



**Government  
of South Australia**

TRS19D3177

Hon Stephen Mullighan MP  
Member for Lee  
Unit 1, 62 Semaphore Road  
SEMAPHORE SA 5019

**Treasurer**  
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State Administration Centre  
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Dear Mr Mullighan

**APPLICATION UNDER THE *FREEDOM OF INFORMATION ACT 1991***

I refer to your application made under the *Freedom of Information Act 1991* (FOI Act), dated 12 November 2019.

Your application seeks access to:

*"All minutes, briefings and correspondence titled 'Budget and Performance – SA Pathology Efficiency Program' as described on the Objective document management system, between 23 February 2019 and 12 November 2019."*

The legislative prescribed timeframe to determine this application has expired and is now deemed to have refused you access to all documents relevant to your application. I refer to my letter dated 19 November 2019 where I sought additional time to make my determination.

The purpose of this letter is to advise you of my determination. An extensive search was conducted within this office. A total of 1 document was identified as answering the terms of your application.

I grant you access in full to 1 document; a copy of which is enclosed.

Please note, in compliance with Premier and Cabinet Circular PC045 - *Disclosure Logs for Non-Personal Information Released through Freedom of Information* (PC045), the Department of Treasury and Finance is now required to publish a log of all non-personal information released under the *Freedom of Information Act 1991*.

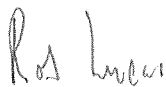
In accordance with this Circular, any non-personal information determined for release as part of this application, may be published on the DTF website. A copy of PC045 can be found at the following address: <https://dpc.sa.gov.au/resources-and-publications/premier-and-cabinet-circulars>. Please visit the website for further information.

As I am determining this application as Principal Officer, Section 29(6) of the Act does not provide for an internal review. If you are dissatisfied with my determination you are entitled to exercise your rights of external review with the Ombudsman.

Alternatively, you can apply to the South Australian Civil and Administrative Tribunal. If you wish to seek a review, Section 39(3) of the Act states you must do so within 30 calendar days of receiving the determination.

If you require any further information, please contact Vicky Cathro on 8226 9769.

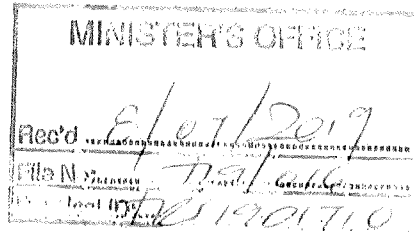
Yours sincerely

A handwritten signature in black ink that reads "Rob Lucas". The signature is written in a cursive style with a large initial 'R'.

**Hon Rob Lucas MLC**  
*Principal Officer*

14 March 2020

MINUTE



MINUTES forming ENCLOSURE

Doc No A1197440

To The Treasurer

SA PATHOLOGY EFFICIENCY PROGRAM

Timing: ROUTINE — For information

Recommendations/Issues: It is recommended that you:

- Note the following briefing regarding SA Pathology savings as requested by your office.

Noted

*Rob Lucas*

Hon Rob Lucas MLC  
Treasurer

13/7/19

Key Points:

- SA Pathology has confirmed a savings program totalling \$10 million in 2019-20, offset by implementation costs of \$2.7 million, delivering net savings in line with the budget target of \$7.3 million.

\$ millions	2018-19	2019-20	2020-21	2021-22
Total Savings - 2019-20 Budget	0.0	7.3	18.3	34.8

- TVSP packages for more than 100 SA Pathology FTEs have been supported in-principle and those taking the TVSPs will be required to separate before 31 October 2019 to maximise the financial benefits in 2019-20. Another 40 FTE roles are currently pending approval. SA Pathology has expressed confidence in achieving the \$7.3 million savings target this year.



## Background

- Following extensive consultation with staff and stakeholder groups, SA Pathology has finalised its detailed plan for the delivery of the first stage of efficiency improvements in 2019-20.
- Savings in 2019-20 will be made through:
  - Re-aligning hospital laboratories to better focus on the hospital's needs, and consolidating non-urgent testing where possible by better utilising the RAH's state of the art laboratory and automated track. This involves:
    - a more efficient logistic support service, focused around a metropolitan region and a hub-and-spoke model;
    - allowing further FTE reductions in the laboratories because of the more streamlined workflow.
    - Removing the 'bottleneck' within the laboratory.
    - Improving management of 'peaks and troughs'
  - Improving the efficiency and accuracy of the testing process by moving pre-testing data order entry work from laboratories to collection centres, ensuring information is entered once where the samples are actually collected (commencing quarter 2);
  - Optimising courier runs;
  - Optimising patient collection centre footprint to better align with demand, including:
    - Change opening hours (75 per cent of patients attend prior to 12:30pm) or skill mix to maximise efficiency;
    - Close inefficient and unprofitable collection centres; and
    - Ensure more targeted and strategic placement of collection centres
  - Other division level efficiencies identified by unit managers.
- Steps will also be taken over the next twelve months to improve the leadership structure and commercial focus of the organisation. Two senior executive positions are intended, one a clinical role and the other non-clinical. We understand that a suitable candidate has been identified for the non-clinical role (not yet publically announced).
- The implementation costs in 2019-20 are for a dedicated implementation team that will also develop detailed plans for future stages of the reform process for consideration at the 12 months review point.
- Information previously provided to your office on the SA Pathology Review has been included in Attachment A.



Tammie Pribanic  
EXECUTIVE DIRECTOR  
BUDGET AND PERFORMANCE

5/17/2019

Contact Officer:	Belinda Merrett
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Attachment A – Previous information provided to the Treasurer's Office – SA Pathology Review

- The 2018-19 Budget announced that efficiencies would be pursued in SA Pathology, with the intent of delivering services consistent with the efficiency of interstate peers. Estimated savings of \$25 million from 2019-20, increasing to \$45 million by 2021-22 were outlined. The budget outlined that should savings not be achieved by the business, then it remains an option to outsource the activity.
- PwC were engaged to undertake a fresh review of SA Pathology. PwC's review found that:
  - A proper benchmarking exercise was not possible due to inability to source commercial information of competitors and interstate peers.
  - SA Pathology is (based on PwC's review of its business) nonetheless unlikely to be competitive in a contestable environment, and that significant improvements are possible (albeit with varying degrees of risk) and should be pursued.
  - This will however require investment in the business and to support the change management process.
  - It would be possible to outsource the business, however likely only feasible if the business is outsourced as a whole, as opposed to a disparate LHN by LHN approach. An approach to market would need to be done with care, and would take some time, given the lack of sophistication of the business currently.
- The review outlined an estimated net savings profile as per below, which is lower in absolute terms than the 2018-19 Budget targets over the forward estimates, and implemented over a slower timeframe. The review does however articulate that further improvements to the below are possible in the future, based on the evolution of the pathology market generally, and once the organisation is set on the right commercial footing.

\$ millions	2018-19	2019-20	2020-21	2021-22
Total Savings – 2019-20 Budget	0.0	7.3	18.3	34.8
2018-19 Budget Target	0.0	25.0	35.0	45.0
<b>Shortfall</b>	<b>0.0</b>	<b>-17.7</b>	<b>-16.7</b>	<b>-10.2</b>

- The estimated saving included in the 2018-19 Budget were broadly informed by previous reviews undertaken on SA Pathology. The revised estimates included in the 2019-20 are informed by the more current PwC plan that was informed heavily by working directly with SA Pathology itself.
- The revised SA pathology savings profile has been incorporated into the overall Health portfolio saving targets over the forward estimates. Consistent with the announcement in the 2018-19 Budget, a formal review of progress will be undertaken in 12 months' time, and it remains open to the Government to procure services from alternative providers should SA Pathology not be able to implement the first stage targets of the plan successfully.

**Specific Plans for 2019-20**

- Following extensive consultation with staff and stakeholder groups following the release of the PwC report and Government response, SA Pathology has finalised its detailed plan for the delivery of the first stage of efficiency improvements over the next twelve months.

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