed to development of further performance measures which would be beneficial for internal management purposes of ambulance services and would enhance the reporting relationship between the Department and the services. As a result of this action, an extensive range of performance measures related to outputs of ambulance services have been identified including several relating to clinical outputs such as case speed, patient outcomes, clinical resource deployment and customer satisfaction.

4.29 The current inability to meaningfully assess the effectiveness of rural services reinforces the need for the previously mentioned high-level benchmarks and the monitoring of actual performance against those benchmarks. It will, therefore, be important that the current positive step towards identifying and developing additional performance measures is accompanied by action to implement appropriate benchmarks for these measures.

COMMUNICATIONS SYSTEMS AND FACILITIES

4.30 As with all emergency service agencies, the ability of rural ambulance services to respond appropriately to both emergency and non-emergency requests for assistance is heavily dependent upon the overall effectiveness of their communications systems and facilities in receiving calls for assistance and dispatching ambulance crews.

4.31 To date, each of the State's rural services has operated an in-house communications centre.

4.32 Currently, calltaking systems and facilities vary across services, e.g. the Western and North Western services utilise the computer-assisted system previously operated by the Metropolitan Ambulance Service prior to its current arrangements with Intergraph Corporation, while the approach followed in the South Eastern Service is totally manual.

4.33 For the dispatch element of operations, all rural services operate manually-based systems.

Action to rationalise and improve communication processes

4.34 While the heavy reliance by rural services on relatively simple communications technology and manual processes is currently not seen to be having any major impact on the efficiency of their calltaking and dispatch functions, it is clear that modernisation of communications systems would facilitate improvements in the timeliness of response by rural ambulances, and improve the accuracy and quality of management information arising from the communication process.

4.35 From discussions with audit, it was evident that all services recognise that scope exists for greater use of modern technology in calltaking and dispatch tasks. It was equally evident, however, that views on the extent of necessary technological action vary between the services. Some of the doubts expressed to audit concerned the cost-justification for substantial capital investment in new technology for services handling relatively low case numbers and for implementation of automatic vehicle location facilities and mobile data terminals, similar to those proposed for the Metropolitan Ambulance Service.

4.36 It is a current government objective that a single computer-aided calltaking and dispatch system apply to the operations of all of the State's emergency services, i.e. both metropolitan and rural. In line with this policy, the Bureau of Emergency Services Telecommunications (BEST) has undertaken a preliminary analysis of the likely structure of communications within rural emergency service organisations, including ambulance services.

4.37 The main part of BEST's analysis involved the commissioning of a review by a firm of consultants to assess the feasibility of extending Intergraph's computer-aided calltaking and dispatch system to rural emergency service organisations. In its September 1996 report, the consultants recommended that, for rural ambulance services, a system of centralised calltaking for emergency cases only be implemented at Intergraph's Tally Ho communications facility, with a pilot study of the feasibility of this recommendation to be undertaken in the South Western Ambulance Service. The consultants further recommended that the dispatching function for emergency cases and both calltaking and dispatching for non-emergency cases continue to be handled by existing communications centres of individual rural services.

4.38 To date, BEST has not made a final decision on the future communications strategies for rural ambulance services, however, ambulance services advised audit that the recommended pilot study in the South Western Service is likely to commence in the near future.

4.39 Given the fact that the various rural services hold differing views on future strategies for enhancing communications in rural areas and on the use of technology in their communications systems, service management have jointly taken a pro-active approach to investigate the future of communications for rural ambulances. In this regard, a sub-group of the communications committee of the Victorian Ambulance Services Association was established in 1996 to examine options for reducing the number of communications centres in rural Victoria. While partly addressing technological issues as a part of its overall brief, the sub-group did not have a specific role in reviewing options for implementation of computer-aided calltaking and dispatch technology.

4.40 The sub-group issued a draft report to the Association in December 1996 on the potential for future rationalisation of communications centres in rural services. The major recommendation within this draft report was for the establishment of 2 communications centres to handle the calltaking and dispatch functions for all rural ambulance services. Audit was advised that a final report, when completed, will be presented to the Chief Executive Officers of rural services.

4.41 The draft recommendation for the rationalisation of the current 5 communication centres operated by rural ambulance services into 2 centres to service all rural areas represents an appropriate option for improvement and rationalisation of communication facilities. Implementation of such a proposal would also facilitate improvements in communications information technology as it would be more feasible for capital investment of this nature to be concentrated on 2 centres rather than spread across the individual centres currently in operation.

4.42 Accordingly, the report on communications options should be finalised as soon as possible and presented to BEST to help advance its strategic decision-making in implementing revised communications process for Victoria's emergency services.

Potential for improvement to standard operating procedures for communications

4.43 In addition to reliance on the utilisation of suitable systems, the effectiveness of communications within ambulance services is dependent upon the existence of appropriate procedures for each case type and situation which must be followed by communications personnel in receiving calls and providing instructions to ambulance crews.

4.44 Responsibility for the development and implementation of standard operating procedures for communications currently rests with each individual service. The extent to which these procedures have been developed varies between services with management of the South Eastern Service, in particular, cognisant of the fact that there is substantial scope for improvement in the quality of its standard procedures.

4.45 All rural ambulance services are currently seeking separate accreditation of their key operational activities with the International Standards Association under quality standard ISO9002. Rural service management advised audit that development and improvement of standard operating procedures will receive particular focus during this quality accreditation process and automatically on an ongoing basis if accreditation is approved.

4.46 Audit commends the action by management to address the need for improvement in standard operating procedures for communications. To facilitate this process and to ensure consistency throughout ambulance services, consideration should be given to the joint development and implementation of procedures applicable to all rural ambulance services.

❑ ***RESPONSE*** *provided by Chief Executive Officer, South Western Ambulance Service*

Standard operating procedures for communications have existed in South Western Region for many years but were recently reviewed when documented in the ISO quality format. Also a selective dispatch system was developed and implemented earlier this year.

MANAGING RURAL AMBULANCE SERVICE RESOURCES

4.47 The allocation of resources, particularly ambulance personnel, throughout rural areas represents perhaps the most important responsibility of rural service management in striving to improve service delivery. Decisions concerning the positioning of resources in rural areas will have the most impact in terms of achieving a balance between the quality of service delivered to the community and the cost of those services.

4.48 In allocating resources to particular locations, management must consider a range of factors such as:

- the location of ambulance stations to best meet quality and efficiency aims and the volume and timing of case loads required in the area;
- whether case loads require 24 hour staffing of ambulance stations or can be met by full-time officers on day shifts, with out-of-hour response provided by the use of on-call arrangements;

- the extent to which volunteer and casual staff can be used to supplement the role of full-time ambulance officers;
- the placement of paramedics throughout rural areas to best respond to cases requiring their expertise; and
- the extent of use of 2-person ambulance crews as compared with the feasibility of using a one person crew in certain situations.

4.49 Rural service management has initiated a number of actions to address these factors. However, a wide range of issues related to resource allocation continue to exist within most rural services including:

- The need to ensure an adequate response to emergencies is provided by ambulance officers throughout rural areas;
- Wide differences in productivity levels between rural services and between individual branches within each rural service with very significant amounts of non-productive time for ambulance officers located in less populated areas throughout the State;
- The location of ambulance branches and personnel continuing to be largely determined across most rural areas on an historical basis rather than on the basis of current case loads or the most efficient allocation method available to management. As an example, staffing at many of the former service headquarters under the rural ambulance service structure existing prior to 1987 has remained relatively unchanged and is considered in excess of current requirements;
- Continuation of a 24 hour staffing basis within certain branches which may not be justified given current case loads and the limited financial resources available to rural services;
- Inconsistencies between the use of one or 2-officer crews for emergency services throughout rural regions and the lack of availability of 2-officer crews to respond to all requests for emergency assistance;
- Insufficient coverage by paramedics in certain rural areas, e.g. there are currently no paramedics located in the South Gippsland area of the South Eastern Service;
- The need for additional branches in some rural areas, e.g. the expanding Romsey area within the North Western region; and
- Variations in the extent of use of casual and volunteer staff to supplement the activities undertaken by full-time ambulance officers.

4.50 The ability of management of rural services to address these issues has to a large extent been impacted upon by local community reaction to changes in resourcing and disputation with employee groups in regard to areas such as the lack of 2-officer crews and the use of casual and volunteer staff. It is also apparent that the extent to which management of rural services has addressed these resourcing issues has varied in the past.

4.51 The question of the use of 2-officer crews in responding to emergency cases is of particular significance to rural services. Understandably, employee associations consider that all emergency cases should be attended by 2-officer crews to both ensure that sufficient resources are available to provide the necessary quality of care in emergency situations and that adequate support is provided to each ambulance officer in dealing with the community in crisis or conflict situations.

4.52 The majority of rural ambulance service management would generally support the employee view requiring 2-officer crews for emergency situations. However, the Service's have found that, from a cost perspective, it is clearly not feasible that such crews be made up of 2 full-time ambulance officers.

4.53 Management across the services have adopted strategies aimed at expanding the proportion of responses utilising 2-officer crews through greater use of casual and volunteer staff in support of full-time ambulance officers. It is clear that, given inevitable resource constraints, this strategy by management for greater use of casual and volunteer staff throughout rural areas is an appropriate method to expand, within the cost limitations, the level of emergency cases responded to by 2-officer crews.

4.54 To maximise the benefits that can be attained and to ensure the retention of high levels of patient care, it is important that the roles and training of casual and volunteer staff be clearly defined. In this respect, while a Statewide curriculum exists for the training of casuals and volunteers, it is the responsibility of each service to provide the related training and define the duties of these staff. Action should be taken to ensure that the training and role of casual and volunteer staff is consistent throughout the State.

4.55 It would be fair to say that all current management within the services is currently acting to analyse existing inefficiencies in resource allocation. Specific action taken to date includes initiation of a review team to consider resourcing issues, such as proposed standards for staffing of ambulance branches put forward by certain services, and, to varying degrees within services, the collocation of ambulance branches with hospitals as a means of both more fully utilising ambulance officer downtime and ensuring officers have the opportunity to maintain clinical skills.

4.56 Audit considers that the future location of ambulance stations and allocation of resources to these stations will be largely dependent on relating resource needs to the high-level performance benchmarks, as referred to in previous paragraphs, which should be developed in conjunction with the Department.

4.57 In meeting required quality benchmarks, it is apparent that there is major scope for improved efficiency of resource allocation across rural areas. To achieve this improved efficiency, it will be important that current action by management within rural services to introduce resource allocation standards, promote collocation of ambulance facilities and to investigate the potential increase in use of casual and part-time ambulance officers be jointly pursued by all ambulance services and be finalised as soon as possible. The ultimate extent to which these actions will be successful will also be largely dependent on achieving a co-operative approach between rural service management, employees and local communities.

MONITORING AND MAINTAINING CLINICAL STANDARDS

4.58 The quality of clinical care provided by the Services along with the timeliness of response to requests for assistance are the 2 key areas which can most impact on the effectiveness of ambulance services that are provided to the rural community.

4.59 To achieve the required quality of clinical care, it is vital for rural ambulance services to:

- establish a standard of clinical care which is aimed at achieving the best possible health outcomes for patients, having regard to the cost to the community of providing this standard of care;
- maintain adequate systems to record and monitor the level of care in line with these standards; and
- ensure that appropriate qualified staff have and maintain the necessary expertise to provide the required standard of clinical services.

4.60 Statewide standards for the delivery of clinical services are outlined in clinical practice guidelines approved by the State's Ambulance Service Medical Director. Specific skills required to be performed by ambulance personnel are contained in clinical work instructions issued by the Ambulance Officer Training Centre. It is the responsibility of each individual ambulance service to ensure that these standards are complied with in the delivery of clinical services within their respective regions.

4.61 A range of work is underway within the rural services to ensure that ambulance officers maintain the clinical expertise necessary to perform their vital community tasks. Action initiated to address the maintenance of this expertise has included:

- provision within organisational structures for clinical co-ordinators with responsibility for oversight of the quality of care provided to patients and for providing training for ambulance officers;
- development of a training team approach in the majority of services whereby paramedic staff provide training to other ambulance officers as the downtime of staff permits;
- regular audits of patient care records, including the clinical treatment provided, in most services; and
- use of patient care records as a basis for the identification of training needs.

4.62 Notwithstanding these actions to address clinical requirements, a number of concerns were identified to audit in regard to the maintenance and monitoring of clinical standards, namely:

- the extent of development of clinical standards and training of staff continues to be restricted in many cases by the lack of resources available in rural services to devote to these activities;
- wide variation occurs in the quality of information recorded by ambulance officers on patient care records;
- inaccuracies in clinical data particularly in the coding of information for input to computer databases and the recording of response times;

- the current absence of consolidated performance targets and indicators to enable monitoring of overall clinical performance by ambulance services; and
- specific difficulties in maintaining ambulance officer skills in rural areas, given the relatively low caseloads, an issue of particular significance in relation to attracting and retaining the required level of qualified paramedic staff in less populated areas.

4.63 The South Eastern Service has experienced particular difficulties in addressing the maintenance of clinical standards over recent years. Particular factors affecting this Service have been the limited attention given to the recording of clinical information, the lack of clinical co-ordinators, limited resources devoted to staff training and a virtual absence of audits of patient care records over the last 2 years.

4.64 Current management of the South Eastern Service has recently addressed these issues through the implementation of a comprehensive training structure, similar to those in operation in other rural services. This action is designed to address the backlog of clinical training needs, provide ongoing clinical training programs throughout the region and ensure regular clinical audits as a means of assessing the effectiveness of training programs.

4.65 It is clear that further improvements can be made, particularly to ensuring a structured approach to this key area of ambulance service operations throughout the State. Specific matters worthy of consideration of ambulance service management include ensuring application of Statewide standards, joint development of performance indicators and training plans and investigation of the introduction of automated facilities in an attempt to improve the quality of information recorded on patient care records.

4.66 The Metropolitan Ambulance Service is currently devoting significant resources to the clinical standards area, in part due to the fact that it had fallen behind many of the rural services in this area over recent years. Given this action and the greater resource capability of the metropolitan service, it is considered appropriate that, wherever practicable, rural services make use of the planning and development work undertaken by the metropolitan service in the clinical standards area.

❑ ***RESPONSE*** *provided by Chief Executive Officer, South Western Ambulance Service*

South Western Region has continued to devote significant resources to the development and maintenance of clinical standards. As a consequence the standard of clinical care provided meets or exceeds that provided by other Ambulance Services throughout Australia.

The Region has developed minimum clinical standards for all levels of operational staff and monitors the level of care provided via a structured clinical quality assurance program benchmarked against accepted State Clinical Practice Guidelines.

All operational staff undertake two structured .Continuing Clinical Education Programs per annum and are biannually reaccredited in core clinical skills to ensure clinical competencies are retained. These programs are delivered by experienced ambulance clinicians with particular emphasis being placed on the provision of continuing training and skills maintenance for staff in low workload areas.

PROVISION OF NON-EMERGENCY SERVICES

4.67 Since September 1993, the Metropolitan Ambulance Service has separated the emergency and non-emergency components of its service delivery and has extensively used private contractors to perform a majority of non-emergency ambulance functions.

4.68 The option of splitting service delivery into emergency and non-emergency categories is not seen as practicable for rural services as they rely heavily on their non-emergency tasks for generation of revenue and to accommodate ambulance officer downtime.

Variations in non-emergency case loads between the services

4.69 Victoria's rural services undertook a total of 39 000 non-emergency cases in 1996-97 as detailed in Table 4C.

TABLE 4C
VOLUME OF NON-EMERGENCY CASES, 1996-97

Ambulance Service	*Number of cases*	*Proportion of total services*
North Eastern	9 558	41.1
North Western	9 299	38.4
South Eastern	3 867	19.8
South Western	9 795	42.7
Western	6 601	60.0
Total	**39 120**	**38.5**

4.70 Reasons for variations in the number and proportion of non-emergency cases between rural services are difficult to clearly ascertain but it is likely that they relate to a range of factors including:

- inconsistency in the criteria used by medical officers in each region when deciding on whether a patient requires ambulance transport;
- the varying impact of competition from private sector transport service providers; and
- differences in the classification of cases in the statistics compiled by each service.

4.71 In addition to the above factors, changes in the provision of health services in rural areas, such as the closure or specialisation of hospitals, have had an impact on the volume and type of non-emergency cases. For example, in certain regions, the number and length of non-emergency trips have increased as a result of inter-hospital transports and the bypassing of hospitals without the required specialised services.

4.72 The difficulties in making comparisons of non-emergency cases reinforce the importance of improving the quality of statistical data and performance information, as referred to in Part 6 of this Report, and the need for development and implementation of clear standards and criteria for non-emergency transport.

Impact of competition on non-emergency services

4.73 A Ministerial Review Taskforce established in March 1997 is currently reviewing the provision of non-emergency transport throughout the State in accordance with the principles of the National Competition Policy and other service delivery issues. Any decisions by this Taskforce which may lead to a reduction in the level of non-emergency functions carried out by rural ambulance services are likely to greatly influence the service's revenue generating capability, costs of emergency cases and their overall financial position.

4.74 Since deregulation within Victoria of transport fees for non-emergency services in August 1993, hospitals have been able to tender for the provision of such services to either existing ambulance services or private sector operators.

4.75 The implications to date of this competitive regime have varied significantly between rural regions with certain services, e.g. the South Western Service, able to win all contracts to date, while other services have lost competitive tenders for certain hospitals with a consequential significant impact on revenue. Examples have been the loss of a contract with the Bendigo Base Hospital by the North Western Service and of approximately $200 000 from contracts not retained by the South Eastern Service over the last 18 months.

4.76 A further influencing factor on the level of non-emergency services has been the loss of work arising from particular contracts entered into between the Metropolitan Ambulance Service and certain hospitals. Under these contracts, the Metropolitan Ambulance Service is now responsible for transporting cases involving these hospitals. Rural services have previously been involved in business arrangements with these hospitals for the transport of patients from Melbourne, synchronising with forward journeys of other patients to Melbourne.

4.77 The ability of services to compete in tendering arrangements has been largely dependent on the variations of costs of services, a matter referred to in more detail in Part 5 of this Report.

4.78 While the effect of competition to date has varied between rural services, the introduction by the Government of the principles of competitive neutrality from 1 July 1997 is likely to further impact on the ability of rural services to maintain non-emergency cases by removing any advantages currently enjoyed by the services as a government enterprise. The full implication to the rural services of widespread operation of this principle is yet to be assessed.

4.79 It is very clear that each of the rural ambulance services needs to assess the potential impact of the loss of non-emergency cases on both the financing of their operations and the delivery of emergency services. The Department should consider this important development when deciding on future funding levels to be provided to rural services.

4.80 While the various rural services are currently undertaking work in developing pricing models to address competition and the impact of competitive neutrality principles, it would be desirable for a consistent approach to be taken in response to these issues across all rural services. It is understood that to facilitate this approach, a number of workshops related to the principles of competitive neutrality have been held for ambulance service personnel.

4.81 Finally, the emerging developments in this area serve to reinforce the importance of satisfactory resolution of the matters raised in Part 5 of this Report dealing with the current industrial environment within rural services.

Absence of Statewide standards for non-emergency services

4.82 The quality of patient care in the provision of non-emergency services by rural ambulance services is largely guided by their longstanding use of qualified ambulance officers and fully-equipped ambulance vehicles.

4.83 Since the 1993 deregulation of pricing for non-emergency services, private sector operators have participated in the delivery of such services. As such, decisions by hospitals or doctors in selecting the non-emergency service provider for individual cases or blocks of cases are likely to be increasingly influenced by such factors as the element of choice and associated cost considerations.

4.84 Also, as mentioned in an earlier paragraph, variations in the number and proportion of non-emergency cases between rural services are likely to be partly attributable to inconsistency in the criteria used by medical officers in each region when deciding on whether a patient requires ambulance transport

4.85 To date, no Statewide standards have been formulated to govern the quality of non-emergency services provided by either the ambulance services or, more particularly, private sector service providers. Without such standards, there can be no guarantee that all non-emergency services are rendered according to an accepted level of quality.

4.86 The Department should act to ensure that appropriate Statewide standards are introduced for the provision of non-emergency services by both ambulance services and private sector providers through:

- specifying the clinical criteria which must be applied in determining what constitutes a non-emergency case;
- establishing minimum requirements for qualifications, skills and continuous training of staff, and other factors such as vehicle and equipment standards that may affect the quality of patient care; and
- implementing an appropriate regulatory framework for the monitoring of compliance with established standards.

4.87 In implementing these standards, the Department will need to consider any recommendations arising from the current Ministerial Review Taskforce review of non-emergency ambulance services.

Part 5

Increasing financial pressure on rural services

OVERVIEW

5.1 Rural ambulance services are currently facing a wide range of financial pressures relating mainly to rising operational costs and fixed or declining levels of revenue. To date, the 5 major services have achieved varied success in addressing these financial pressures. However, with the exception of the South Western Service, all rural services are likely to incur financial problems in the foreseeable future in the absence of specific remedial action.

5.2 Of particular concern was the ongoing deterioration of the financial position of the South Eastern Service. The Service incurred an overall deficit of $1.4 million in 1996-97 which, in the absence of urgent action to address current problems, is likely to increase to around $2.8 million in 1997-98. As a result of its current financial position, the Service is facing major liquidity problems and is progressively receiving approved government funding in advance to meet current financial commitments.

5.3 Despite action by the current management to improve the Service's financial position, it is highly likely that the Department of Human Services will need to provide supplementary financial assistance to the Service, at least in the short-term, to enable the Service to progressively overcome its current financial problems. In this respect, the Department advised audit that it has recently provided the Service with additional short-term funding and that a decision on the extent of increased funding for 1997-98 as a whole will be made following consideration of a financial plan recently submitted to it by the Service.

5.4 A number of issues exist in relation to the level of government funding provided to rural services including:

- the allocation of funding on a largely historical basis with little direct relationship between funding and changes in the nature and level of services rendered to the community;
- the level of reimbursement provided for the large and increasing proportion of cases related to those patients eligible, under government policy, for services at no charge;
- adverse trends in subscription numbers and revenue; and
- the adequacy of funding associated with the replacement of ambulance vehicles.

5.5 Given these factors, the Department needs to undertake a detailed review of the funding basis for rural services to ascertain the feasibility of implementing more appropriate funding mechanisms including introduction of an output-based funding approach.

❑ ***RESPONSE*** *provided by Chief Executive Officer, South Western Ambulance Service*

South Western Region is not likely to incur financial problems in the foreseeable future.

5.6 Effective management of the escalating cost of salaries and related costs represents a major challenge to rural services. Contributing factors to increased personnel costs have included:

- the financial impact of implementation of terms and conditions of a 1995 enterprise agreement with employees across rural services; and
- the high cost of overtime and allowances which, to varying degrees across rural services, is partly attributable to inefficient and inappropriate employee conditions and practices.

5.7 A new enterprise agreement is currently under negotiation for ambulance service employees. A key aim of rural services in this negotiation process should be to effectively address the current costly practices and conditions adversely impacting on achievement of efficiency improvements.

5.8 Finally, because of the critical importance of the condition of ambulance vehicles for effective service delivery and ultimately the community's safety, service management need to continue action aimed at improving the management of ambulance vehicle fleets.

FINANCIAL PERFORMANCE OF RURAL SERVICES

5.9 Rural ambulance services are currently facing a wide range of financial pressures relating mainly to rising operational costs and fixed or declining levels of revenue from sources other than government funding. These pressures are having a significant impact on the ability of the services to maintain or improve the quality of service delivery to their respective communities and to ensure their future financial viability. The emerging financial factors requiring attention by the rural services include:

- limited availability of additional government funding;
- declining revenue from ambulance subscriptions and patient transport fees, the 2 key non-government revenue sources, due to competition from the private sector and a proportional increase in the number of cases involving pensioners and other eligible recipients of free ambulance services;
- escalating expenditure levels, particularly related to the implementation of enterprise agreement conditions and high overtime costs;
- rising costs associated with management of the ambulance vehicle fleet including the increased purchase price of vehicles; and
- continuing outlays associated with upgrading of management information, communications and other systems.

5.10 To date, the 5 major services have had varied success in addressing these financial pressures.

5.11 Table 5A summarises the financial position of each rural ambulance service as at 30 June 1997.

TABLE 5A
FINANCIAL POSITION OF RURAL AMBULANCE SERVICES, AT 30 JUNE 1997
($'000)

Item	*North Eastern*	*North Western*	*South Eastern*	*South Western*	*Western*
Operating revenue	7 179	7 811	6 193	7 182	4 100
Operating expenditure	13 579	15 679	14 709	11 643	8 124
Deficit before government funding	6 400	7 868	8 516	4 461	4 024
Government grants *(a)*	4 926	7 483	7 157	4 587	3 800
Surplus/(deficit) *(b)*	(1 474)	(385)	(1 359)	126	(224)

(a) Government funding includes grants to ambulance services and indirect contributions to meet expenses by the Department of Human Services.

(b) For analysis purposes, the surplus or deficit for 1996-97 excludes the effects of abnormal items relating to a change in accounting treatment for the recognition of revenue from subscriptions to the ambulance services.

5.12 While, as indicated in Table 5A, the North Eastern and South Eastern services are currently experiencing major financial difficulties, it was evident to audit that, with the exception of the South Western Service, all rural services are likely to incur financial problems in the foreseeable future in the absence of specific remedial action.

5.13 It is vital therefore that the Department and the management of each service proactively explore avenues aimed at reversing the current deterioration in the overall financial performance of the majority of rural ambulance services.

❑ ***RESPONSE*** *provided by Chief Executive Officer, South Western Ambulance Service*

South Western Region has continually managed proactively and there is not deterioration in its financial position in 1996-97 after abnormalities and outstanding government funding is taken into consideration.

Serious financial position of South Eastern Ambulance Service

5.14 The overall deficit of $1.4 million ($2.6 million after abnormal items) incurred by the South Eastern Ambulance Service in 1996-97 represented a deterioration of $940 000 from the deficit position for the previous year. In the absence of urgent action to address its current problems, the Service estimates that it is likely to be faced with a deficit of around $2.8 million in 1997-98.

5.15 This adverse situation confronting the South Eastern Ambulance Service has arisen not only because of the financial pressures common to all rural ambulance services, as outlined above, but also as a result of several financial management factors specific to the Service including:

- lack of effective strategic and financial planning;
- a failure of the Service to take sufficient remedial action when adverse financial trends were first identified;
- the impact of inequities in government funding allocations between rural services (commented on in subsequent paragraphs);
- higher employee-related costs relative to other rural ambulance services due to:
    - poor industrial relations and practices placing the region in perhaps the worst industrial position of all rural services;
    - additional costs incurred in implementing the 1995 enterprise agreement which has seen an increase in employment costs of an estimated 24 per cent without corresponding increases in productivity; and
    - high levels of overtime reflecting a combination of poor industrial practices, such as industrial restrictions on the use of casual staff in certain regional branches, and generally inefficient management of resources;
- the impact of union bans on revenue generation, particularly a loss of $600 000 from bans in place in late 1995 (of which $320 000 was subsequently reimbursed by the Department);
- expenditure on the operation of the region's helicopter ambulance service exceeding funding by approximately 50 per cent; and
- a past use of capital funding of approximately $300 000 for operational purposes, a practice which will place additional pressures on future asset replacement programs.

5.16 As a result of its current financial position, the Service is not surprisingly facing major liquidity problems and is progressively receiving approved government funding in advance to meet current financial commitments. The Service estimates that, given current expenditure patterns, its entire government funding for the 1997-98 financial year will be fully expended by January 1998.

5.17 A new Chief Executive Officer for the Service was appointed in early 1997. In discussions with the Chief Executive Officer, audit was advised that the Service is presently investigating the following strategies aimed at improving its financial position:

- addressing resource management issues such as the extent of resources assigned to ambulance stations throughout the region;
- identifying avenues for achieving greater productivity;
- finalisation of a business plan addressing all activities of the region; and
- improvements to contractual arrangements to achieve greater value for money.

5.18 While these initiatives represent a positive management approach, the extent of the financial problems, which includes staffing issues, makes it unlikely that required cost savings can be achieved in the short-term. In fact, the new Chief Executive Officer has estimated that satisfactory resolution of the issues may take up to 3 years. The Department has also recognised that the financial difficulties were unlikely to be able to be overcome in the short-term.

5.19 The Department has advised audit that it has provided the Service with additional short-term funding and that a decision on the extent of increased funding for 1997-98 as a whole will be made following consideration of a financial plan recently submitted to it by the Service. Decisions on longer-term funding would be dependent on the overall effectiveness of management strategies currently under investigation.

FUNDING THE COST OF RURAL AMBULANCE SERVICES

5.20 The combined revenue of the rural ambulance services, amounting to approximately $59 million in 1996-97, was generated from 3 major sources:

- government funding ($28 million, 46 per cent of total revenue);
- income from the ambulance service subscriptions ($13.6 million, 23 per cent); and
- patient transport fees ($12.3 million, 20 per cent).

5.21 Salary and related costs were by far the major expenditure item of rural ambulance services accounting for $40 million, or 63 per cent of total expenditure in 1996-97.

5.22 Table 5B outlines the components of revenue and expenditure for each of the rural ambulance services for 1996-97.

TABLE 5B
FUNDING AND EXPENDITURE OF RURAL AMBULANCE SERVICES, 1996-97

Item	*North Eastern*		*North Western*		*South Eastern*		*South Western*		*Western*		*Total*	
	$'000	*%*	*$'000*	*%*	*$'000*	*%*	*$'000*	*%*	*$'000*	*%*	*$'000*	*%*
Revenue -												
Government funding	4 926	41	7 483	49	7 157	54	4 587	39	3 800	48	27 953	46
Subscription revenue	2 810	23	3 035	20	2 480	18	3 381	29	1 858	24	13 564	23
Patient transport fees	3 116	26	2 975	19	2 543	19	2 417	20	1 293	16	12 344	20
Other revenue	1 253	10	1 801	12	1 170	9	1 384	12	949	12	6 557	11
Total revenue	**12 105**	**100**	**15 294**	**100**	**13 350**	**100**	**11 769**	**100**	**7 900**	**100**	**60 418**	**100**
Expenditure -												
Salary and related costs												
Salaries & allowances	7 398	55	8 485	54	7 604	52	7 046	61	4 630	57	35 163	55
Superannuation and WorkCover	1 004	7	1 443	9	864	6	873	7	679	8	4 863	8
Sub-total	8 402	62	9 928	63	8 468	58	7 919	68	5 309	65	40 026	63
Other expenditure	5 177	38	5 751	37	6 241	42	3 724	32	2 815	35	23 708	37
Total expenditure	**13 579**	**100**	**15 679**	**100**	**14 709**	**100**	**11 643**	**100**	**8 124**	**100**	**63 734**	**100**

Government funding

Potential inequities arising from the basis of calculating government funding

5.23 Just on 10 years ago, in 1987-88, 15 regional ambulance services were merged to create the existing rural services. The then newly created entities were assigned a funding base equivalent to the aggregation of the existing base of individual merged services.

5.24 Since that time, basic funding each year to individual rural services has continued largely in accordance with the 1987-88 base. Over the years, this basic funding has been varied in an incremental manner to reflect central government decisions (e.g. subsidising ambulance services based on a fixed number of pensioners and other health care card holders as well as productivity savings required by government in 1993), however, few specific adjustments have been made to take account of service delivery issues affecting individual rural services. In this regard, changing conditions likely to have impacted significantly on rural services during the ensuing years would have been:

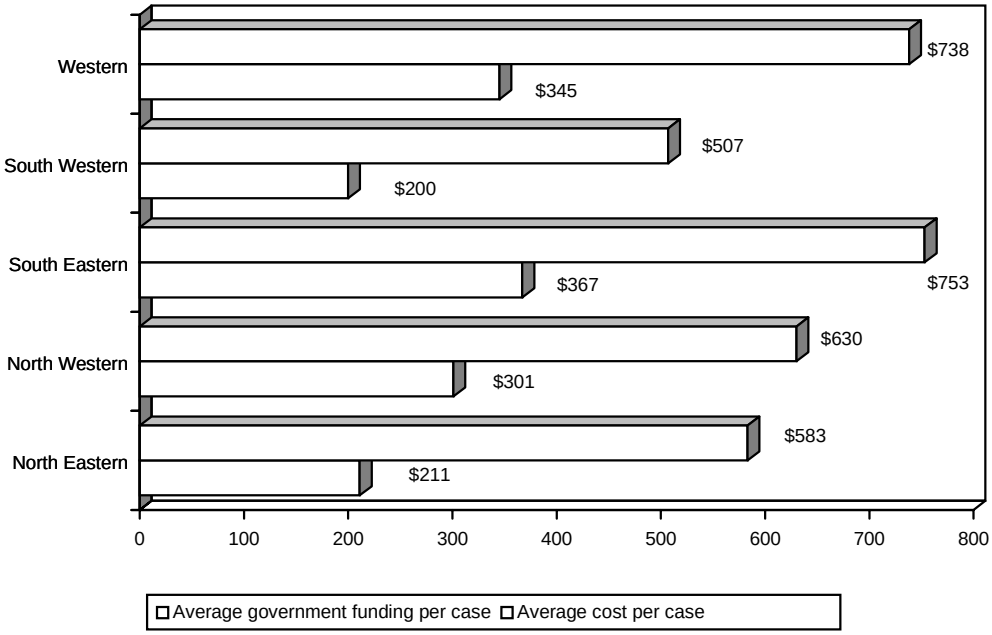
- the increasing demands for free services from eligible parties due to an ageing population and higher levels of unemployment;
- the establishment or expansion of major tourist locations; and
- cost pressures associated with the acquisition and maintenance of a modern and properly equipped ambulance vehicle fleet.

5.25 As a consequence of this static approach over the years, there has been little direct relationship between funding allocations to rural services and changes in local operational environments such as the nature and level of services rendered to the community by the services.

5.26 In addition, because salaries and related costs constitute the major portion of operational expenses incurred by the rural services, provision of ongoing funding on a largely historical basis without recognition of other factors has not been conducive to ensuring that maximum efficiency in the management of resources would be achieved by the services.

5.27 The retention of historical funding methods has contributed to unexplained variations in the level of government funding provided to individual rural services. and the average cost incurred by rural services for each case. Table 5C illustrates these variations with a comparison across rural services of the average government funding received and the average cost per case undertaken by the services during 1996-97.

TABLE 5C
GOVERNMENT FUNDING AND COST PER CASE, 1996-97



5.28 The comparison of funding and average cost per case may be partially affected by differences in methods adopted by the services for preparation of statistical case data. In addition, variations in the average cost per case between services would be likely to be influenced by geographical factors outside of the control of management such as the impact on costs of service delivery in large provincial cities compared with the provision of services in less populated areas of the State.

5.29 Nevertheless, the extent of variations between the average funding and cost per case indicates that the current basis for funding of rural ambulance services should be subject to detailed review by the Department. The purpose of such a review should be to ascertain the feasibility of implementing more equitable and appropriate funding mechanisms, including introduction of an output-based funding approach.

Government subsidy for non-chargeable ambulance patients

5.30 As mentioned in an earlier paragraph, ambulance services are provided free of charge to pensioners and other eligible persons. In 1996-97, the number of patients eligible to receive free transport from the services amounted to approximately 63 000, or 62 per cent of total cases handled by the rural ambulance services.

5.31 The basis for funding provided by the government for these non-chargeable cases is currently not specifically related to the cost or number of these cases incurred by rural ambulance services. Instead, funding is based on an arrangement negotiated between the services and the Department whereby additional funding is provided to meet any shortfalls in estimated patient transport fees.

5.32 Given the large proportion of cases related to patients eligible for services at no charge, the review of government funding for rural ambulance services, as recommended above, should incorporate consideration of the current methods of providing funding for non-chargeable cases. In audit opinion, the most appropriate funding mechanism would be reimbursement by the government for non-chargeable cases specifically related to the volume and cost of these services provided by the services.

❑ ***RESPONSE*** *provided by Chief Executive Officer, South Western Ambulance Service*

Additional funding for increasing demands for free services is provided for in Health Services Agreements with Department of Human Services.

There is no current or likely significant cost pressures on South Western Region for the replacement or maintenance of ambulance vehicles.

Other factors have been recognised for ongoing funding such as shortfalls in budgeted transport fees due to an increase in free services provided and shortfalls in budgeted subscription scheme revenue due to impacts of increased "pensioner" population.

Subscriptions

Declining subscription numbers and revenue

5.33 Subscriptions received under the ambulance subscription scheme, which operates across all of the State's ambulance services, constitutes an important source of revenue to the rural services. Subscription rates are set by the Department. In 1996-97, aggregate subscription revenue received by the rural services was $13.6 million, or 23 per cent of total revenue.

5.34 The Metropolitan Ambulance Service has experienced a significant decline in subscription numbers and related revenue for some years now due mainly to:

- the introduction by the Government in 1990 of free emergency ambulance travel for pensioners and health care card holders; and
- increased competition from private health insurance funds which often charge rates less than the subscription rates set by the Department for ambulance subscribers.

5.35 For similar reasons, rural ambulance services have also experienced adverse trends in subscription numbers and revenue. Although subscription fees have increased by approximately 45 per cent over the period 1990-91 to 1996-97, the combined revenue of the services from this source has fallen over this period.

5.36 While the negative revenue trend varies to some extent between individual services, the impact on all services is likely to progressively increase in future due to an ageing population in rural areas and as private health insurance funds adopt a more aggressive competitive approach in this area. Any further decline in subscription revenue experienced by the rural services will require offsetting adjustments either through additional government funding or an increase in the level of fees charged to non-subscribing users of ambulance transport. The alternative, if services were unable to absorb the revenue decline through efficiency gains, would be a deterioration in service standards.

5.37 There is currently insufficient incentive for rural services to maximise their subscription revenue as, under the current funding methods, any increases in revenue are likely to be offset by commensurate reductions in annual government funding. Despite this lack of incentive, and to their credit, each of the rural services have taken positive action aimed at reversing the trend in subscription numbers and revenue through consideration of marketing strategies appropriate to their regional areas.

5.38 The adverse position across the State concerning ambulance subscription revenue will need to be considered as part of any review by the Department of the funding of ambulance services. In particular, in order to create an incentive for services to achieve higher levels of subscription revenue, annual agreements could be negotiated between the Department and the rural services under which additional revenue raised beyond agreed levels could be retained for use by the services and without a corresponding adjustment to the level of government funding.

❑ ***RESPONSE*** *provided by Chief Executive Officer, South Western Ambulance Service*

Subscription shortfalls due to pensioner influences are made good by the Department of Human Services in the form of additional grants which compensates the losses.

Administration of the subscriptions scheme

5.39 The administration of the subscriptions scheme for all ambulance services was outsourced in 1993 through contractual arrangements entered into by the Metropolitan Ambulance Service with Emergency Services Pty Ltd. A number of significant weaknesses in this outsourcing arrangement were referred to in the Auditor-General's April 1997 Special Report No. 49 - *Metropolitan Ambulance Service: Contractual and outsourcing practices.*

5.40 The total cost of administering the subscription scheme was $3.7 million in 1996-97 comprising payments to the contractor of $2.3 million and marketing and other costs of the Metropolitan Ambulance Service of $1.4 million. These payments are met directly by that Service from government funding but are proportionately allocated to rural services for financial reporting purposes.

5.41 Audit was advised during discussions with the various rural services that, notwithstanding their involvement with the scheme, all of the initial negotiations with the appointed contractor in 1993 were handled by the Metropolitan Ambulance Service.

5.42 The initial contract for administration of the subscriptions scheme expires in late 1997 and, at the date of the audit examination, the Metropolitan Ambulance Service was considering a range of options for the future administration of the scheme, including extension of the contract until a new tendering process is instigated.

5.43 While management within the rural ambulance services agreed that the performance of the contractor had progressively improved over the period of the contract, and particularly in recent months, it was considered that, from a rural viewpoint, a number of concerns remained with the administration of the scheme including:

- problems arising from insufficient on-line terminals to access the subscriptions system for inquiries and follow-up of outstanding subscriptions, specifically where a service operates more than one administrative centre (e.g. the North Western Ambulance Service operates branches at Mildura and Echuca);
- despite the outsourcing of the arrangement, rural services continue to undertake substantial administrative work such as the collection of cash subscriptions, local inquiries and follow-up of outstanding subscriptions; and
- difficulties experienced in ensuring that all income due to a service is received.

5.44 From the views expressed by the rural services, it is evident that the Metropolitan Ambulance Service needs to consider the specific requirements of rural regions in any contractual renegotiation concerning the subscription scheme. The inclusion of a rural service representative on any team established to review contractual arrangements may be the most appropriate method of achieving this aim. Audit was advised that, in this regard, the Metropolitan Service has recently formed a steering committee, which includes representation of rural services, to address future contractual arrangements for the subscription scheme.

Patient transport fees

5.45 Fees are charged to all patients transported by ambulance services who are not:

- members of the ambulance service subscription scheme; or
- entitled to free ambulance transport under the Government's policy for pensioners and other health care card holders.

5.46 The number of chargeable cases handled by the rural ambulance services has decreased as a result of increases in the number of patients eligible to be transported free of charge and from the emerging impact of competition by the private sector following deregulation by the Government of transport fees for non-emergency services in 1993.

5.47 Table 5D classifies, according to revenue status, all cases handled by the rural ambulance services during 1996-97.

TABLE 5D
REVENUE STATUS OF CASES HANDLED BY RURAL AMBULANCE SERVICES, 1996-97

Ambulance service	*Chargeable cases*		*Non-chargeable cases*		*Subscribers*		*Total*
	(No.)	*(%)*	*(No.)*	*(%)*	*(No.)*	*(%)*	*(No.)*
North Eastern	7 962	34.2	12 269	52.7	3 049	13.1	23 280
North Western	4 848	19.5	17 095	68.7	2 940	11.8	24 883
South Eastern	5 675	29.1	10 940	56.0	2 905	14.9	19 520
South Western	4 749	20.7	15 088	65.7	3 124	13.6	22 961
Western	2 125	19.3	7 435	67.6	1 446	13.1	11 006
Total	**25 359**	**25.0**	**62827**	**61.8**	**13 464**	**13.2**	**101 650**

5.48 As indicated in the table, transport fees were chargeable for only 25 per cent of cases handled by rural ambulance services in 1996-97. It is likely that this proportion will be become even lower in future years given demographic factors such as the ageing of the State's population, particularly in rural areas.

5.49 Given the diminishing numbers of chargeable patients and subscribers, it would seem highly appropriate for the Department to assess the soundness of current procedures relating to the funding of rural ambulance services and evaluate the feasibility of alternative funding approaches.

Management of employee-related costs

5.50 As highlighted earlier in Table 5B, the combined salaries and related expenditure, including overtime, allowances and superannuation, for rural ambulance services amounted to $40 million in 1996-97, and represented 63 per cent of aggregate costs for that year.

5.51 Given the significance of salaries and associated costs to total expenditure, it is clear that effective management of these costs would be an important prerequisite for maximising the cost-efficiency of ambulance service operations. Achievement of this outcome by the rural ambulance services would be influenced by the extent to which management within the various services had formulated and implemented strategies which ensured that the following factors were adequately addressed:

- achieving successful negotiation of employee agreements that promote cost-efficiency while providing appropriate staff rewards and conditions;
- utilising work practices which do not adversely impact on the effective operation of the services; and
- having available appropriate expertise in human resource and industrial relations management.

Negotiation of employment agreements and related impact on work practices

5.52 Salaries, allowances and conditions of employment for officers of the State's ambulance services are prescribed in the Ambulance Services Award and individual, but identical, enterprise agreements finalised in December 1995 between each of the ambulance services and the Australian Liquor, Hospitality and Miscellaneous Workers Union. Since their implementation, the enterprise agreements have been the major influence on employment conditions within ambulance services.

5.53 Key features of the enterprise agreements were:

- their stated aim "*... to enable the parties to develop and implement strategies that are designed to recognise and achieve productivity improvements at the workplace and enhance job satisfaction, security and remuneration*";
- provision for increases to pay and allowance rates of 5 per cent in December 1995, 3 per cent in February 1996 and 2 per cent in July 1996;
- a condition that increased pay rates be partially offset through productivity and efficiency savings of 3 per cent;
- establishment of a representative group involving the Department, the Metropolitan Ambulance Service, the Victorian Ambulance Services Association, representing rural ambulance services, and the union to address best practice and productivity issues, develop productivity measures and monitor their implementation across the State;
- commitment by rural services to the elimination of certain allowances offset by an increase in normal pay rates; and
- an agreement that on-call, re-call, stand-by and rest break provisions would be consistently and uniformly applied throughout the State to "*... bring about the following efficiencies:*
    - *provision for employees to work more on-call shifts;*
    - *increased staff availability for other work;*
    - *increased roster flexibility; and*
    - *a reduction in overtime costs*."

5.54 While each of the Chief Executive Officers of the rural services were a party to the enterprise agreement for their regional area, discussions by audit revealed that they all consider the implementation of the agreement has had serious implications for the efficient operation of their services. Major concerns of rural service management in regard to the agreements, as conveyed to audit, were:

- application of the terms of the agreements has significantly increased the operating costs of rural services;
- while the agreements included general principles regarding intended gains in productivity and efficiency, it included few prescriptive measures to ensure achievement of these improvements and, as a result, actual improvements have been limited;

- the agreements formally entrenched a range of inefficient work practices; and
- a feeling that provisions within the common agreements governing Statewide issues were geared largely towards resourcing and industrial issues relevant to the Metropolitan Ambulance Service, and did not take sufficient regard of local issues affecting each of the rural services.

5.55 While, as outlined above, the agreement has provided for progressive pay increases totalling 10 per cent, management advised that the actual cost of implementing these increases and other conditions of the award had been far higher. The actual financial impact of application of the agreement can be illustrated by the fact that salary and related expenditure for operational staff has increased significantly since 1995-96, ranging up to 24 per cent in the South Eastern Ambulance Service.

5.56 A further management concern expressed to audit regarding operational salary costs was the high level of expenditure related to penalty, allowance and overtime payments. Table 5E summarises these costs, incorporating a comparison with ordinary salary costs, incurred by each rural service during 1996-97.

TABLE 5E
COST OF PENALTIES, ALLOWANCES AND OVERTIME
IN RURAL AMBULANCE SERVICES, 1996-97

Service	*Ordinary salaries and wages*	*Penalties and allowances*	*Proportion of ordinary salaries*	*Overtime*	*Proportion of ordinary salaries*	*Total penalties, allowances and overtime*	*Proportion of ordinary salaries*
	($'000)	($'000)	(%)	($'000)	(%)	($'000)	(%)
North Eastern	4852	1331	27.4	893	18.4	2224	45.8
North Western	5436	1704	31.3	992	18.2	2696	49.6
South Eastern	4073	1053	25.9	1275	31.3	2328	57.2
South Western	5130	1306	25.5	611	11.9	1917	37.4
Western	3570	816	22.9	464	13.0	1280	35.9
Total	**23061**	**6210**	**26.9**	**4235**	**18.4**	**10445**	**45.3**

5.57 The level of penalties and allowances is likely to be reduced in the future following a recent arbitrated decision by the Australian Industrial Relations Commission to introduce a *"rolled in"* salary rate for rural services to average several of the previously existing allowance and penalty conditions across employee classifications. While this action is aimed at reducing the occurrence of penalties and allowances and simplifying the processing of payroll, rural service management advised audit that the decision is likely to have an overall negative impact on financial performance with total operating salary costs likely to increase by up to 5 per cent for each rural service.

5.58 In terms of overtime, audit was advised that rural ambulance services are theoretically funded for a basic overtime level of 6 per cent of normal salary costs. However, as indicated in the preceding table, actual costs for all of the rural services are around 2 to 3 times this rate. This position has occurred despite a specific intention within the 1995 enterprise agreements for improved efficiency through reductions in overtime levels by the introduction of more flexible working conditions.

5.59 While overtime costs are often legitimately incurred by employees re-called to perform additional shifts, service management advised that, in their opinion, a significant proportion of overtime arises due to inefficient and inappropriate employee conditions and practices. Specific issues of concern to management in this area included:

- generous overtime allowances within the enterprise agreements;
- claiming of up to quadruple time where the same employee is recalled more than once during the same shift;
- restrictions on the use of casual or part-time staff;
- stringent application by employees in most regions of the condition requiring an 8 hour break;
- inflexible rostering arrangements; and
- use of crews of 2 ambulance officers for certain non-emergency cases even where the nature of the case would require only one crew member.

5.60 The extent to which these practices are applied by employees vary between rural services and provide a major explanation for variations in the cost of overtime between services. The much higher levels of overtime incurred in the South Eastern service (31.3 per cent of ordinary salary payments, as per the earlier Table 5E) can be largely explained by the poor industrial relations climate in the region and the accompanying less efficient and flexible application of working conditions and practices.

5.61 The 1995 enterprise agreements expired in September 1997 and a new agreement is currently in the initial stages of negotiation.

5.62 Given their experiences to date, a key aim of the rural services in negotiating this new agreement should be, with the support of the Department, to work towards ensuring the current costly practices and conditions adversely impacting on achievement of efficiency improvements are effectively addressed within future employment arrangements.

Lack of specialised expertise in industrial relations and human resource management

5.63 Traditionally, the Department has played the major role in high-level industrial relations issues relating to the rural ambulance services. However, over recent years, in line with the general direction within the health portfolio, the Department has been progressively reducing its central role in this area and delegating greater responsibility to ambulance service management.

5.64 With these changing arrangements, the rural ambulance services have adopted a joint approach to high-level industrial relations issues through the assigning of certain responsibilities to the Victorian Ambulance Services Association. This Association represents the rural services in negotiations before the Australian Industrial Relations Commission, provides advice on emerging industrial relations issues and co-ordinates the operation of joint employee relations committees. While this advisory and co-ordination role of the Association is a key element of the industrial relations environment within these services, the ability of the Association to effectively manage industrial relations on behalf of the services is limited because:

- the activities of the Association are largely confined to dealing with high level industrial issues common across rural services and, due to resource constraints, it has restricted capacity to assist individual services with day to day issues; and
- any agreements reached by ambulance services within the forum provided by the Association are not enforceable with consistent implementation across rural services dependent on the interpretation and application by individual service management.

5.65 Given these factors and the volatile industrial environment within which ambulance services operate, audit considers it to be vital that the role performed by the Association is supplemented by strong industrial relations and human resource management expertise within each rural service. However, there is currently very limited specialised staff in these areas within any of the rural services.

5.66 Ongoing management of human resource and industrial issues are handled by Chief Executive Officers and other service management in addition to their specific administrative and operational management roles.

5.67 It is likely that the lack of specialised expertise in industrial relations management is a contributing factor to the poor industrial environments and inefficient work practices in certain of the rural services.

Fleet management

5.68 A total of 267 ambulance vehicles are currently owned and operated by rural ambulance services.

5.69 Traditionally, ambulance fleets in rural regions have mainly comprised fully-equipped, general purpose ambulance vehicles suitable for use in both emergency and non-emergency cases (the Services operate only a small number of mobile intensive care ambulance [MICA] vehicles). However, over recent years, a greater emphasis has been placed on attaining a more appropriate mix between emergency and non-emergency vehicles.

5.70 On average, the purchase price of a fully-equipped ambulance vehicle is around $130 000, and a non-emergency vehicle approximately $80 000.

5.71 Table 5F shows the composition of vehicle fleets of the rural ambulance services at 30 June 1997.

TABLE 5F
COMPOSITION OF VEHICLE FLEETS OF RURAL AMBULANCE SERVICES, AT 30 JUNE 1997

Service	*Emergency ambulance vehicles*	*Non-emergency ambulance vehicles*	*Total*
North Eastern	42	17	59
North Western	37	25	62
South Eastern	42	16	58
South Western	40	6	46
Western	28	14	42
Total	**189**	**78**	**267**

5.72 Unlike the Metropolitan Ambulance Service, management and maintenance of the vehicle fleets of rural services have not been outsourced. While potential for outsourcing has been considered, difficulties have arisen in identifying suitable service providers in rural areas due to the specific technical and maintenance requirements of ambulance vehicles and additional requirements such as the fit-out of vehicles, maintenance of associated equipment.

5.73 While the Department traditionally played a major role in ambulance fleet management through central purchasing arrangements, full responsibility for all aspects of fleet management has now been delegated to individual ambulance services. Annual funding for vehicle replacements and other fleet costs is provided by the Department to each rural service.

5.74 A Statewide vehicle design group, with representation of each of the ambulance services, is in operation in an effort to ensure consistency in the design and equipping of ambulance vehicles. However, responsibility for purchase and maintenance of vehicles remains the responsibility of each individual service.

A new emergency ambulance vehicle designed for use in rural areas.

5.75 Under industrial arrangements entered into by ambulance services, emergency ambulance vehicles are currently replaced after 8 years with refurbishment after 5 years.

5.76 A number of issues concerning fleet management are currently facing rural ambulance services such as:

- The level of forward planning for ambulance replacement has varied between rural services with a virtual lack of formal capital planning within the South Eastern Service in past years;
- Delays in finalisation of technical specifications by the vehicle design group and in the delivery of replacement vehicles by suppliers is having a major impact on the ability of certain services to maintain an up-to-date ambulance fleet in line with the current replacement polices agreed with employee organisations;
- The current ageing of vehicle fleets varies significantly between services as evidenced by, under current replacement policies, the North Western Service needing to replace 52 per cent of its current vehicles by June in the year 2000 as compared with 73 per cent of vehicles operated by the South Eastern Service during the same period;
- Problems with the funding of replacement vehicles will be compounded in the South Eastern Service due to its current financial difficulties, particularly given that capital funding of $300 000 has been used for operating purposes;

- The opinion of the majority of rural ambulance services that the ability of services to fund the replacement of vehicles is currently affected by the fact that actual costs exceed the level of government funding provided for ambulance replacement programs. For example, the North Western Service has estimated that for the year ended 30 June 1997, the combined annual funding shortfall for the vehicle replacement programs of rural services exceeded $1 million (the Department has advised audit that it is currently reviewing the basis for funding of ambulance vehicles);
- The failure to meet replacement requirements could result in the withdrawal of ambulances from service and an associated shortage in the level of vehicles necessary to meet demands for ambulance transport; and
- Effective planning and monitoring of the ambulance vehicle fleet at a Statewide level has been made more difficult by the lack of an appropriate fleet management system.

5.77 In recognition of the critical importance of the condition of ambulance vehicles for effective service delivery and ultimately the community's safety, each of the rural services is currently addressing issues concerning their ambulance vehicle fleets, particularly in relation to planning and monitoring the ageing and replacement of vehicles. As part of these current management actions, specific attention should also be given to:

- amendment to current vehicle replacement policies by ensuring that useful life is based on assessments of the condition of individual vehicles rather than a standard approach for all vehicles;.
- implementation of appropriate fleet management information systems across rural services; and.
- adoption of a Statewide approach to fleet management and replacement in a manner similar to that which currently exists for vehicle design.

5.78 Also, evaluation of the adequacy of the current level of funding provided to rural services for the replacement of ambulance vehicles should clearly form part of an overall review by the Department of ambulance services funding arrangements.

❑ ***RESPONSE*** *provided by Chief Executive Officer, South Western Ambulance Service*

The delay in finalisation of vehicle design specifications is not impacting on South Western Region. Apart from 2 trial Ambulance General Purpose (AGP) vehicles currently on order the region does not require further replacement of this class of vehicle until November 1998. Until then light ambulance vehicles will fulfil our requirements in accordance with the Region's strategic vehicle replacement plan developed in 1994.

The ability of South Western Region to fund replacement vehicles is not being affected by the level of government funding. There is not expected to be any shortage of vehicles in the foreseeable future.

Although a fleet management system would have some benefits, the absence of a system has not prevented the development of fleet replacement plans.

Part 6

Future directions for rural ambulance services

OVERVIEW

6.1 Discussions among rural ambulance service management have been in progress for some time on ways to improve service delivery generally and, in particular, the potential for rationalisation of the number of rural services.

6.2 While a diverse range of views was expressed to audit by management and staff concerning the future structure of rural ambulance services, the most commonly held view was clearly the creation of a single rural service.

6.3 In audit opinion, having regard to the various matters raised in this Report, creation of a single rural ambulance service for the State would represent a more effective means of delivering ambulance services to the rural community and provide opportunities to enhance efficiency in ambulance operations.

6.4 In determining the status of the Alexandra and District Service in any rationalisation process, the Department will need to consider the importance of maintaining the extensive community involvement in this Service.

6.5 The current and future role of the Department in respect of rural services also requires consideration. Based on issues identified during the audit, it would seem beneficial for the Department to concentrate its activities in those areas that would be most beneficial to the effective and efficient delivery of ambulance services, particularly related to the development of high level policy, standards and performance benchmarks related to key areas of operations.

6.6 Finally, the Department, in conjunction with rural services, should continue its actions to improve the quality of performance measurement and reporting to ensure that accurate, consistent and meaningful information is available to the Parliament and community on the operations of ambulance services.

POTENTIAL FOR RATIONALISATION OF SERVICES

6.7 The last major restructure of rural ambulance services in Victoria occurred in 1987 and resulted in a reduction in the number of services from 15 to 6.

6.8 Earlier Parts of this Report have commented upon the significant operational and financial challenges currently facing the rural ambulance services. Given these challenges, increasing attention has been directed by management of the services in recent times to the ongoing appropriateness of the existing structure for delivery of ambulance services in rural areas.

6.9 A diverse range of views, some of which are set out below, was expressed to audit by management and staff of the services concerning the future structure of rural ambulance services:

- retention of the existing framework of separate rural services for distinct geographic areas;
- amalgamation of 2 or more current rural services with the remaining services retaining their separate identities;

- establishment of a single rural ambulance service;
- creation of one Statewide ambulance service amalgamating the Metropolitan Ambulance Service and the current rural services;
- provision of additional decision-making powers to a central body, such as the Victorian Ambulance Services Association, to ensure that decisions are binding throughout rural services; and
- greater co-ordination and possible rationalisation of rural ambulance services with other emergency service agencies within rural regions.

6.10 It was clear from the discussions with audit that the most commonly held view among ambulance service management and staff was the creation of a single rural service. Potential advantages seen from adopting this option included:

- promoting consistency in decision-making between regions;
- facilitating the equitable distribution of resources across rural areas;
- assisting in developing and implementing uniform quality standards;
- eliminating duplication of effort in operational and administrative areas;
- enabling employment of specialised staff in key management areas such as human resources, industrial relations, information technology in which individual rural services are currently lacking expertise;
- providing opportunities for achieving benefits related to economy of scale, e.g. in communications systems and facilities;
- facilitating improvements in the quality of service; and
- placing rural services on a more competitive basis with the Metropolitan Ambulance Service.

6.11 Understandably, some reservations on this direction were expressed in those regions where fewer financial and operational problems are currently experienced. These reservations centred around the following points:

- minimal cost savings likely to be achieved from creation of a single rural service;
- the potentially high establishment and redundancy costs that would be incurred in the process;
- the possibility that certain efficiencies that exist in smaller services would be lost;
- reduction in the current competitive influences existing between rural services;
- the risk that current financial and industrial problems in certain regions may spread across the whole rural sector;
- the potential impact on community involvement, particularly that of volunteers and auxiliaries; and
- difficulties that would occur in managing a service covering such a wide geographical area.

6.12 It was also clear from the discussions that there was quite widespread opposition at management level to the amalgamation of rural services with the Metropolitan Ambulance Service.

6.13 Discussions among rural ambulance service management have been in progress for some time on ways to improve service delivery generally and, in particular, the potential for rationalisation of the number of rural services.

6.14 To assist in identifying the potential for rationalisation, the rural ambulance services, under the banner of the Victorian Ambulance Services Association, commissioned a consultancy to examine a wide range of environmental, planning and operational issues and to consider potential models for future service delivery. The consultants did not examine as an option the feasibility of amalgamating rural services with the Metropolitan Ambulance Service.

6.15 In a report presented to the Association in March 1997, the consultants recommended the establishment of a single rural ambulance service as offering *"... the best prospect of laying down the preconditions to developing a service that will be better able to address the strategic management issues of the services"*.

6.16 Notwithstanding that the recommended option was consistent with the majority of views conveyed to audit, rural services considered that, due to limitations in the scope of the consultancy, there was inadequate quantification of costs and benefits that may arise from the creation of one rural service.

6.17 To address this perceived shortcoming, an additional consultancy to quantify potential costs and benefits has now been commissioned which is expected to be finalised late in 1997.

6.18 Having regard to the various matters raised in this Report, audit considers that creation of a single rural ambulance service for the State would represent an effective means of delivering ambulance services to the rural community and provide opportunities to enhance efficiency in ambulance operations.

6.19 Should changes to the structure of rural services be ultimately approved by the Government, careful management at both departmental and individual service levels will need to occur to ensure the support of ambulance officers and local communities. Also, if structural changes are to occur, it would seem desirable that those issues currently adversely affecting certain services, such as financial viability concerns and poor industrial relations practices, be addressed prior to implementation of changes.

6.20 Finally, if the Government determines that the Metropolitan Ambulance Service and rural services are to remain separate, it will be important that clear and binding protocols are established to maximise co-operation between the 2 organisations and to ensure the application of consistent standards throughout the State.

Status of the Alexandra and District Ambulance Service in a revised rural structure

6.21 The Alexandra and District Ambulance Service has a range of distinctive characteristics which differentiate it from the other 5 rural ambulance services in that it is:

- the only service specifically referred to in the *Victorian Ambulance Services Act* 1986;
- relatively small in comparison with other rural services;
- operated almost entirely on a voluntary basis; and
- financed with virtually no government funding (in 1996-97, the Service received only $1 000 in government funding).

6.22 Under the control of the current Chief Executive Officer, the Alexandra and District Ambulance Service has increased the level of the organisation's interaction with other rural ambulance services and has displayed a commitment to more fully participate in common issues affecting rural areas.

6.23 The Chief Executive Officer advised audit that, even if a single rural service was established in the State, the Alexandra Service would wish to retain its independence to ensure that the emphasis on the voluntary delivery of services is maintained.

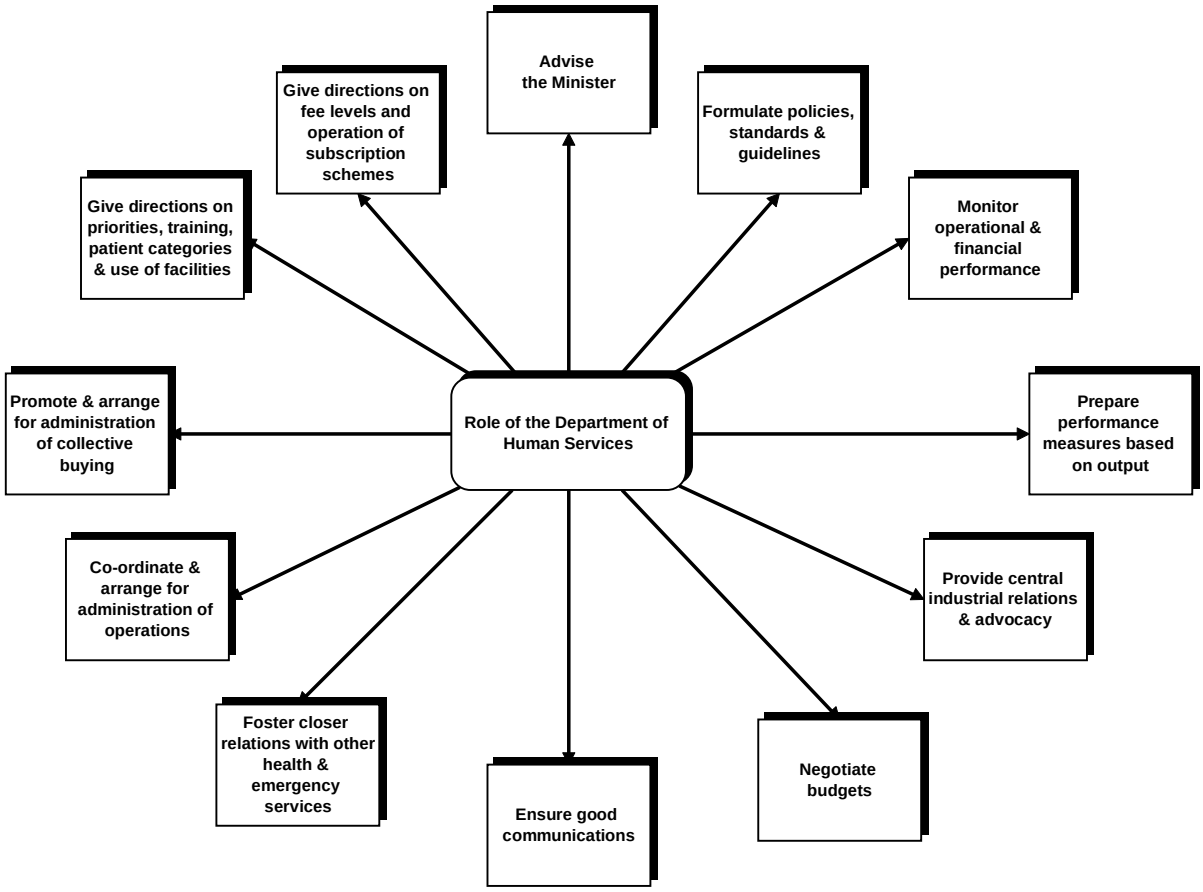
6.24 Audit recognises the importance of maintaining the extensive community involvement in the Alexandra Service, a factor which will clearly require consideration by the Department in determining the Service's status in any rationalisation of rural ambulance services.

6.25 It will also be important for the Service to demonstrate an ongoing capacity to achieve operational standards implemented and applied in other rural areas of the State as a fundamental aim of any rationalisation of rural services would be to ensure consistency of standards across the State.

FUTURE ROLE OF THE DEPARTMENT OF HUMAN SERVICES

6.26 The role of the Department of Human Services in relation to ambulance services is defined through the legislative functions and powers allocated to the Secretary of the Department including those outlined in Chart 6A.

CHART 6A
FUNCTIONS AND POWERS OF THE SECRETARY, DEPARTMENT OF HUMAN SERVICES AS RELATED TO AMBULANCE SERVICES



6.27 In performing these functions, the Secretary has allocated major responsibility to the Director of Ambulance Services, who, at the time of preparation of this Report, was supported by a branch within the Department's Corporate Strategy Division.

6.28 Over recent years, the Department has varied the way in which it exercises its functions and powers in that:

- Monitoring of the extensive financial and operational data provided by ambulance services has been limited in the past, a matter addressed in 1996-97 by the appointment of additional staff to the Directorate;
- The Department is reducing its traditionally strong role in industrial relations by progressively delegating greater responsibility in this area to ambulance service management;
- the Department no longer performs its previous responsibility for Statewide purchasing of ambulance vehicles. Similarly, the Department does not play a major role in collective buying arrangements for equipment, furnishing and supplies; and
- The co-ordination of communications systems for State emergency services has been largely assumed by Bureau of Emergency Services Telecommunications (BEST) within the Department of Justice.

6.29 During the audit, views on the role and activities undertaken by the Department were canvassed from management and staff of ambulance services. A range of common themes emerged including:

- the Directorate was generally of major assistance in helping to resolve specific problems and queries raised by ambulance services;
- the Directorate has played an extensive role in facilitating the quality accreditation process and in developing performance indicators;
- placement of the Directorate within the Department's Corporate Strategy Division has provided a greater focus on ambulance services than that previously experienced when ambulance services formed a comparatively minor part of the acute health division of the Department;
- the role of the Department was not clearly understood by some ambulance service staff particularly in relation to comparison with responsibilities of ambulance service committees of management;
- the wide-ranging role of the Department was considered unnecessary given the status of ambulance services as independent statutory authorities;
- current financial and statistical reporting requirements imposed on ambulance services are extensive and should be confined to reporting against high level performance benchmarks;
- annual service agreements negotiated with the Department are currently seen as insufficiently directed towards operational performance;
- in addition to current actions involving implementation of a more extensive range of performance indicators, the Department should place greater emphasis on the development of high level performance benchmarks in key areas such as quality of care and response times;
- the method of funding of ambulance services should be reassessed to ensure that it is based on achievement of established quality standards and output requirements; and
- a perception exists that there was a concentration on the Metropolitan Ambulance Service to the detriment of the rural services.

6.30 Given the changing nature of the role undertaken by the Department in respect of rural services, it may be appropriate for its functions and powers to be reassessed. Based on the issues identified during the course of the audit, it would seem beneficial for the Department to concentrate its activities in those areas that would be most beneficial to the effective and efficient delivery of ambulance services, namely:

- developing high level policy, standards and performance benchmarks related to key areas of operations;
- ensuring that high-level operational targets are emphasised in annual service agreements and form the basis for funding and monitoring of performance of ambulance services;
- assisting in the major resourcing issues facing ambulance services by facilitating development of standards for the staffing and location of ambulance stations; and
- continuing to facilitate interaction between the various ambulance services to ensure consistency of performance and, where practicable, sharing of resources.

6.31 Given the perceptions of the rural ambulance services, it is also clear that the Department needs to ensure that the nature of its role is clearly disseminated to all ambulance service staff.

Victorian Ambulance Board

6.32 The Victorian Ambulance Services Act provided for the establishment of the Victorian Ambulance Board with representation including the Metropolitan Ambulance Service, the rural ambulance services, relevant employee associations and the Department. The major function of the Board, as envisaged under the Act, was to provide advice to the Minister and the Secretary of the Department on matters affecting ambulance services.

6.33 Despite the legislative provisions, the Board has not, to date, performed the extensive advisory role outlined in the legislation and currently is, in fact, virtually non-operational.

6.34 Ambulance service management advised audit that the failure of the Board to fully operate could be attributed in part to the fact that its recommendations were not binding on either the Department or ambulance services.

6.35 In audit opinion, the extremely limited ambit of the Board's activity may have contributed to the past lack of attention given to the development of Statewide performance standards and inconsistencies in the current operations of rural ambulance services.

6.36 In conjunction with a review of the Department's role, as recommended in the preceding section, the need for a continuing role for the Victorian Ambulance Board should be considered.

NEED FOR IMPROVED PERFORMANCE MEASUREMENT WITHIN AMBULANCE SERVICES

6.37 The existence of appropriate performance information is of key importance to both the Department's oversight of ambulance services and strategic planning and monitoring of operations by ambulance service management. Prerequisites for effective performance information include a framework comprising performance measures, targets and reports appropriate for the information needs of each level of management and the existence of management information systems suitable for meaningful decision-making.

6.38 Annual service agreements between the Department and rural ambulance services require each service to submit a monthly return outlining their performance against agreed standards in a prescribed format. In addition, the committees of management for each ambulance service receive monthly reports from line management on the operational and financial performance of their service.

6.39 Over the last 12 months, the Department, in conjunction with the rural services, has placed particular emphasis on expansion of the performance measures to be used as a basis for its oversight of ambulance service operations. As a result of this process, a wide range of performance measures are to be progressively implemented covering all key operational and financial activities of the services. Examples of performance measures currently in place and those to be implemented under the new arrangements are provided in Table 6B.

TABLE 6B
EXAMPLES OF PERFORMANCE MEASURES FOR AMBULANCE SERVICES

• Response times - time-critical and non time-critical	• Ratio of overtime to total salaries and wages
• Number of compliments and complaints	• Administration costs as a proportion of total costs
• Number of patients transported	• Various cost categories as a proportion of total costs
• Multiple and single officer response	• Quick asset ratio
• Cases per population	• Debtors and creditors turnover
• Cases per ambulance officers	• Bad and doubtful debt write-offs
• Vehicle utilisation rate	• Market penetration of subscribers scheme

6.40 In addition, each of the rural ambulance services has been progressively taking action to improve the quality of information compiled for use by committees of management and senior service management.

6.41 Notwithstanding these actions, limitations exist in the performance measurement framework for rural ambulance services, namely:

- The use of out-of-date management information systems by rural ambulance services creates difficulties in accurately compiling certain performance information and the extent to which the recording and reporting capabilities of existing systems are utilised varied between services. In fact, until the management information systems are significantly updated to equate with modern management practices, many of the initiatives taken by the Department are not likely to have any major impact;
- Although the Department has attempted to promote consistency, variations remain between rural services in the interpretation of performance measures, the recording of related information and the form of monthly reporting, thereby restricting the usefulness of data for inter-service comparisons;
- Despite the extensive operational and financial data provided by ambulance services, monitoring by the Department has been limited in the past, a matter addressed in 1996-97 by the appointment of additional staff to its Directorate;

- Standard performance targets across the ambulance sector have not been developed to date with annual targets for individual ambulance services largely based on prior year results;
- The form of reporting to the Department often differs from the performance reporting to committees of management resulting in duplication of administrative effort in compiling monthly performance information; and
- Audit examination in the North Western and South Eastern Services revealed that reports to committees of management included certain information, such as detailed payment listings and bank reconciliations, not suitable to the high level monitoring required by the committees but more appropriate for day-to-day administration by operational management.

6.42 The Department has instigated action aimed at improving the quality of recording and reporting of information through the implementation by all rural services of an up-to-date and standardised financial management information system.

6.43 In any further development of the performance measurement framework, a logical flow of performance reporting should be implemented which adequately meets the needs of all management levels. The concentration by the Department and individual committees of management should be on key operational and financial data necessary for high level strategic oversight of the services.

6.44 In summary, the actions by the Department and ambulance services to improve the quality of performance measurement and reporting are commended. However, major improvements to the performance measurement and reporting framework are still required to ensure that accurate, consistent and meaningful information is available to the Department and all levels of management within the services.

STRATEGIC AND BUSINESS PLANNING WITHIN RURAL SERVICES

6.45 Discussions with senior management of the rural services revealed that far greater emphasis than in the past is now placed on the development of strategic and business planning as a means of guiding performance. Accordingly, each of the services has recently, or is currently in the process of, finalising business plans for their 1997-98 operations.

6.46 The various draft business plans examined by audit contained objectives and associated strategies aimed at improving efficiency and effectiveness and at addressing any issues currently limiting operational and financial performance. For most rural services, these plans would be further enhanced if each strategy outlined in plans were supported by specific actions, target completion dates and detailed costing implications. Inclusion of these details would also facilitate ongoing monitoring by management of the implementation of plans.

6.47 Audit was advised by the Department that it is progressively developing an overall strategic plan for the future operation of all ambulance services in the State. However, from discussions held during the audit, it is clear that rural service management have had little involvement in contributing to the development of this Statewide plan and currently have little knowledge of its likely final content.

6.48 The Department advised that rural service management have however been involved in the process of consideration of the structure of rural ambulance services and a number of other strategic issues noted in this Report such as strengthening of output-related performance measures, communication protocols and clinical services.

6.49 The development of business plans by each rural service in advance and isolation of the Department's plan for ambulance services may have implications for the consistency of individual plans with statewide objectives and is likely to restrict their usefulness in the longer-term.

6.50 The Department should convey any likely outcomes of its Statewide planning process to rural service management as a matter of urgency so that any implications to individual services can be addressed within their business plans.

❑ ***RESPONSE*** *provided by Chief Executive Officer, South Western Ambulance Service*

South Western Region does incorporate specific actions and completion dates in its business plans. Detailed costing implications are not considered appropriate to be included in business plans. Separate cost benefit analyses are undertaken as appropriate.

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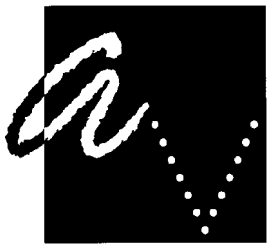

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