

Speaker; Dr Geoff Gallop; Kierath; Ms Sheila McHale; Mr Richard Court; Mr John Day; Mr Ian Osborne; Mr John Kobelke; Mr Jim McGinty; Dr Hilda Turnbull; Mr Bill Thomas; Mr Kierath; Mr Ernest Bridge; Mr Sweetman

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## STATE HEALTH SYSTEM

### *Matter of Public Interest*

**THE SPEAKER** (Mr Strickland): I received today within the prescribed time a letter from the Leader of the Opposition in the following terms -

Pursuant to Standing Order 145 I propose that the following matter of public interest be submitted to the House for discussion today -

That this House condemns the State Government for its mismanagement of the State's health system, in particular its bungling of the standing aside of a Michael Moodie as CEO of King Edward Memorial Hospital and Princess Margaret Hospital and its failure to properly investigate and resolve the matter of -

- (a) alleged irregularities, improprieties and illegalities in hospital trust funds; and
- (b) alleged impropriety and maladministration of Princess Margaret Hospital operating theatres.

The matter appears to be in order and will be allowed if sufficient members stand in support of this matter.

[At least five members rose in their places.]

**DR GALLOP** (Victoria Park - Leader of the Opposition) [2.55 pm]: I move the motion.

The health system in Western Australia today is in an appalling mess which is there for everyone to see. The bottom line is that our public hospitals simply cannot cope. They have been under-funded by this Government. They have serious shortages of professional staff. Morale is at rock bottom in our State's public hospital system. Of course, the system has been in this state of affairs for at least seven years, with a succession of Health ministers each bringing bewildering and chaotic changes to it. We no longer have a health system; we have a series of crises. The Court Government is no longer managing the health system but is destroying it; in fact, even when the Court Government takes steps to try to address a problem, it mucks it up and creates more problems than were there before it took those steps.

Let us take the case of the dismissal of Mr Michael Moodie as chief executive officer of King Edward Memorial Hospital for Women and Princess Margaret Hospital for Children. His dismissal has not addressed any of the underlying problems in our State's health system; they still exist. Mr Moodie has been made a scapegoat. I believe that more dissent in our public hospital system will be displayed in the next 24 hours. This Government took a step which has not solved the problems but indeed has created its own problems.

I will put it very simply, as simply as I can put it: The chief executive officer of the Metropolitan Health Services Board, Mr Andrew Weeks, was forced by this Government to act, and by so acting he acted contrary to the Public Sector Management Act of Western Australia. Mr Weeks acted illegally in dismissing Mr Moodie. I repeat: Mr Weeks acted illegally, and he did so on the instructions of the Premier of Western Australia. I have written to the Commissioner for Public Sector Standards, Mr Don Saunders, asking him to conduct a full and comprehensive investigation into this matter.

Who commissioned this offence? It was the Premier of Western Australia. Let us go through the facts. In *The West Australian* of 29 September it was reported on the front page to the people of Western Australia, "Premier forces hospital chief out". The article by Wendy Pryer and Tony Rees reports that the Premier intervened by riding in on his white horse and forcing Mr Moodie's removal from those hospitals. The article goes on to say that Mr Moodie had quit and was considering his options. The Premier is quoted as saying -

Mr Moodie accepts that there is an impasse and it is not in the best interests of the hospitals for him to continue . . .

The article then points to the fact that the Minister for Health was opposed to the removal of Mr Moodie. He wanted the doctors and Mr Moodie to sort out their differences among themselves. Although the minister was opposed to it, the Premier forced it to happen.

In the next few days and few weeks this story changed. On 30 September it was revealed that Mr Moodie had not agreed to any such thing but was in effect directed to stand aside by the Metropolitan Health Services Board. Therefore, it was not the Premier; it was the Metropolitan Health Service Board, according to *The West Australian* of 30 September. Of course, this was confirmed by Mr Moodie's lawyer, who was quoted in *The*

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*West Australian* of 30 September as saying that Mr Moodie was directed to stand aside, and he had not agreed to do it. Therefore, the story changed on 30 September.

On 5 October, just a week later, we found that the Metropolitan Health Service Board had not made any decisions about Mr Moodie's position and wanted to allow him to put his case before a decision was made, because there was dissent within the Metropolitan Health Service Board about what should be done and it did not want to take any action until Mr Moodie at least had the chance to put his case to the board. On 5 October, we finally found that the person who carried out the standing aside of Mr Moodie was the Chief Executive Officer of the Metropolitan Health Service Board, Mr Weeks, who directed Mr Moodie to stand aside. He made the decision, not on the authority of the board, but on the instruction of the Premier. This is the Premier who only one week before that dismissed concerns from doctors about government health policy in general and Mr Moodie's implementation of that policy in our public hospital system.

I will go through this issue of Mr Weeks. I refer the Parliament to a report that was tabled in this Parliament in May 1995 following an investigation by Donald G. Doig under section 24 into certain matters affecting the Health Department. This was a report on the dismissal of Paul Solomon and Dr Jan White from the Health Department - a very interesting report that dealt with issues exactly the same as those relating to Mr Moodie. In that report Mr Doig said -

In my view, it is clear that the decision by Dr Brennan -

He was the then Commissioner of Health -

- to transfer Mr Paul Solomon and Dr Jan White was not in accordance with the principles or the requirements prescribed in the Public Sector Management Act. However it must also be acknowledged that the decision to transfer these officers was made in the heat of a very emotional encounter with a new Minister during which Dr Brennan's future as Commissioner of Health virtually ended. While it is denied by both Mr Kierath -

The then Minister for Health -

- and Dr Brennan that the Minister had directed the transfer of Solomon and White, it is obvious that Dr Brennan was influenced by the Minister's indication that he lacked confidence in the senior executive of the Health Department. To that extent he did not act independently as required by the Act nor did he conduct proper consultations with either officer prior to their proposed transfer.

One of Mr Doig's conclusions is -

In relation to the transfer of Mr Paul Solomon and Dr Jan White, while I believe the Commissioner of Health, Dr Brennan did not follow prescribed procedures and therefore is in breach of the Public Sector Management Act, he did so under considerable pressure from the Minister for Health, The Hon Graham Kierath.

In other words, that is exactly the same set of circumstances as applied in the case of Mr Moodie. In Mr Moodie's case, the Premier came in, sent his riding instructions to Mr Weeks, and Mr Weeks dismissed Mr Moodie, without the authority of the Metropolitan Health Service Board, without consulting Mr Moodie, and in contravention of section 8 of the Public Sector Management Act. This is the Government of Western Australia in action. It has a problem. It seeks to solve that problem by getting one of its chief executive officers to contravene the Public Sector Management Act, and that is a matter that I hope will be investigated by the Office of the Public Sector Standards Commissioner.

What are we left with as a result of the Government's intervention in this issue? The Premier has successfully ensured that an already ineffective Health Minister is now completely impotent. This Premier has managed to achieve a medical first by castrating a ministerial eunuch - of course, I am referring to the current Minister for Health.

The Premier's mishandling of the Moodie issue has exposed the State of Western Australia, has bitterly divided hospital staff and has sent a chilling message to all public servants. They should all be aware that, even if they are faithfully implementing government policy - no matter how objectionable that policy might be - they are not safe from administrative execution if that is required for a political quick fix. If their removal will help to achieve this Government's short-term political goals, they will be out the door. The bottom line is that nothing has been done to improve patient care; indeed, the losers in this fiasco are our public hospitals and the patients they seek to serve.

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**MS McHALE** (Thornlie) [3.02 pm]: This issue is about women's and children's health and health services, which have been severely compromised. In fact, the situation is even worse than that because the health of women and children in this State has been put at risk by this Government.

This motion summarises the symptoms we are experiencing. Those symptoms are the way in which Mr Moodie was removed and allegations of trust account and theatre use rorts, not to mention the appalling management of the King Edward Memorial Hospital for Women inquiry. Those are the symptoms, the causes are something else. We have a health service overburdened with inappropriate bureaucracy, led by an ill-advised and weak minister, medical staff who are undervalued and who are now being vilified by this Government, and quality care being sacrificed to economic rationalism. The net effect is that our health system is out of control, particularly as it relates to women and children.

I will deal first with the process used to remove Mr Moodie. He was employed to do the Government's bidding, and he has been removed because he did that. The Labor Party's position on this is clear: It would never have required a chief executive officer to dismantle the ethos of the King Edward Memorial Hospital for Women and the Princess Margaret Hospital for Children; it would never have threatened the provision of obstetric and children's health services in the way this Government has done; it would not have ignored the concerns of the medical and clinical staff for many months as this Government has done; it would not have been contemptuous of the hardworking staff at the hospitals by ignoring two votes of no confidence; and it would not have portrayed the staff as whingers.

Mr Moodie's management style and reputation were known to the Government before he was employed. He was employed not in spite of that reputation, but because of it. He has alienated and worn out hardworking, dedicated staff with his management style, but that is the style for which he was employed. He has also instigated the inquiry into medical negligence and initiated auditors' inquiries into the alleged trust account and theatre use rorts.

At best, the Premier has naively insisted that Mr Moodie be moved aside on the eve of those inquiries becoming public. He had correspondence from and subsequently met with a Dr Philip King, who we know is referred to in the auditors' reports on the trust account and theatre use matters. The Premier overrode his minister; the minister has made that fact public. The Premier also misled the community on two counts: That Mr Moodie had resigned, when he had not; and that the Metropolitan Health Service Board had sanctioned that move, when it had not. The Premier interfered in the management of the health system, in essence to buy peace in the hospitals, by removing Mr Moodie. The Premier met some weeks ago with one of the doctors, Philip King, and discussed the removal of Mr Moodie. That meeting arose from correspondence which articulated and complained about Mr Moodie's management style and defended the existence of private lists, while acknowledging that this might be in breach of the Medicare Agreement.

Mr Court: Correspondence to whom?

Ms McHALE: Correspondence to the Premier and to his chief adviser, Mr Wauchope. If the Premier does not read his correspondence, that is not our problem. That correspondence also gave advice about what the Liberal Party should do as the election looms, and finally requested a meeting with the Premier. The Premier should ask himself: Did Dr King tell him that he was a trustee of two of the 11 trust accounts that were identified as warranting further investigation? Was he aware that Dr King was one of the surgeons referred to in the Ernst and Young report on the theatre matters as having operated on a large number of private patients when in fact Ernst and Young found that no surgeon had made payments to the hospital for that facility during 1998-99?

Michael Moodie is not the main problem. The main problem is this Government's policies and its inability to deal with and resolve the serious allegations of Medicare fraud, stealing and tax evasion. The minister employed Mr Moodie as what is generally known as a head kicker.

Mr Day: No, I did not. The Metropolitan Health Service Board employed him as chief executive of those two hospitals.

Ms McHALE: It is the minister's health service, for his women's and children's hospitals. The job advertisement for the position that was filled by Mr Moodie called for a person who would break down institutional allegiances. The advertisement said the job may involve the transfer of staff, resources or services; the termination of services; and the breaking down of longstanding institutional allegiances in the interests of coordinated health service reform. That is what Mr Moodie did. After Mr Moodie had instigated the inquiries into King Edward Memorial Hospital, and the inquiries into the trust account fraud and now the operating theatre fraud at Princess Margaret Hospital, is the minister particularly surprised that those involved and implicated wanted Mr Moodie removed?

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It is incumbent upon the minister to tell the Parliament whether he had informed the Premier of the matters being investigated by Ernst and Young, and subsequently the preliminary findings of those investigations. I will explain why the trust account issue has been handled so badly by the Government, the Premier and the minister. The Ernst and Young report of June 2000 revealed that revenue had been generated by bulk billing public patients - an illegal act. Trustees have diverted revenue from the hospital to their trust accounts; trust accounts may have been used for activities that may be construed as tax evasion; and trustees have benefited personally from trust fund expenditure.

The Ernst and Young report recommended two lines of action: First, that legal advice be sought and, secondly, that the hospital chief executive obtain an explicit mandate from the Metropolitan Health Service Board for future action. The board declined to refer the matters to the appropriate authorities, and instead sought further advice from Ernst and Young, which was delivered on 20 September. That subsequent report, which in essence verifies the findings of the first, said that there was sufficient documentary evidence to prove that clinicians had been bulk-billing Medicare in their own names, for tending to patients who have elected to be treated as public patients. Clinicians had not deposited funds into hospital accounts, but into external accounts. The trusts were not managed or administered in accordance with earlier hospital guidelines, and revenues from bulk billing were readily directed into accounts external to the hospital.

Once again Ernst and Young recommended that the board fulfil its statutory obligation under the Anti-Corruption Commission Act by informing relevant authorities. Ernst and Young had a legal obligation under the Anti-Corruption Commission Act 1988 to report its allegations to the board. Section 14(2) of that Act states -

- (2) A person to whom this section applies shall report to the Commission any matter -
  - (a) which that person suspects on reasonable grounds concerns or may concern corrupt conduct, criminal conduct, criminal involvement or serious improper conduct; . . .

The board had sufficient evidence in the first report in July to refer the matter under this section, but it declined, because it wanted the Ernst and Young auditors to be, in effect, the statutory body that investigates corruption. The board said it wanted Ernst and Young to confirm beyond a shadow of a doubt the allegations raised in that initial report. We know that the Health Insurance Commission has requested copies of the audit reports. Will the Minister for Health tell this House whether those reports have been given to the Health Insurance Commission?

Mr Day: How do you know it asked for them?

Ms McHALE: Unlike the Minister for Health, I actually keep informed about this portfolio. Apart from anything else, I read the newspapers, and I doubt that *The West Australian* got it wrong when it reported that the Health Insurance Commission had asked for the reports. Let us stop playing games, deal with the issues and get some facts onto the public record, because there is very little fact coming from the Government at this stage. The public needs to know whether that material has been provided to the HIC so that these allegations can be properly investigated, and whether the matters have been referred to the Anti-Corruption Commission.

There are other disturbing elements in the way the Metropolitan Health Service Board has handled this matter. I have a series of questions, to which the minister would be wise to listen, and attempt to answer. The chief executive of the Metropolitan Health Service Board expressly restricted Ernst and Young from informing the staff of the true nature of the subsequent inquiry.

Why were the staff not allowed to know the intent of the inquiry? They were kept in the dark. The Opposition also knows that the chief executive officer indicated to Ernst and Young that he would confirm, in writing, his commissioning of the subsequent work. Yet he failed to give that confirmation for at least three or four weeks, if he ever did. The chief executive officer should be asked why he failed to follow up his commissioning of Ernst and Young with a written confirmation. As a result of that, Mr Moodie, the chief executive of Princess Margaret Hospital, did not want Ernst and Young to continue any work on the investigation and he did not permit Ernst and Young staff onto the site until Ernst and Young received that written brief from Andrew Weeks. It is incumbent upon the minister to explain why that action was taken and why the chief executive of the board unacceptably delayed the provision of a written brief.

The Opposition has encountered stonewalling over the management of the trust accounts. It has encountered delays and overt suggestions that the board did not believe the auditor's report, all of which point to serious mismanagement of the case.

I turn to theatre rosters. The Ernst and Young report investigated and analysed the work of the surgeons and the number of hours dedicated to private patients and to public patients. It found that surgeons were paid for public

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patients on whom they did not perform surgery. Surgeons were paid for public patients when they were earning money for treating private patients. Worse still, no payment for the use of the facilities was received from any of the surgeons during the 1998-99 financial year. Theatres may have been under-utilised for public patients to benefit private patients, which impacts considerably on the waiting lists. Out of a sample of 34 sessional consultants, more than 1000 hours were spent on private patients - double the rostered hours allocated to private patients. In contrast, 461 fewer hours were spent on public patients than had been rostered, which meant 18 per cent fewer public sessions. In one case, a surgeon spent 153 per cent more hours on private patients than he was rostered to do, yet spent 54 per cent less time on rostered public patients. Does the minister support the decision, made by Mr Moodie and endorsed by Mr Beresford, to terminate private patient lists for surgery? What action has the minister taken to recoup the money, to recover the fees from surgeons who used Princess Margaret operating theatres for their own private patients without contributing one cent to the hospital for the use of those facilities? Can the minister advise whether any surgeon, in recent times, has ever paid any money? These allegations of rorts in the children's hospital mean that income that was properly the right of the hospital was forgone. Sick children, whose parents are not insured, are pushed down the list and are waiting longer. More than 1 200 children are on the Princess Margaret waiting list.

The management of the trust accounts and the theatre review have not been properly handled by this minister or by the Government. Many more questions must be answered.

**MR DAY** (Darling Range - Minister for Health) [3.25 pm]: I am happy to respond to the issues that have been raised by the Opposition and the tired argument it has put forward this afternoon. The Leader of the Opposition started his comments, as he regularly does, by talking about the supposed under-funding of our health system. He said the Government does not have its priorities right, in that it is not providing adequate hospital and health services throughout Western Australia. Let us consider that issue for a moment. Let us bear in mind that this Government now spends \$700m a year more on providing public hospital and health services throughout Western Australia than the Labor Party did when it left office.

Ms McHale: That is a tired old argument.

Mr DAY: That is the reality. The real growth, as determined by the Labor Party's own methodology, has been far greater under this Government than in the years when the Labor Party was in office. Using the methodology the Labor Party has developed for its own novel ideas - that is, it removes the effect of consumer price index increases and population growth - the result is that real growth of 2.56 per cent has been achieved in the coalition Government's health budgets every year, compared with growth of only about 0.5 per cent when the Labor Party was in office. The Labor Party's methodology shows that this Government has produced about five times greater growth than the Labor Party did when it was in office.

The Labor Party could not afford to spend more on health because it was spending money on its mates and getting involved in WA Inc deals. The Labor Party poured \$1.5b of taxpayers' money down the drain. That is why it could not give priority to health services. That is why it continued to make empty promises about building a new hospital at Armadale, for example. When it was in government, the Labor Party knew the hospital was needed, but it has been left to this Government to deal with it. The Labor Government spent \$1m or \$2m on a hole in the ground and a concrete pad in Bunbury to give the pretence that it was building a new hospital - it wasted a couple of million dollars on building only the foundations.

Mr Osborne: Are the foundations still there?

Mr DAY: As a permanent monument to the incompetence and inability of the Labor Government to put its empty promises into effect. It has been left to this Government, in conjunction with St John of God Health Care, to build a magnificent new \$68m South West Health Campus, which is appreciated by people in the south west of the State. How many new hospitals did the Labor Party establish when it was in government? The silence is deafening. Not one new hospital was built. Under this Government, five new hospitals have been built: Joondalup Health Campus, Peel Health Campus, the South West Health Campus, the new Northam District Hospital, and now the Armadale-Kelmscott Health Service which is being redeveloped, and which I again had the pleasure of visiting this morning.

Under this Government, by about the middle of next year renal dialysis machines will be located at 14 sites throughout Western Australia. That compares with the renal dialysis machines provided at only two hospitals close to the centre of a metropolitan area when the Labor Party left office. The Opposition does not talk about these positive developments. Renal dialysis is available locally in Geraldton, Mandurah, Bunbury, Kalgoorlie, Midland, Melville -

Mr Court: Port Hedland.

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Mr DAY: Port Hedland, as the Premier said, and it will also be established in Broome and in many other locations in Western Australia. It is appropriate -

Dr Gallop: Are you going to talk about the illegality of Mr Weeks' action?

Mr DAY: I will come to those issues in a moment. It is appropriate to talk about the record of this Government's providing health services compared with the situation when the Labor Party left office. For its own political purposes, it tries to create the perception that this Government has not given high priority to providing top quality health services. From the people who write to me and from the many comments I hear from a wide range of people, including doctors, nurses and many members of the public throughout Western Australia, I know that this State has a high quality health system.

Obviously there are issues and challenges we must face up to - no-one can deny that. We have a system that is very popular and one that many people want to use. I have had comments made to me as recently as this morning from two psychiatrists based in Armadale. One is from western Canada and one is from south Wales. I am pleased to say that over the past few weeks they have decided to take up residence in Western Australia. They will provide much-needed psychiatric services in the south-eastern part of the metropolitan area. Both were very complimentary about the standard of our health services and what has been done in the State over the past decade or so. It is only because they have confidence in our system - particularly the psychiatrist from western Canada - that they have made the decision to return to Western Australia. They love the lifestyle of our State and they have great confidence in the way our health services are being provided. The psychiatrist informed me that he has taken overseas a lot of the results of the work on suicide that has been undertaken in the State. The State has a Youth Suicide Advisory Committee, chaired by Dr Hugh Cook, that has done a great deal of very good work. The point was made to me that, because of the work that is being done in Western Australia, many people in other parts of Australia and the world are drawing on the experience and the information gained. That is one example of the sorts of comments that are made to me.

Why do we not hear from the Opposition about the extra \$7.6m in funding that has been provided by the Government to expand the provision of oral health services to those in the community who are in the most need?

Mr Kobelke: The Government cut the funding in the first place. It is only putting back what was taken.

Mr DAY: I accept that it was the coalition Commonwealth Government that, regrettably, terminated involvement in providing oral health services in the States. It did remove a significant amount of funding that provided oral health services to people on low incomes. Ever since I have been the Minister for Health - and given my knowledge of the dental system and the dental needs of the community - I have been very keen to ensure that the State has an expanded program that provides subsidised dental care to people who have not been eligible previously but who are in need. The Opposition should be recognising this Government's commitments. It should be recognising the new in-patient mental health units that are being built at the Armadale-Kelmscott Memorial Hospital and the Swan District Hospital. Both are about to come into operation. Services will be provided closer to where people live so that they do not have to travel to large institutions located a long way from their homes, such as Graylands Hospital.

The Opposition should be recognising the new outpatient clinic that is being constructed at King Edward Memorial Hospital. The funds were provided by this Government about three years ago, but, regrettably, because of internal decisions in the hospital, the funds were not spent on establishing a new outpatient clinic. Because of my personal intervention and interest in the issue about 12 months ago, there is now a new outpatient clinic being built. It will be very much to the benefit of women patients and the hardworking staff of the hospital.

What about recognition of the recent decision to allocate \$40 000 to the town of Sandstone for the provision of a new health services building? The Government takes its commitments to health very seriously. Whether communities are small or large or near the centre of the metropolitan area, the Government funds health services more than has ever been the case in the past. I could spend the rest of my time today talking about these issues but I recognise that it is not the only issue raised by the Opposition.

A situation developed over the past three to four weeks in respect of Mr Moodie's position following a significant degree of adverse publicity surrounding Princess Margaret Hospital for Children. For whatever reason it developed, I think some of it was very unfortunate and unfair to Mr Moodie. Whatever the cause of the situation, a problem developed and public confidence in the clinical services being provided through Princess Margaret Hospital was diminished. The adverse publicity also affected Mr Moodie. I want to place on record that it was neither me nor the Government that employed Mr Moodie. Quite properly, he was employed by the

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Metropolitan Health Service Board. It has the responsibility for the employment of staff in the metropolitan health service - hardly a surprising situation!

Dr Gallop: What about the termination of his employment?

Mr DAY: I will come to that in a moment.

Given the situation that developed, a lot of discussions ensued. Some involved clinicians at Princess Margaret Hospital. The Chairman of the Metropolitan Health Service Board, Ian McCall, and I went to Princess Margaret Hospital on Wednesday, 27 September. We spent two hours meeting with senior staff and the executive council of the hospital. A variety of views were put to me. It is hardly surprising that with such contentious issues, different people would hold different views.

Mr McGinty: They voted to support Moodie.

Mr DAY: There was no vote, but a variety of views were expressed. No vote was taken while I was there. I listened to what every individual had to say. A number expressed strong support for Mr Moodie, but others expressed the view, in blunt terms, that it would be better for the hospital if he did not continue in his position.

Ms McHale: The majority supported Mr Moodie.

Mr DAY: I listened to what every individual had to say and I took into account all the comments that were made by the senior staff. I believe a minority expressed the view in the meeting that there should be a change. Nevertheless, the situation developed and I cannot look at the meeting in isolation. We need to look at the total picture. There was a meeting of the Metropolitan Health Service Board on Thursday, 28 September, and I understand that the board came to the conclusion that it was untenable for Mr Moodie, or not in his interests, to continue in his position. It believed there should be further discussions with him to work out an amicable and acceptable outcome from the points of view of all parties involved, including Mr Moodie. In the early evening of 28 September I met with Mr Moodie and the Commissioner of Health, Alan Bansemer. Mr Bansemer did not act in a direct role as Mr Moodie's employer or as a person holding responsibility for the position Mr Moodie may hold in the future in the Metropolitan Health Service or elsewhere in the Public Service. We tried to facilitate an acceptable outcome.

A lot of things happened behind the scenes. I know that the Opposition has taken some very cheap shots at my role in this affair, but the reality is that I have played a major role behind the scenes in trying to ensure that there has been an acceptable outcome that is in the interests of all parties. Mr Moodie accepted that an impasse had developed, even though it was not reasonable to blame him for it. He indicated to me that he would be prepared to put the hospitals' interests before his own and to stand aside. That does not equate to Mr Moodie being sacked or dismissed from his position.

Dr Gallop: Are you saying that he agreed to go on Thursday night?

Mr DAY: There was an "in principle" acceptance of the fact that an impasse had developed and that the most realistic outcome was for him to stand aside from the position of chief executive officer.

Dr Gallop: Are you saying that he agreed to go?

Mr DAY: Yes, that is correct. I am not suggesting there is any signed agreement; it would be unreasonable to expect that. However, that was the substance of the discussions, and I give full credit to Mr Moodie for his goodwill in trying to resolve the situation by putting the hospitals' interests before his own. As I have since said on a number of occasions, Mr Moodie has a lot of experience and much to offer the Western Australian health system. Discussions about his future are ongoing, although I would prefer that they had been concluded. However, I expect he will continue in a senior position within the Western Australian health system.

Mr McGinty: What will he do now?

Dr Turnbull: What about all the people you sacked?

Mr McGinty: Be quiet.

Mr Court: The member should have some manners.

Mr McGinty: I asked a question and she interjected on me. She has no manners.

The SPEAKER: Order!

Mr DAY: I answered the member's question. The Metropolitan Health Service will need to accept the agreement that I hope will be struck with Mr Moodie. That process has not yet been concluded, but it is my

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expectation that he will continue within the Western Australian health system, most likely in a senior position within the Health Department

Dr Gallop: Why do you continue to say he agreed to go?

Mr DAY: I have outlined the situation. I suggest the Leader of the Opposition listen to what I say.

Dr Gallop: His lawyer is reported in the newspaper as saying that Mr Moodie was directed to stand aside. He did not agree to go.

Mr McGinty: That was the next day.

Mr DAY: I will talk about the next day's events, if the Opposition will allow me. No firm time scale was agreed upon during my discussions with Mr Moodie. I expected action would take place the next day. However, Mr Moodie sought legal advice, no doubt to protect interests. That is appropriate. The outcome of the discussions and actions of Friday, 29 September, was that Mr Andrew Weeks, the Chief Executive Officer of the Metropolitan Health Service, wrote to Mr Moodie in the following terms -

I have come to the view it is in the best interests of the Metropolitan Health Service for you not to continue to perform your functions and duties. In my view it is impracticable to operate the public health services at King Edward Memorial & Princess Margaret Hospitals whilst you remain discharging the functions of Chief Executive of those hospitals.

Dr Gallop: What was the view of the board?

Mr DAY: I have just provided the view of the board. I understand the chief executive officer was acting on delegated authority from the Metropolitan Health Service Board.

Dr Gallop: You are making this up as you go along. Andrew Weeks acted illegally and you know it. Read the Doig report. He acted illegally, and we exposed it.

Mr DAY: The Chief Executive Officer of the Metropolitan Health Service is clearly the senior full-time executive officer of the Metropolitan Health Service and, as such, has responsibilities concerning the employment of staff. I am sure that if the Opposition takes the matter to the Commissioner for Public Sector Standards, he will consider the issues as he sees appropriate.

Ms McHale: What is the date of that letter?

Mr DAY: I indicated that it is dated Friday, 29 September.

*Point of Order*

Mr KOBELKE: The minister is purporting to quote from an official document. Will he table it when he has finished quoting from it?

Mr DAY: I have not finished quoting from the letter, but I am happy to table it.

[See paper 319.]

*Debate Resumed*

Mr DAY: The letter from Mr Weeks indicates to Mr Moodie -

On behalf of your employer, I do not require you to perform any of the functions or duties of your contract of employment until further direction from me.

Mr McGinty: Why stand him aside if he had agreed to go?

Mr DAY: That was a decision of Mr Weeks. I have read the letter from Mr Weeks to Mr Moodie. Mr Weeks is the Chief Executive Officer of the Metropolitan Health Service. I have provided to the House all the information available to me.

The Opposition also raised the issues of the auditing of trust accounts and the use of theatres at Princess Margaret Hospital for Children by sessional staff. On 5 May, I wrote to the Metropolitan Health Service requesting information about the purposes and operations of trust accounts. That request was not motivated by any particular concern about alleged Medicare abuse or trust account fraud. However, Metropolitan Health Service trust accounts contain a substantial amount of funds and I think it is important that the Government has a greater amount of information about their purposes and use. I do not intend to suggest that anything improper was occurring, but, as Minister for Health, I sought some holistic information. I am pleased to say that I was provided with some raw data, about which I am now seeking further interpretation. An audit of the trust accounts at King Edward Memorial Hospital and Princess Margaret Hospital was established in January this year as part of a continuous process of internal audits within the Metropolitan Health Service. On 28 July, the phase



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1 audit report was presented to the MHS audit committee and on 2 August, I was provided with a briefing on the draft report and proposed further action by the Metropolitan Health Service. The phase 2 audit commenced on 15 August and was considered by the MHS audit committee on 21 September. The phase 1 report was not acted upon because the auditor was unable to substantiate the proposition that public patients had been inappropriately charged to Medicare. It is important to realise that this is the core assumption upon which the legal opinion provided to the Metropolitan Health Service Board was based. Therefore, the auditor was required to undertake additional work in an investigatory framework to gather the data to support the proposition or to withdraw it. The phase 2 report supported the major findings of the earlier report; that is, it proposed that the Metropolitan Health Service seek legal advice with a view to making a referral to the Anti-Corruption Commission and the Health Insurance Commission. The Metropolitan Health Service advises that the auditor was again unable to satisfy the audit committee that sufficient evidence had been gathered to support the proposition of inappropriate action. The committee therefore agreed to request further documentary evidence to support the proposition and additional work to be undertaken to ensure that Medicare transactions under approved schemes were removed from the audit results. Since that time - 21 September - the auditor, Ernst and Young, and staff within the Metropolitan Health Service have undertaken further work under the direction of the Metropolitan Health Service Board. The auditor has been requested to confirm that it is satisfied that the evidence in the files supports its findings, that the transactions were outside the approved schemes for bulk-billing to Medicare, and that the auditor will stand by its findings and recommendations. Once that advice is received, the Metropolitan Health Service will take further appropriate action. The matter is being dealt with thoroughly, professionally and properly. The process needs to be worked through properly, and people should not jump to conclusions about the outcome when all the information is not yet available. It is easy for the Opposition to jump to conclusions for its own political purposes, but the reality is that the people charged with these investigations need to complete their work.

Ms McHale: Are you saying that the conclusions of the 21 September report are incorrect?

Mr DAY: I am not saying that they are incorrect. I am saying that the Metropolitan Health Service Board wants more information to substantiate the concerns which have been expressed.

Mr McGinty: That is not what you said. You said that you were going to ask Ernst and Young whether it would stand by its findings.

Mr DAY: Exactly. The Metropolitan Health Service has said that it wants further work done to ensure that the auditors will stand by their final report. I also advise that this matter has been discussed with the Anti-Corruption Commission and I am advised that the Metropolitan Health Service Board has in fact reported the matter of trust accounts to the Anti-Corruption Commission.

Mr McGinty: Whom else have you reported it to, minister? You seem a bit deaf.

Mr DAY: I have just provided members with very clear information in relation to the Anti-Corruption Commission. I am not sure whether technically that is outside of the Anti-Corruption Commission Act, but I make it clear nevertheless. The Health Insurance Commission was informed about three weeks ago by the Commissioner of Health that there may be some issues of concern. As I said, further work needs to be undertaken until the National Health Service reaches the stage where it can formally provide information to the appropriate bodies. If those opposite want to criticise anyone, they should criticise the Metropolitan Health Service Board for the process it has followed. The argument by those opposite simply does not stand up.

Briefly, the same issue relates to the audit of theatre time, which is also under way, and that is properly being conducted under the supervision of the Chief Executive Officer of the Metropolitan Health Service Board. A preliminary report has been completed, but it is only a preliminary report and it is not at the stage where it is appropriate to take further action. However, if it is appropriate, action will be taken, whether in relation to the Anti-Corruption Commission or any other authorities in Western Australia. These matters are being dealt with thoroughly and professionally and I will ensure as Minister for Health that that continues to occur.

**MR COURT** (Nedlands - Premier) [3.55 pm]: Members opposite simply do not have their hearts in this motion; they are not taking it seriously; there has not been a lot of interest coming from the other side. I listened to the Leader of the Opposition and he spent the first part of his speech criticising the health system by trying to say that it had major problems. It is in his interests to go knock, knock, knock, criticise, criticise, criticise - he is trying to create the impression that there are major problems in our health system. The fact is that we have an outstanding health system. Sure, it has some problems, but we have an outstanding health system. If those opposite want to see a health system in trouble, they should go to Victoria and New South Wales and compare the systems there with that in Western Australia, and they will give this State a very high mark. I travel around this State continuously. The minister listed all the positive initiatives that are taking place. If those opposite

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want to have a debate about the standard of delivery of health services in the public sector in this State, we do not mind, because those opposite ran the system down and we on the government side are proud of what we are doing within that system.

I listened to the argument put by the Opposition spokesperson and most of his case was a good argument for agreeing with the steps taken by the Metropolitan Health Service Board.

Dr Gallop: Which steps?

Mr COURT: The Opposition spokesperson started talking about the problems at King Edward Memorial Hospital and Princess Margaret Hospital for Children and I thought he was presenting a case supporting actions that were taken by the Metropolitan Health Service Board.

Dr Gallop: They were not taken by the board.

Mr COURT: The Leader of the Opposition says that Mr Moodie was dismissed - he has resigned. That is not the case.

Ms McHale: You told that to the community.

Mr COURT: I did not. I said that he had agreed to stand aside. The minister has just spelt out what took place, and that is not accepted by members opposite. Those opposite should not run around and say that someone has been dismissed or that someone has resigned when that is not the case. They should look at the statement that was put out on the night of 29 September.

Dr Gallop: Solomon and White are no longer there either, are they?

Mr COURT: The Leader of the Opposition is a bit toey today; I do not know what it is. He is a bit upset about things. He is meant to be cocky. He is telling everyone he is miles in front at the polls; I do not know why he is toey today.

As I understand it, the internal audit committee in the Metropolitan Health Service Board has been involved with the trust accounts for some time and it will follow these matters through. This committee is headed by a judge, and the committee borders on being pedantic when it comes to these legal issues. I am confident that the committee will follow this matter through and if there has been any wrongdoing, those people will be properly held to account.

Question put and a division taken with the following result -

Ayes (18)

Ms Anwyl	Mr Graham	Mr McGinty	Mrs Roberts
Mr Brown	Mr Grill	Mr McGowan	Ms Warnock
Mr Carpenter	Mr Kobelke	Ms McHale	Mr Cunningham ( <i>Teller</i> )
Dr Edwards	Ms MacTiernan	Mr Riebeling	
Dr Gallop	Mr Marlborough	Mr Ripper	

Noes (31)

Mr Ainsworth	Mr Cowan	Mr Marshall	Mr Prince
Mr Barnett	Mr Day	Mr Masters	Mr Shave
Mr Barron-Sullivan	Mrs Edwardes	Mr McNee	Mr Trenorden
Mr Bloffwitch	Dr Hames	Mr Minson	Dr Turnbull
Mr Board	Mrs Hodson-Thomas	Mr Nicholls	Mrs van de Klashorst
Mr Bradshaw	Mr House	Mr Omodei	Mr Wiese
Dr Constable	Mr Johnson	Mr Osborne	Mr Tubby ( <i>Teller</i> )
Mr Court	Mr MacLean	Mr Pandal	

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Pairs

Mr Thomas	Mr Kierath
Mr Bridge	Mr Sweetman

Question thus negatived.