

Executive summary

Introduction

The provision of aeromedical rotary wing retrieval services in NSW has evolved significantly over the past 30 years since the first community based helicopter rescue services were established by Surf Life Saving Australia in 1973.

Rotary wing retrieval services for neonatal, paediatric and adult patients now form an integral part of caring for critically ill and injured patients across the State. In the 2011 calendar year there were 3,339 primary and secondary helicopter missions which cost an estimated \$112.1m to operate. The majority of this cost was funded directly or indirectly by the NSW Health System, including over \$44m paid to five external aeromedical retrieval helicopter operators. Of note, there were an additional 313 fixed wing retrieval missions and 2,510 retrieval missions by road in 2011.

Services are currently delivered using a statewide fleet of 15 helicopters located at major bases around the State which are co-ordinated, tasked and crewed under a variety of arrangements which involve the Ambulance Service of NSW (ASNSW), Local Health Districts (LHDs), a mix of commercial and community based helicopter operators and ACT Health. A small number of missions involving NSW residents are also performed by inter-state providers along State borders. The current arrangements in NSW still embody and reflect the origins of the services some 30 years ago, but have also changed considerably over time to be operated and managed increasingly as an integrated statewide service.

A number of key changes to the services were made since the last major review in 2004. Amongst the more significant of these has been establishing a common contractual framework for all helicopter operators, establishing a new contract for the Greater Sydney area, moving towards a more consistent doctor/paramedic medical crewing model, establishing minimum workload and utilisation ranges for viable helicopter operations, and implementing more consistent tasking protocols.

Current Arrangements

The objective and focus of reviews such as these is primarily to identify current and emerging issues, challenges, risks and opportunities to improve services and set out a recommended program and timetable to implement these improvements. In doing this, there is naturally a dominant focus on what can and should be improved, and a lesser focus on what is working well. At the outset it is therefore important to acknowledge that NSW currently has a strong, capable, professional and responsive statewide aeromedical retrieval service and system which delivers a high standard of patient care across the State.

Key strengths of the current arrangements include the statewide co-ordination and management of adult aeromedical retrievals through the ASNSW Ambulance Operations Centre (AOC) in conjunction with LHD based Regional Retrieval Services, and the statewide co-ordination and management of neonatal and paediatric retrievals by the Newborn and Paediatric Transport Service (NETS) which forms part of the Sydney Children's Hospitals Network. Other key strengths include being able to leverage the expertise and community-based support for services which (Non Government Organisation) NGO helicopter operators bring, combined with the expertise, scale and resources of a leading commercial helicopter provider to service the Greater Sydney area, as well as being able to source medical crew across the state from a mix of organisations.

Notwithstanding these strengths, there are a number of key issues and challenges with the current arrangements. These issues mainly stem from the way the services have evolved and the differences they still therefore have in the way they are governed, managed, funded, staffed, equipped and operated. This variation and resulting lack of standardisation adds unnecessary complexity, duplication, inconsistency and inefficiency. It also makes it difficult to readily assess the overall true cost of service provision, to analyse and compare performance at a statewide level, and to manage resources, assets and services in a fully integrated and inter-operable manner across NSW.

Maintaining the current status quo is not something which the vast majority of the stakeholders consulted during this review want. While their particular issues, perspectives and concerns may vary, stakeholders agree that improvements can be made to the current arrangements as part of the next phase of service evolution. These improvements should build upon the many strengths of the existing model, while changing the current rotary wing retrieval system and services to operate in a more integrated and consistent fashion, and responding to expected changes in the demand for retrieval services over the next decade.

Future Demand

In 2011, the NSW population was approximately 7.2 million people¹. By 2022, the population is expected to grow by 15% to approximately 8 million people. Rural coastal and southern areas, together with the Western and South Western areas of Sydney are expected to experience higher than the State average population growth. The population is also ageing. Rural coastal and southern areas, the Blue Mountains and South Western and Western Sydney are expected to see faster growth of the population aged 65 years old and over compared to the State average.

While the overall number of medical retrieval missions completed in 2009, 2010 and 2011 has declined, future changes resulting from population growth and changing demographics between now and 2022 will result in the overall demand for rotary wing retrieval missions increasing over time to around 4,000 or by 23% in the next 10 years. If the current service configuration and coverage does not change, this increase in demand will see an average deterioration in primary mission response times of around 11% in areas including Sydney, Orange, Wollongong, Newcastle and Tamworth.

In parallel with these forecast changes in population driven demand, there will also be increasing future demand for more specialised retrieval services using Intra-Aortic Balloon Pumps (IABP) for patients with cardiac conditions and Extracorporeal Membrane Oxygenation (ECMO) for patients suffering from respiratory failure. While the volume is not expected to be very high, rotary wing retrieval missions will require more frequent use of highly specialised equipment to treat and stabilise patients over time.

Future Vision and Objectives

A discrete set of strategic objectives does not currently exist for aeromedical retrieval services, but is considered fundamental to underpin the strategic direction of the services over the next decade. These objectives must reflect and support the broader strategic objectives and directions of the NSW Health system

In arriving at a recommended set of strategic objectives, the following key principles were developed:

- ▶ Deliver appropriate care
- ▶ Equitable access
- ▶ Safe
- ▶ Responsive

¹ 2011 estimate derived by extrapolating 2008 population of around 7 million people

- ▶ Cost effective

These were used to develop the strategic objectives and a supporting set of key measures of success which reflect the outcomes the services are intended to achieve and how their performance will ultimately be measured as shown below.

Proposed Strategic Service Objectives	Illustrative Measures of Success
<ul style="list-style-type: none"> ▶ Critically ill and injured patients requiring medical retrieval receive safe, consistent and appropriate quality patient care ▶ Services are planned and delivered according to population need and statewide health care strategies, policies and capabilities ▶ Services are governed, co-ordinated and delivered using an integrated statewide approach across providers and partners ▶ Services are cost effective and delivered in a way which optimises the statewide utilisation of aeromedical assets ▶ Services are responsive and performance is actively monitored, reported and governed across providers using consistent statewide information systems 	<ul style="list-style-type: none"> ▶ Retrievals are completed within clinically optimal timeframes and response times ▶ Patients and users of the service are satisfied with the quality of patient care provided ▶ Patient outcomes for critical care incidents indicate that retrievals have been avoided ▶ The overall cost of services is known, monitored and reported ▶ Services are provided within agreed budgets and performance benchmarks ▶ Aeromedical assets are optimally utilised across locations and providers

Future Services

Current and planned reforms to further develop the capacity and capability of rural health services, implement a statewide Telehealth system and improve regional and rural healthcare facilities are having some effect on moderating this additional projected future demand, and will also change the pattern of retrievals over time to reduce the need for retrievals from rural and regional hospitals to Sydney. Simulation modelling has been done to assess the likely impact on future demand for rotary wing retrieval services from these broader health system changes.

Notwithstanding these broader changes, the simulation modelling has shown that the existing service coverage will need to be expanded in some locations to cater for the expected growth in retrieval missions. Specific locations which are recommended for increased services include Orange and Tamworth (to increase to a 24 hour / 7 day a week service by 2014 and 2015 respectively). It is also recommended to modify the Newcastle base to have medical crew located on base by 2014 and for the Orange base to have medical crew on base 24 x 7 by 2018.

Future Service Provision and Crewing

Achieving the optimal statewide rotary wing retrieval system and service will also require changing the way the services are currently governed, managed, procured, staffed, delivered and funded. This is necessary to eliminate the unnecessary duplication, inconsistencies and inefficiencies which the current arrangements exhibit. This is typified by the lack of standardisation and inter-operability across the current helicopter fleet which includes 5 different types of helicopters and provides for 6 back-up helicopters out of a total fleet of 15. In future it is recommended to standardise on 2 types of helicopter which should be identically configured. It is estimated that this strategy, combined with changes to the number of existing regions and helicopter operators could result in reducing the fleet from 15 to 12 helicopters and the number of back-up helicopters from 6 to 3 with the potential to deliver a recurrent annual saving of around \$6.7M.

It is also proposed to reduce the current number of discrete regions from 5 down to 2 and divide the state into a Northern and Southern Region. Creating these two new 'super-regions' will

support greater standardisation and consistency of approach, helicopters, equipment and protocols, while still creating a competitive market for commercial and NGO helicopter operators to bid to provide aeromedical rotary wing services. In parallel with this change, it is recommended that the term of new helicopter contracts be extended to 10 years to provide additional financial security to operators and sufficient time for them to acquire and implement the standardised new helicopter fleet.

To support increased inter-operability between services, improve the capacity of rotary wing retrieval services to flexibly handle a wider variety of missions and improve patient care, it is proposed to implement a consistent statewide medical crewing model with doctors on every mission. Doctors are already used in many locations, however there are some locations which currently use a paramedic only model. It is therefore recommended to transition all services to a standard 2 person doctor/paramedic crewing model with the option to use nurses as an additional crew member for complex transfers who require additional critical care skills. In the medium term, paramedics should be trained to acquire these additional skills.

In order to open up opportunities for increased contestability, it is proposed that NSW Health consider changing the scope of bundled services which will be provided in future by helicopter operators and include the provision of medical crew and associated medical crew training as an alternative service which helicopter operators can bid to provide for the Southern half of NSW. There are already precedents for having external organisations provide medical crew in other jurisdictions and an NGO already provides some of the medical crew used in Greater Sydney area and other parts of NSW. Further analysis and due diligence will need to be undertaken to confirm the potential costs, benefits and risks of moving to this alternative provision model before it is implemented, including the extent to which a viable and competitive market of alternative providers exists.

Although the existing helicopter bases are provided by the current helicopter operators as part of their contracted scope of services, this arrangement creates the potential to disadvantage other future providers who would need to provide an alternative base, and also means that the location of bases may have to change if and when helicopter operators are changed by NSW Health. For this reason it is recommended that in future NSW Health should either own or lease the helicopter bases and can sub-lease them to the successful helicopter operators. The planned new Sydney Helicopter Base would be owned by the State. This should not result in additional costs to the current arrangements, other than for the new Sydney base.

Co-ordination and Tasking

Opportunities also exist to remove some of the current complexity regarding how aeromedical rotary wing co-ordination and tasking services are accessed by clinicians and referring hospitals, and to improve access to clinical advice as part of the co-ordination and tasking process. At present there are different telephone numbers to call for the ASNSW's AOC, Regional Retrieval Services and NETS. In future it is proposed that these be replaced by a single statewide telephone number supported by technology so that callers are routed to the appropriate service. A specialist Perinatal Advice Line operated by NETS will be re-established in early 2013 to provide access to specialist obstetrics advice. This change, supported by the planned statewide roll-out of Telehealth should improve the level of clinical advice available for both NETS and adult retrieval services.

There are also perceived advantages in standardising the scope of adult retrieval co-ordination and tasking services provided by ASNSW to better align with the range of services currently offered to LHDs by NETS. In particular it is recommended to expand the ability of the AOC to support the regions in clinical matters, system navigation, organisational awareness, triage, protocols and connection with the right hospital. This will reduce the administrative burden on referring hospitals which rural clinicians have raised as a problem for some of them.

Governance and Management

The current governance and management arrangements reflect the fact that the current aeromedical retrieval system and services are managed and delivered by a range of different organisations across NSW. While a Statewide Medical Retrieval Committee exists, it does not include any LHD representation and only limited representation by the NSW Ministry of Health. It is proposed to create a new peak Statewide Medical Retrieval Executive Governance Committee reporting to the Director-General or their delegate to play a more strategic role in driving the implementation of statewide aeromedical retrieval strategy, reviewing the overall performance and cost of the service, and the clinical and patient care outcomes it is achieving.

A key part of doing this will be to establish a more robust and consistent framework for capturing, monitoring, analysing and reporting on the actual cost of rotary wing retrieval service provision across NSW. It is also therefore recommended to review the existing funding arrangements and develop a new future funding and charging model which takes account of the recommended reforms, the level of available State funding and the desired level of community based funding for services in the future. This will help to ensure a more cost effective and financially sustainable service for the State, for LHDs and for community based helicopter operators who currently help fund the cost of rotary wing retrieval services.

It is also proposed to alter the existing transport charge arrangements for helicopter retrievals to introduce a capped fee, similar to the approach used for road and fixed wing retrievals, and for the cost of inter-hospital secondary helicopter missions to be borne by the referring Local Health District, rather than for the charge to be split equally between the referring and receiving hospitals as it is currently. Linked to this change, it is also proposed to increase the level of transparency and visibility which LHDs have over medical retrieval costs by having service providers including ASNSW provide them with quarterly reports which breakdown the number, type and cost of medical retrievals for their District. This will allow LHDs to better monitor and review their costs with service providers and make appropriate system changes within their LHD to reduce the overall cost of aeromedical retrieval.

Procurement

Historical approaches to procuring helicopter services from community based operators have typically focused on what they are able to provide, rather than moving to a common minimum statewide set of performance requirements and standards. The existing contracts with community based providers were awarded on a direct invited tender basis, meaning there was little effective competition until the new contract for the Greater Sydney area was awarded following a tender to a commercial operator in 2007. The current contracts also have different expiry dates, making it hard to go to market for services across the State at any one time.

It is proposed to change this and align the expiry dates of existing contracts to coincide with the time required to procure new helicopter services. It is also recommended to complete a new statewide procurement process by the end of 2014 and then allow a transition period for the introduction of new services and helicopters over time as required. The proposed procurement process will include undertaking initial market soundings to test the proposed arrangements and obtain feedback from potential service providers before tender documents are finalised.

Estimated Implementation Costs

As part of the review, an initial high level estimate of the costs to implement the recommended changes and improvements has been prepared with the exception of known reforms which are already underway and separately funded. Where possible, an initial estimate of potential savings has also been prepared. It should be stressed that these initial estimates will require further more detailed analysis and validation as part of implementation planning. Some of the recommended changes will also require further more detailed feasibility studies before their costs and benefits can be fully quantified.

If all of the recommended changes are implemented, it is estimated that by 2022 the total cost of delivering rotary wing medical retrieval services in NSW will cost an additional \$6.4m per annum inclusive of CPI, but exclusive of the additional costs associated with increased demand. If the additional cost of demand is included and CPI excluded, the estimated additional cost per annum by 2022 would be \$7.3m. This result takes into account service enhancements, principally in the form of increased operating hours for some bases, the ability to service missions across a wider geographical radius and a standard doctor/paramedic crewing model, offset by service efficiencies principally achieved through a reduction in the number of back-up helicopters across the State.

The net effect is that by 2022 despite a 6.5% increase in cost and a 26.4% increase in activity, the average cost of a rotary wing retrieval mission will decrease by an estimated 15.7% from approximately \$34,166 per mission in 2011 to \$28,791 per mission in 2022 as summarised in the table below. In doing this the State will also have moved to employing a more modern, standardised fleet of helicopters and an improved standard of care based on the new doctor/paramedic crewing model.

Options	2011	2022	% Change
Status Quo - No additional investment for next 10 years			
Estimated Annual Operating Cost	\$112.1m	\$116.6m	4.0%
Total # Primary & Secondary Rotary Wing Missions	3,281	4,042 ²	23.2%
Average Estimated Cost per Mission	\$34,166	\$28,849	-15.6%
Implement Recommended Changes			
Estimated Annual Operating Cost	\$112.1m	\$119.4m	6.5%
Total # Primary & Secondary Rotary Wing Missions	3,281	4,146	26.4%
Average Estimated Cost per Mission	\$34,166	\$28,791	-15.7%

Notes:

- Costs are presented as 2011 costs and do not include CPI
- 2011 estimated annual operating cost is the current estimated cost of providing aeromedical retrieval services in NSW (refer to section 2.3.8 of the report)
- 2022 costs include the estimated annual operating cost for 2011 and costs from increased demand. For the section on "Implement Recommended Changes", 2022 costs also include the estimated increased annual operating costs for implementing the recommendations described in the report.
- The total number of missions is sourced from simulation data. Specifically:
 - The simulation with 2011 demand, existing configuration, and helicopters
 - The simulation with 2022 demand, existing configuration, and helicopters
 - The simulation with 2022 demand, changed configuration, and helicopters.
 Actual missions were not used in the comparison as the comparison would include minor differences between the simulation model and actual operations. For reference, the number of primary and secondary rotary wing missions in 2011 was 3,339. The actual 2011 data includes CareFlight missions for the HIRT trial, while the simulation model does not.
- As a result of implementing the recommendations, the simulation shows the number of rotary wing missions in 2022 is higher than is the case if the recommendations were not implemented. This reflects the radius of the service under the new configuration is improved, and the response to people within a given distance of the helicopter base should improve.

Implementation Timetable

A list of all recommendations as they appear in the body of this report is provided at the end of this Executive Summary.

If approved, the recommended reforms will be implemented in three broad phases as follows:

- ▶ *Phase I - Alignment of Services and Governance Arrangements:-* Includes alignment of services, management and funding of services, and governance arrangements to provide a more integrated and consistent service.
- ▶ *Phase II - Creation of Northern and Southern Regions, and Award New Contracts:-* Includes creation of proposed new super regions (Northern and Southern) and the awarding of new contracts for these new regions.
- ▶ *Phase III - Transition to New Helicopter Services and Contract Arrangements:-* This includes transitioning of services to a planned new Sydney Helicopter Base, including the relocation of the existing Wollongong service and the AOC to the new Sydney base. Relocation of NETS to the new Sydney base would occur when the existing Westmead infrastructure becomes outdated in the longer term.

In Chapter 5, the recommendations are presented in a different format which reflects their assessed priority or importance, ease and speed of implementation, aligned to the three broad implementation phases above. Chapter 5 also includes an overall implementation plan which reflects key interdependencies between recommendations. A significant number of the recommended changes are proposed to occur by mid to late 2014.

Summary of Recommendations

The following is a summary of recommendations as they appear in the body of the report. The recommendations are grouped under discrete aspects or elements of the overall aeromedical rotary wing retrieval service model framework. This framework is explained in more detail in section 2.2 of this report.

An overall priority rating of High (H), Medium (M) or Low (L) is shown in the right hand column for each recommendation. The assessment criteria and approach used to arrive at this proposed priority rating is explained in more detail in Chapter 5.

Recommendations		Priority (H/M/L)
Services		
S.1.	The scope of aeromedical retrieval services should remain unchanged and continue to include: <ul style="list-style-type: none"> ▶ Interhospital transfer of the critically ill and injured ▶ Land on scene responses to the critically injured ▶ Extrication by land or on hoist of the critically ill and injured. 	No Change
S.2.	Implement changes to services for obstetrics, including:	
	S.2.1. Reinstatement of the Perinatal Advice Line (PAL).	H
	S.2.2. Assess the future demand for obstetric retrievals and response. Design and implement appropriate service changes once future demand has been assessed.	M
S.3.	Restrict winching operations to four bases:- Sydney, Canberra, Newcastle, and Lismore.	H
	Implement the following changes to service configuration:	
S.4	Increase the operating hours for the Orange service to 24x7 (On Base 10x7, Off Base after hours) by 2014.	H

Recommendations		Priority (H/M/L)
S.5	Move the Newcastle crew to being on base 24x7 by 2014.	H
S.6	Increase the operating hours for the Tamworth base to 24x7, with the crew to be on base 10x7 by 2015.	M
S.7	Configure all future aeromedical rotary wing aircraft to be capable of carrying either adult or NETS patients.	H
S.8	Further investigate the option to move the Wollongong helicopter service and crew to the planned new Sydney Helicopter Base.	M
S.9	Have the Orange crew on base 24 x 7 by 2018.	M
S.10	Continue the roll-out and implementation of rural facility development and telehealth in order to reduce the future demand for aeromedical rotary wing retrieval services across regional and rural NSW.	M
S.11	Review the Lismore Retrieval Service once the Gold Coast Retrieval Service is fully operational. The date of this functionality is unknown.	L
Co-ordination and Tasking		
CT.1	Expand the ability of the AOC to provide regions with further support in retrieval, including clinical matters, system navigation, triage, protocols, and connection to the right hospital.	M
CT.2	Undertake a feasibility study to relocate the AOC to the new Sydney Helicopter Base. Consider NETS relocation to new Sydney Helicopter Base in the longer term when the existing Westmead infrastructure becomes outdated. In the interim, investigate an improved level of cooperation between the AOC and NETS, particularly with regard to shared road and aviation resources.	M
CT.3	Consider using operational flight paramedics and doctors for rapid activation as part of the relocation of the AOC to the new Sydney Helicopter Base.	M
CT.4	Retain the existing structure of Regional Retrieval Services, but improve with a single statewide number for all retrievals, directing calls from regional areas to Regional Retrieval Services and the AOC by Interactive Voice Recognition (IVR). Implement a single statewide telehealth system (see recommendation S.10), and consistent protocols and reporting.	H
Crewing		
CR.1	Transition to a standard doctor/paramedic model for all primary and secondary missions, except for NETS, from 2014.	H
CR.2	Training requirements are incorporated into future service agreements with medical retrieval services. A statewide Training Co-ordinator is employed to work with medical retrieval services to establish training and to monitor training compliance.	H
CR.3	Further develop and implement standardisation of medical and paramedical aeromedical training across the State.	M
CR.4	In the longer term (beyond year 2015), training may be internally sourced or conducted through partnership with an external organisation (such as a Registered Training Organisation).	L

Recommendations		Priority (H/M/L)
CR.5	Retain the existing aviation crewing model of having a pilot and a crewman.	No Change
Vehicles and Infrastructure		
V.1	Standardise on 2 airframes with all aircraft configured identically, and obtain input from aviation specialists to develop appropriate performance based specifications.	H
V.2	Allow for the phasing in time required to introduce new helicopters into service as part of the future procurement process and implementation planning.	H
V.3	Reduce the number of operators or regions as a means of rationalising the number of back-up helicopters between operators and also encouraging greater collaboration/ integration between NGO operators.	H
V.4	Provide a dedicated dual purpose road vehicle for aeromedical rotary wing retrieval teams at each helicopter base to use for retrievals within 60km, including the Central Coast retrieval service. In doing so, ASNSW should explore the feasibility of cooperation between NETS and ASNSW for the possible use use of NETS road vehicles for adult retrievals.	H
Governance and Management		
G.1	Document and formalise the overall governance and management framework to clarify the roles, responsibilities and accountabilities of different governance bodies and forums involved in aeromedical rotary wing retrieval services.	H
G.2	Implement more consistent mechanisms for systematic review and reporting of operational performance at a whole of service and State level, aligned to a set of key measures of success and the strategic objectives of the service.	M
G.3	Strengthen the overall governance of medical retrieval services across NSW by establishing a new Statewide Medical Retrieval Executive Governance Committee reporting to the Director-General or their delegate.	H
G.4	Improve communication and compliance monitoring of critical care and specialised care referral network and transfer policy directives through the new Statewide Medical Retrieval Executive Governance Committee.	M
G.5	Accelerate the adoption and implementation of consistent statewide information management systems and reporting requirements overseen by the new Statewide Medical Retrieval Executive Governance Committee.	M
G.6	Strengthen performance reporting, analysis and monitoring by independent parties including the Bureau of Health Information, other "Pillar" organisations and statewide bodies.	M
G.7	Develop a future funding model for rotary wing retrieval services which takes account of the estimated additional costs required to implement the proposed strategic direction and recommended changes to service configuration, crewing and vehicles.	H

Recommendations		Priority (H/M/L)
G.8	As part of this future funding model, confirm the available level of State-based funding for aeromedical rotary wing service provision over the next decade to establish an overall funding envelope.	H
G.9	Based on this funding envelope, review the extent to which community-based funding may be required and determine which specific aspects of the service this funding should be directed to.	H
G.10	Depending on the level of community-based funding required, establish minimum requirements for own-sourced funding from future operators and incorporate into future tender documentation.	H
G.11	Establish a consistent framework for allocating, capturing, monitoring and reporting on the actual costs of aeromedical rotary wing service provision across NSW Health entities and external service providers.	H
G.12	Where services are provided by LHDs such as the provision of medical crew, establish a discrete cost centre for this service, supported by a formalised Service Level Agreement.	H
G.13	Develop an integrated statewide financial management report which consolidates the actual cost of service provision and enables this to be reported and monitored by the Ministry of Health and Statewide Medical Retrieval Executive Governance Committee on an ongoing basis.	M
G.14	Review and update existing ASNSW and NETS rotary wing retrieval transport charges to adopt a uniform approach across all modes of transport, including capping helicopter retrieval charges for secondary missions and making the LHD sending the patient responsible for paying 100% of the charge.	H
G.15	Review the current level of management information provided to LHDs by aeromedical rotary wing retrieval service providers including ASNSW to identify opportunities to provide increased transparency and visibility over LHD costs. In future, service providers should provide a formal report to LHDs every 3 months on levels of activity, hospitals of origin and destination, modes of transport, diagnostic categories, kilometres travelled and transport charges to help LHDs make system improvements to control their medical retrieval transport costs.	M
G.16	Establish periodic meetings with LHD management to review and benchmark costs, identify opportunities to improve cost effectiveness.	M
G.17	Undertake more extensive financial viability and governance assessments as a 'first hurdle' in future procurement and tender evaluation processes to reduce the potential risk of financial failure and ascertain the level of own sourced funding which will be achieved.	M
Procurement		
P.1	Align contract periods and timeframes across all contracts and regions.	H
P.2	Establish longer contract periods with providers (i.e., 10+ years) to reflect the investments required and enhance the longer term financial viability of providers.	H

Recommendations		Priority (H/M/L)
P.3	Move to a more output based standard specification approach focused on common, minimum performance requirements and standards. This will support the broader standardisation and rationalisation of the current helicopter fleet over time.	M
P.4	Consider including incentives in future procurement processes to encourage greater collaboration, sharing and possible joint venturing or consortia approaches between NGO operators. This will help to realise additional economies of scale, and support greater standardisation and inter-operability without necessarily precluding existing NGO providers.	M
P.5	Use multi-stage procurement processes which may include the use of expressions of interest, open requests for proposals, selective requests for proposals, or a blend of these to allow alternative offers and ideas to be solicited from the market including NGOs.	M
P.6	Establish a specialist dedicated contract management resource within ASNSW to provide the necessary contract management expertise and help drive improved contract outcomes with providers.	H
P.7	Modify the existing scope of services provided by external service providers to exclude the provision of helicopter and crew bases.	M
P.8	Arrange for NSW Health through ASNSW to own or lease future helicopter bases and sub-lease them to helicopter operators as part of any future procurement contracts. This may require a transitional period to implement as part of new contracts, depending on the extent to which existing base leases by operators can be transferred to NSW Health, or new bases need to be established.	M
P.9	In order to open up opportunities for increased contestability, it is proposed that NSW Health considers changing the scope of bundled services which will be provided in future by helicopter operators and include the provision of medical crew and associated medical crew training as an alternative service which helicopter operators can bid to provide for the Southern half of NSW. Further analysis and due diligence will need to be undertaken to confirm the potential costs, benefits and risks of moving to this alternative provision model before it is implemented, including the extent to which a viable and competitive market of alternative providers exists.	M
P.10	Maintain a mixed market of commercial and NGO service providers in future and structure future procurement documentation and processes accordingly.	H
P.11	Establish two 'super' regions in future comprising a Northern and Southern Region. Structure future procurement documents and contracts to have a different external service provider for each 'super' Region.	H
P.12	Test the NGO provider market's appetite and willingness to move to a more integrated and collaborative model and ascertain what level and type of incentives would be required to make this concept attractive and financially viable for them. This could be done through a formal market soundings process, or informally on a provider-by-provider basis.	H

Recommendations		Priority (H/M/L)
P.13	Design the future procurement process to allow for the transitioning of new helicopters over time by allowing interim vehicles to be used while the new vehicles are obtained.	H
P.14	Use a 3 stage procurement process with a minimum 9 month period for initial procurement planning and approvals, a minimum timeframe of 9 months up to Contract Award, a minimum period of 6 months for new Contract establishment.	H
P.15	Implement the recommended procurement process so that the new contracts can be awarded to coincide with the expiry of existing contracts by extending the existing contracts to expire at the same time.	H