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Our Ref: GR.0008
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6 September 2021

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir / Madam

RE: INQUIRY INTO PROVISION OF GENERAL PRACTITIONER AND RELATED PRIMARY HEALTH SERVICES TO OUTER METROPOLITAN, RURAL AND REGIONAL AUSTRALIANS

The Shire of Corrigin is located 235km south east of Perth in the Central Wheatbelt region of Western Australia and is home to approximately 1,200 people. The community is well serviced with health and medical facilities including a hospital, doctor, dentist, pharmacy and visiting allied health professionals.

The community has an aging population that is supported in their own homes as well as accommodated in 19 aged housing units and a residential aged care facility in the town.

Attracting and retaining quality health care services to the town was strong theme in the recent community consultation and forms a key element of the 2021-2031 Shire of Corrigin Strategic Community Plan.

The services provided by the current doctor and practice management and business support service provider are highly valued by the Shire of Corrigin and community members. Having a doctor in town has enabled residents to feel safe and stay healthy so that they can continue to live in Corrigin and contribute to the local businesses and the economy. The General Practitioner (GP) service is well used and provides an excellent service for four days per week.

Significant Cost to Ratepayers of Supporting Rural GP

The Shire of Corrigin is one of many local governments in rural WA that have entered into contracts for medical services and/or general practice support services. Although it is not a core role of local government, or a legislative requirement, the Shire of Corrigin is required to provide substantial financial and in kind support to assist in recruiting and retaining a private GP as well as remove the disadvantages of practicing in Corrigin.

The Shire of Corrigin does not have any involvement with the day to day operations of the medical service but provides direct financial support and a range of benefits including:

- cash incentives
- free use of a medical centre,
- house,
- utilities,
- telephone and internet services,
- vehicle,

- furniture and equipment, and
- ongoing maintenance
- medical practice support.

The cash incentive was first negotiated in 2014 and was provided on the basis that Medicare payments to providers at that time were stagnant and the payment was necessary to ensure financial sustainability of the practice. The incentive has increased with CPI since 2014 and the combined cash incentives in the 2020/21 financial year was over \$255,000 which equates to approximately 11% rate revenue.

As part of a range of COVID 19 financial support measures the Shire of Corrigin froze rate revenue at the request of the state government. There was no increase in rate revenue during 2020/21 financial year despite increasing costs including support for medical services during that period.

Accountability, Transparency and Legislative Compliance

Local governments are under increasing pressure from auditors, as well as the Office of the Auditor General and ratepayers, to demonstrate that contracts with service providers are providing value for money and are well managed including support for medical services.

The Shire of Corrigin has been fortunate to have a stable GP for the past five years who provides an excellent service. During 2019 the CEO sought governance and legal advice on options to enable the Shire of Corrigin to renegotiate a contract directly with the current GP and avoid the need to tender for the medical services.

The purchasing policies of many local governments and associated *Local Government Act 1995 (section 3.57 – Tenders for providing goods or services)* as well as the *Local Government (Functions and General) Regulations 1996 (section 3.57 Part 4 – Provisions of Goods and Services, Division 2 – Tenders for Providing Goods and Services)* require tenders to be called for any goods or services valued at over \$250,000 over the life of the contract.

Both the WA Local Government Association (WALGA) and the Department of Local Government provided advice that the payment of financial incentives, together with the payment of costs associated with the house, medical centre, utilities and vehicle, are deemed to be payments by the local government for the provision of services. As the total value of the financial contribution to the GP services is often substantially greater than the prescribed tender threshold of \$250,000 over the life of the contract there is a requirement to tender for these services.

While the tender process provides an efficient and effective method of mitigating risk, determining value for money and ensuring openness, fairness, transparency and equity, it is extremely impractical and difficult process to secure the services of a GP to a rural town.

Previously agreements for medical services may have characterised the rural GP's as a sole supplier and therefore deemed them to be exempt from the tender regulations under *Functions and General Regulations Reg.11(2)(f)*. However there is generally no evidence that the market for GP's or general practice support services have been previously tested. The 2017 Corruption and Crime Commission- Shire of Exmouth Report highlighted that local governments must evidence that they have reasonably and sufficiently tested the market before determining a sole supplier status.

The 2015 amendments to the *Local Government Act Functions and General Regulations*, prescribe that renewal or extension of a contract term can only be undertaken where the original contract (entered into after a public tender) included specific and defined options for contract extension.

The tender process is a significant additional barrier to securing a doctor, and combined with the existing challenges of attracting and retaining GP's in rural areas, there is a very real risk that many rural communities will not be able to attract a doctor at all.

Although the tender process was made as simple as possible the medical service providers found it extremely difficult to comply with the tender requirements. An exemption to the tender regulations for rural general practitioners and medical support services is urgently required to remove the significant barrier to attracting and retaining rural GP's.

There is a very real risk that rural communities will not be able to secure a doctor if local governments are required to call tenders for the financial incentives that they provide before engaging a medical service provider.

Additional Federal and State Government Required

The challenges of recruiting and retaining general practitioners in rural areas are well documented. Some shires have been fortunate to secure a long term doctor while others have not, or face on ongoing rotation of short term placements or locums.

The provision of GP services in rural areas is not a role of local government and the cost of supporting GP's, dentists and allied health professionals ought to be borne by the Federal and State Governments.

There is an urgent need for additional funding to attract, retain and support rural GP's and reduce the burden currently placed on local governments to fill this void.

Please contact me if you require additional information or wish to discuss the matter further at
or on

Yours sincerely

Natalie Manton
Chief Executive Officer