

Response from the CEO: If this property was on the open market, it would be asking around two million dollars. James Quirke has the given the Shire the first option. The Shire has approached major organisations to purchase and operate but they have all declined.

- d) Jenny Thomas – Hampton Street, Port Denison: Have you included the cost of accreditation in the operational costs?

Response from the CEO: The facility is currently accredited and will be transferred from Batavia Health as part of the sale.

- e) Karina Clifford – Plester Street, Port Denison: In the report, it says that professional goodwill for medical records is a total of \$144,150 which equates to roughly \$50 per person. Why is the Shire paying for goodwill when the individual medical records should be a cost borne by the individual patients?

Response from the CEO: This figure was given by Batavia Health in their sale terms. The figure of \$1.45M includes this amount, so effectively will be at no cost. This is highlighted in the next paragraph of the report.

- f) Karina Clifford – Plester Street, Port Denison: Is the Shire paying \$114,000 for the Principal GP from the starting date of 16 March 2020 up to 30 June 2020?

Response from the CEO: Yes.

- g) Patricia Mulcahy – McCarley Walk, Port Denison: What is the bottom line figure for the cost to the community (including the carpark and total doctor's package) for the current year and subsequent years?

Response from the CEO: All of this information is contained in the agenda report:

- \$1.45M to purchase
- Rate rise of approximately 1.9%, however this could come down, pending budget considerations
- Operating costs as outlined in the agenda report
- The carpark cost approximately \$350,000 to construct and the \$1.45M excludes the cost of the carpark.
- Council have had lengthy discussions and workshops on absorbing these costs internally.

- h) Patricia Mulcahy – McCarley Walk, Port Denison: Can you please clarify the caveat on the property and what the ramifications are if this isn't adhered to?

Response from the CEO: All of this information is contained in the agenda and attachments, including the caveat itself.

- i) Norm Hewer – Seahorse Loop, Port Denison: Does the Shire have a contract in place for the services of the proposed doctor?

Response from the CEO: Part of the meeting tonight is for Council to approve the contract.

- j) Norm Hewer – Seahorse Loop, Port Denison: What happens after 12 months of this is a flop?

Response from the Shire President: Council could walk away from this now and it would be considered a flop, however Council are trying to take on board the needs of the community. Council are fully aware of the risk.

6. OFFICER REPORTS

OFFICE OF CEO		CEO01-03/20S
Subject:	Dongara Medical Centre	
Author:	S Ivers, Chief Executive Officer	
Responsible Officer:	S Ivers, Chief Executive Officer	
File Reference:	4.00093	
Voting Requirements:	Absolute Majority	

Council Role:

- Advocacy** When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
- Executive** The substantial direction setting and oversight role of the Council e.g. performance of the Local Government's function under law, administration of Local Laws, adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
- Legislative** Includes adopting local laws and local planning schemes.
- Review** When Council reviews decisions made by Officers.
- Quasi-judicial** When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice e.g. local planning applications, building permits, other permits/licences (e.g. under Health Act, Dog Act or local laws) and other decisions that may be appealable to the State Administrative Tribunal (SAT).

Report Purpose:

To seek Council's:

- Approval to purchase the Dongara Medical Centre using the processes mandated under the *Local Government Act 1995*
- Approval of the Principal General Practitioner (GP) contract
- Approval to establish a Memorandum of Understanding (MOU) between the Shire of Irwin and Batavia Health Pty Ltd for use of the Dongara Medical Centre, 290 Point Leander Drive, Dongara, for the provision of GP services to the community until the purchase of the Dongara Medical Centre has been finalised.

Background:

Batavia Health closed the Dongara Medical Centre on 24 January 2020 which has had a significant impact on residents. With very short notice of the pending closure, the Shire began looking at options to maintain a medical service in town. There is a critical shortage of GP's in regional WA and a critical element of attracting GP's to Dongara is the ability to provide them a great facility at effectively no cost, together with other incentives.

The benefit to the Dongara / Port Denison community lies not just with the provision of local medical services but the flow-on effect to local business, population growth and the local economy as a whole.

In the past, General Practitioner (GP) services within the Shire have been privately owned and operated. The facilities for the GP services over the years included the use of Shire-owned buildings, also renting suitable space in the WA Country Health Services (WACHS) health centre on Blenheim Road.

In 2014, Batavia Health Pty Ltd (Quirko Investments Pty Ltd as trustee for the Quirke Family Trust) together with the support of the Shire, decided to build a privately-owned medical centre at 290 Point Leander Drive, Dongara. In December 2014, after a series of Council meetings, a 5,220 square metre portion of Shire-owned land was authorised by Council to be sold to Quirko Investments Pty Ltd for a

medical centre. Construction of the medical centre commenced in November 2015 and was completed in January 2017. The occupancy permit was issued in March 2017.

Since opening in 2017, the practice has had only one full-time GP as Batavia Health was unable to recruit additional GPs that were prepared to work in Dongara. The full-time GP was based in Geraldton and travelled between Geraldton and Dongara on a daily basis to provide services to the local community. Batavia Health had also been supporting the Dongara Medical Centre with visiting doctors from its Geraldton practice, who attended three days a week as a short-term solution. However, this arrangement proved unsustainable in the longer term. Dongara's only full-time GP left the Dongara Medical Centre on 24 January 2020, after which the Dongara Medical Centre's owner, Batavia Health, ceased operations in the Shire of Irwin due to the major challenge of attracting doctors. The Shire was first notified on Monday 16 December 2019 of Batavia Health's intent to close the medical practice in Dongara.

Given the Shire's aged demographic and other critical medical requirements within the community, Council held a confidential (due to commercially sensitive information) Special Council Meeting on 19 December 2019. This meeting was held to address this crisis situation and resolved to support the continuation of this essential service for the community in the short term, by retaining existing medical centre staff and associated services and attempting to recruit locum (temporary) doctors.

In parallel, the Shire commenced work on a more permanent solution, which included two community consultation and feedback sessions held 6 and 27 February 2020 respectively. The purpose of the consultation was to gather the necessary information in order to present a recommendation to Council for the preferred solution at the 24 March 2020 Ordinary Council Meeting, or sooner if possible.

Officer's Comment:

Based on the outcome of the Special Council Meeting held 19 December 2019 and a site meeting with Rural Health West (RHW) held 7 January 2020, the Shire authorised RHW to commence advertising for both locums and a principal GP as of 9 January 2020. Shortly afterwards, preparation for community consultation sessions commenced, which included developing a survey and culminated in public consultation sessions held 6 February 2020. In parallel, an investigation commenced to identify a suitable facility, which included using existing rooms at the WACHS Health Centre, fitting out existing Shire buildings, through to purchasing the Dongara Medical Centre.

Conscious that medical services would finish 24 January 2020 and subject to Council support, the Shire drafted a Memorandum of Understanding with Batavia Health for the use of the Dongara Medical Centre until a facility could be finalised.

The remaining Officer's Comment covers in detail:

- Community consultation outcomes;
- Facility options;
- Principal GP contract and preferred candidate;
- Operating Costs; and
- Memorandum of Understanding – interim use of the Dongara Medical Centre.

Community Consultation & Survey

To understand the views of the community and to ensure that the option selected reflects its needs, the Shire together with Aha Consulting developed a survey. The survey contained 15 questions and was available for completion either online or by hand with a closing date of Wednesday, 12 February 2020. The surveys were mailed to residents on 30 January 2020.

To assist residents in completing the survey, the Shire arranged two community consultation sessions held Thursday, 6 February at 10:30am and 6:00pm at the Irwin Recreation Centre Function Room. Approximately 500 community members attended the consultation sessions and over 900 completed surveys were received.

Subject matter experts that participated in the consultation sessions included:

- WA Country Health Services – Regional Medical Director & Acting Operations Manager, Midwest Murchison
- Rural Health West – General Manager, Workforce & Manager Workforce Solutions
- St John Ambulance – Local volunteers T Wisewould and S Rogers.

The main areas of feedback contained in the survey were:

- Should the Shire do something and specifically acquire the existing Dongara Medical Centre and fund the associated services to be offered by a medical centre?;
- For doing something, should the funding be additional rates or redirecting Shire reserves for the building acquisition and services to be offered?;
- If funding was additional rates, what level of rate increase?;
- The importance of what services to be provided through the medical centre;
- The expectation of GP appointment wait times in days;
- General questions regarding the expected use of the medical centre; and
- Miscellaneous demographic questions.

Referring to the attached Medical Centre Consultation Report by the independent consultant Aha Consulting, there was an overwhelming response that the Shire:

- Acquires the Dongara Medical Centre and offers a peppercorn lease to a suitable GP business in establishing the Dongara Medical Centre; and
- Funds the acquisition and associated services to be offered by redirecting existing Shire funds instead of increasing rates.

In terms of the services to be supported by the Medical Centre, high importance was placed by the majority in regards to the following:

- Sufficient GPs to service the community with 1 to 5 day appointment wait times;
- Support WACHS health centre Emergency Department; and
- Support WACHS residential care services for Blake House.

The *unknowns* discussed at the consultation sessions included:

- Selling of Shire-owned residence on Kennedy Heights
 - What it will sell for?
 - How long it would take to sell?
 - When is the best time to sell?
- Drought funding
 - The conditions of use for that funding?
- Co-contribution from large industry in the region
 - Who and how much money would be involved?

The Shire provided the option for community members to complete another survey at the consultation sessions, these results provided different outcomes to the postal survey when residents were furnished with additional information. The first major outcome was the consideration of different options for the medical facility. Listed below are those options, which includes feedback from the Shire provided at the sessions:

- Use of the Blenheim Road Health Centre rooms:
 - Not possible during their proposed refurbishment works commencing later in 2020 for a period of two or more years.
 - WACHS to provide feedback as to whether there would be rooms available in the new layout for GPs, but this would be after the completion of the refurbishment works.
- Leasing the Medical Centre from Batavia Health:
 - Approximately 2% of rates would be going outside the Shire to Batavia Health. It would be better for these rates to stay in the community, which would mean acquiring the facility as a community asset;
 - Short-term leasing will impact the ability to recruit GPs and locums, unless it was a 5 year lease which is the standard term for local government contracts with GPs;

- A 5 year lease for the Dongara Medical Centre would cost ratepayers approximately \$600,000;
- The only real benefit of leasing is to allow sufficient time to renovate another site.
- Renovate another site – examples include the Irwin Recreation Centre’s Ocean Room:
 - Whilst a cheaper option than buying the Medical Centre, the loan repayment saving is not the dominant factor as it is estimated to be less than \$50,000 per year. The major issue with this option is that it restricts the GP’s ability to generate sufficient revenue possibly resulting in the practice running at a loss, which in turn will become a rate burden on the community. The impact on rates could be \$250,000 or higher to maintain the desired levels of service as requested in the postal survey results, or risk repeating the situation where less than half of the population have access to the local GP.
- Quirko Investments Pty Ltd to sell to a private buyer/GP:
 - The price to a private buyer would be in the vicinity of \$2,000,000 due to the inclusion of the carpark. Without Shire involvement, the rate of return on investment would be around 2%, which is not an attractive investment opportunity particularly when considering the risks associated with this type of investment;
 - A number of larger medical practices have been approached, but there has been little interest;
 - It appears that the population threshold for a self-sustaining practice is around 5,000.

Referring to the attached consultation report, there was a large variation of views between the morning and evening consultation sessions once the community was furnished with the above information and participated in associated discussion. The evening session accepted the rate rise, or a combination of a smaller rate rise together with the input of Shire funds, as a reasonable course to acquire the Dongara Medical Centre and fund the associated medical services to be offered. The morning session favoured the Shire using discretionary funds only. There was little support from both sessions to renovate a Shire building, though there was some support to lease the Dongara Medical Centre for a period to allow time to investigate other options.

As a courtesy to those who attended the consultation sessions held 6 February 2020 and others that may be interested, the Shire arranged two community consultation feedback sessions held 27 February 2020 at 3:30pm and 6:30pm at the Irwin Recreation Centre’s Function Room. There were approximately 60 attendees across both sessions, where Aha Consulting provided the community with public feedback from the consultation report findings.

In summary, there is a strong mandate from the community for the Shire to acquire the Dongara Medical Centre and fund the associated medical services to be offered, rather than pursue projects such as the development of the foreshore. However, the contentious issue was the source of the funding, and in particular, if it were to potentially affect rates. As stated in the report, the results from the consultation sessions were inconclusive.

Facility

The Shire commissioned Opteon, as per the attached report, to independently value the Dongara Medical Centre at 290 Point Leander Drive, Dongara. The value came back at \$1,250,000 for the land and building, but excludes the carpark, furniture, equipment, consumables and professional practice goodwill (9 years of medical records for 2883 patients).

Medical records in the form of professional practice goodwill specifically includes:

- All patient information / clinical data will be retained and set up in the IT system available to the incoming Doctor(s).
- All current IT systems / licences will be retained and fully functional, including the internal networks, electronic links with relevant third parties such as clinical labs and most importantly with Medicare.
- All contact information to specialists, insurance companies and other third parties has been made available to the Shire for ongoing use.

The overall price breakdown including furniture, equipment, consumables and professional practice goodwill, but excluding the carpark is as follows:

\$1,250,000	Land and building excluding carpark
\$136,777	Furniture and medical equipment less depreciation
\$34,926	IT hardware, computer and phone systems less depreciation
\$144,150	Professional practice goodwill (9 years of medical records for 2883 patients)
<u>\$7,474</u>	Consumables
<u>\$1,573,327</u>	

To acquire the Dongara Medical Centre, Quirko Investments Pty Ltd have set the sale price to \$1,450,000 which includes the land, building, furniture, equipment, carpark and professional goodwill (medical records with history). This is a walk out / walk in sale where the facility is effectively brand new, fully equipped and certified. The practice includes pathology and surgery rooms. With the purchase of the facility, the Shire will be able maintain a medical service in town including the pathology service.

As noted above, the Shire is seeking co-contribution from large industry in the region towards the purchase price of the facility.

Based on the strong community mandate to purchase the Dongara Medical Centre, the proposed purchase would be financed through the State's central financial services provider, Western Australian Treasury Corporation (WATC), who offer interest rates in the vicinity of 1.2% to 2.4% depending on the loan term. The estimated annual repayment for a loan term of 20 years is approximately \$90,000. The Shire's Debt Service Ratio is at the minimum level for WATC's risk assessment team to approve the loan. To ensure approval of the loan, it is proposed to include a rate increase on the 2019/20 total rate revenue in the 2020/21 Budget to service the loan repayments. On a \$1,450,000 loan, the rate increase to service the loan would be approximately 1.9%. Any proceeds from the sale of Shire assets, co-contributions from industry or any other funding source nominated for the Dongara Medical Centre will proportionally reduce the rate increase. The Shire will ensure the proposed loan has flexibility to be paid off early or that the interest payable over the life of the loan is affordable should the loan be paid off early.

It is proposed that this rate increase is for the life of the loan and a proportional adjustment is made at the end of the loan to reduce the rates by the amount of the increase for the medical centre.

The proposed loan would require local public notice for a period of one month under Section 6.20 (2) (a) of the *Local Government Act 1995*. This local public notice is non-binding and does not commit the Council to proceeding with the loan at the end of the notice period.

The proposed purchase is considered a major land transaction under Section 8A (1) (b) of Part 3 in the *Local Government (Functions and General) Regulations 1996*. In accordance with Section 3.59 of the *Local Government Act 1995*, the Shire must, before entering into a major land transaction:

- Give statewide public notice for a period of 6 weeks of its proposal to enter into a major land transaction;
- Prepare a business plan and make it available during this period;
- Accept any public submissions about the proposed transaction during this period; and
- Consider any public submissions before a final recommendation to Council

It is recommended that Council acquires the Dongara Medical Centre, equipment, furniture and medical records from Quirko Investments Pty Ltd for \$1,450,000 using a WATC loan by:

- Complying with the appropriate acts and regulations;
- Considering any submissions resulting from the public notice period under Section 3.59 of the *Local Government Act 1995*;
- Writing to the Minister and lobby the necessary agencies for approval to charge a flat fee in the notice of rates. This would negate the need for the percentage rate increase and instead appear as a transparent annual fee that can be easily be adjusted during the life of the loan and terminated at the end of the loan term;

- Should the percentage rate increase be the only option available to the Shire, investigate opportunities to apply differential rates to assist with rate equity;
- Reducing the borrowing amount by attracting corporate contributions;
- Placing Shire-owned Kennedy Heights properties on the market and using the proceeds to offset the loan; and
- Dependent on the above outcomes, secure a loan of up to \$1,450,000 on the basis of a rate increase on the 2019/20 total rate revenue in the 2020/21 Budget to service the loan repayments.

Principal GP Contract

Batavia Health was operating at 1.6 full-time equivalent (FTE) GPs, which catered for approximately 40% of the Shire population. To maintain reasonable wait times, it is estimated that 3 FTE GPs will be required to cater for at least 70% of the population. It is proposed that the Shire establishes a contract with a Principal GP who then employs additional GPs as well as necessary support staff.

The preference is for the Principal GP to be residential, as they would be able to provide a wholistic approach to the provision of medical services in the Shire. An important element for the Principal GP is to support the WA Country Health Services (WACHS) health centre Emergency Department and Blake House. Subsequent GPs employed by the Principal could be a mix of residential and non-residential.

There are currently over 100 vacant GP roles in rural Western Australia and as at 3 January 2020 there were 26 high priority GP vacancies registered with Rural Health West. The challenge is how the Shire can be competitive in this environment whilst achieving the desired service delivery objectives.

The Modified Monash Category (2019) for Dongara is MM 5, which is a small rural town with an Australian Standard Geographical Classification – Remoteness Area (ASGC-RA) location 2. The following information has been extracted from the Rural Health West 2018 Annual Workforce Survey for rural WA:

- There were 838 rural GPs (MM 2 to MM 7)
- 112 (13%) GP registrars
- 449 (53%) International Medical Graduates (IMG)
- 283 (63%) of IMGs Felloved
- 58% of GPs are residential
- 26% are GP proceduralists (anaesthetics, obstetrics, surgery)
- 96 (11%) GPs are in the Midwest, but only 13 solo
- Average hours per week at a MM 5 location is 40.7 hours
- GPs by gender are 57% male and 43% female
- The majority of female GPs are in the 35 to 44 age group
- The majority of male GPs are in the 45 to 54 age group.

The Shire's Principal GP would need to be fully qualified as a Fellow FRACGP or FACRRM, as they are operating in a solo environment. From the above information and together with guidance provided by Rural Health West, the critical success factors for the prospective residential Principal GP include:

- Location – coastal location of Dongara/Port Denison plus proximity to Geraldton for both professional development and support;
- Facility – provision of a first-class medical facility at a peppercorn lease;
- Benefits – housing assistance and vehicle;
- Work hours – consistent with the MM 5 average;
- Leave coverage – provide an attractive environment for locums to assist covering leave; and
- Own Business – opportunity to foster staff and provide a friendly service delivery based on personal aspirations.

The critical success factors outlined above are to be managed inside a formal contract between the Shire and Principal GP. The contract is attached and includes the following:

- Target three GPs with a minimum of two being residential in the Shire;
- GP key performance indicators (KPIs) – centre operating hours, patient waiting times, GP sessions;

- GPs to provide support to WACHS health centre including the Emergency Department and Blake House;
- Shire provides the building under a peppercorn lease arrangement;
- The principal GP receives all the billing revenue, which is the primary source of income;
- GP responsibilities include: admin staff wages, nurses wages, engagement of locums when required, medical consumables, staff amenities, cleaning, needle disposal, shredding, sanitary waste, other administration costs (accounting, bank charges, freight, laundry, stationery, postage);
- The Shire provides a suitable vehicle for up to three GPs, including operating costs;
- The Shire provides a housing allowance for up to three GPs;
- The Shire will own and maintain the IT system and software including medical records, however access to medical records will be restricted to the Principal GP and approved medical centre staff;
- The Shire will own and maintain the building, furniture and equipment;
- The Shire will be responsible for the pathology service including receiving rental revenue;
- The Shire will be responsible for allocating rooms to WACHS Allied Health Services during the refurbishment of the Health Centre including receiving rental revenue;
- Encourage regional support to surrounding towns;
- Customer complaints to be managed by the Shire;
- Where patients pose a hazard to the safety or wellbeing of practice staff, the principal GP must consult with the Shire CEO before any long-term remedial action such as banning the patient from the medical centre; and
- Regular meetings with the Shire CEO and Council to ensure service delivery KPIs are being achieved and to monitor the overall financial viability of the medical centre.

Rural Health West identified a potential Principal GP candidate in January 2020, who was interviewed late January 2020 by a panel made up of the following members:

- Regional Director, WA Country Health Service (WACHS);
- Regional Medical Director, WA Country Health Service (WACHS);
- Workforce Solutions Manager, Rural Health West; and
- Chief Executive Officer, Shire of Irwin

The candidate was highly recommended by the interviewing panel and it is proposed to establish a contract with a commencement date of 16 March 2020 at the Dongara Medical Centre. It is recommended that Council approves the Medical Practice Agreement written by HLS Legal and enters into the formal agreement provided by CEO01-03/20S Attachment 5: CONFIDENTIAL – Medical Practice Agreement.

The 2019/20 Budget Review, adopted by Council at the 25 February 2020 Ordinary Council Meeting, captured funding for the purchase of the Principal GP's vehicle and housing allowance.

Operating Costs

The estimated Shire operating costs excluding the proposed loan repayment will be approximately \$110,000 per year. These costs include:

- GP vehicle for up to three GPs;
- GP rent assistance for up to three GPs;
- IT system and software;
- Building, furniture and equipment maintenance;

It is proposed that the Shire does not generate funds from a rate rise to cover this expenditure, but uses own source funding less any pathology rent, WACHS rent and the Federal Assistance Grant component for the provision of medical services.

The principal GP will receive all billing revenue including supporting WACHS, funding from state incentives, miscellaneous leases for specialists such as a chiropractor, and will be responsible for all other expenses such as admin staff wages, nurses wages, engagement of locums when required,

medical consumables, staff amenities, cleaning, needle disposal, shredding, sanitary waste, other administration costs (accounting, bank charges, freight, laundry, stationery, postage).

The Shire will regularly monitor the profitability of the operation and advise Council of any shortfall and the appropriate corrective actions. The costs associated with the corrective actions could be significant.

Memorandum of Understanding

The Memorandum of Understanding (MOU) is between the Shire of Irwin and Batavia Health for the use of the Dongara Medical Centre, 290 Point Leander Drive, Dongara, for the provision of GP services to the community until the purchase of the Dongara Medical Centre has been finalised.

Consultation:

- Rural Health West on-site meeting held 7 January 2020 to commence GP recruitment
- Community Consultation comprising of:
 - Survey: This was available in both hard copy and online format. The hard copy surveys were posted to all households in the Shire and also handed to people at the consultation forums, if they had not completed one already. People were also notified of the online survey through the Shire of Irwin website, social media and the Dongara Denison Local Rag.
 - There were 941 responses in total. 663 print versions were returned and 278 completed online
 - With a population of 3,734, this represents 99% confidence intervals.
 - Consultation forums: Feedback and key questions gathered at both consultation forums
 - There were approximately 310 people at the morning forum and 150 at the evening forum.
 - Post-Forum Survey: At the end of each forum, a form was circulated to capture the group's view of the options available to them. The form used in the first session was different to the form used in the second session, as the second session captured two options generated by the community in the first session.
 - Consultation feedback sessions – held 27 February 2020 at 3:30pm and 6:30pm at the Irwin Recreation Centre's Function Room. There were approximately 60 attendees across both sessions, where Aha Consulting provided the community with public feedback from the consultation report findings.
- Formal interview for the Principal GP, the members of the interview panel included:
 - WA Country Health Services, Regional Director;
 - WA Country Health Regional Services, Medical Director;
 - Rural Health West, Manager Workforce Solutions; and
 - Shire of Irwin, Chief Executive Officer

Statutory Environment:

Local Government Act 1995

- **Section 3.59 – Commercial enterprises by local governments**
 - (2) *Before it —*
 - (a) *commences a major trading undertaking; or*
 - (b) *enters into a major land transaction; or*
 - (c) *enters into a land transaction that is preparatory to entry into a major land transaction, a local government is to prepare a business plan.*
 - (3) *The business plan is to include an overall assessment of the major trading undertaking or major land transaction and is to include details of —*
 - (a) *its expected effect on the provision of facilities and services by the local government;**and*
 - (b) *its expected effect on other persons providing facilities and services in the district;**and*
 - (c) *its expected financial effect on the local government; and*

- (d) its expected effect on matters referred to in the local government's current plan prepared under section 5.56; and*
- (e) the ability of the local government to manage the undertaking or the performance of the transaction; and*
- (f) any other matter prescribed for the purposes of this subsection.*

(4) The local government is to —

(a) give Statewide public notice stating that —

- (i) the local government proposes to commence the major trading undertaking or enter into the major land transaction described in the notice or into a land transaction that is preparatory to that major land transaction; and*
- (ii) a copy of the business plan may be inspected or obtained at any place specified in the notice; and*
- (iii) submissions about the proposed undertaking or transaction may be made to the local government before a day to be specified in the notice, being a day that is not less than 6 weeks after the notice is given; and*

(b) make a copy of the business plan available for public inspection in accordance with the notice; and

(c) publish a copy of the business plan on the local government's official website.

(5) After the last day for submissions, the local government is to consider any submissions made and may decide to proceed with the undertaking or transaction as proposed or so that it is not significantly different from what was proposed. * Absolute majority required.*

- **Section 6.20 – Power to borrow**

(1) Subject to this Act, a local government may —

(a) borrow or re-borrow money; or

(b) obtain credit; or

(c) arrange for financial accommodation to be extended to the local government in ways additional to or other than borrowing money or obtaining credit, to enable the local government to perform the functions and exercise the powers conferred on it under this Act or any other written law.

(2) Where, in any financial year, a local government proposes to exercise a power under subsection (1) (power to borrow) and details of that proposal have not been included in the annual budget for that financial year —

(a) unless the proposal is of a prescribed kind, the local government must give one month's local public notice of the proposal; and

(b) the resolution to exercise that power is to be by absolute majority.

Local Government (Functions and General) Regulations 1996

- **Regulation 8A – Amount prescribed for major land transactions; exempt land transactions prescribed (Act s. 3.59)**

(1) The amount prescribed for the purposes of the definition of major land transaction in section 3.59(1) of the Act is —

(b) if the land transaction is entered into by any other local government, the amount that is the lesser of —

(i) \$2 000 000; or

(ii) 10% of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year.

- **Regulation 10 - Business plans for major trading undertaking and major land transaction, content of**

(1) If a local government is required to prepare a business plan because of a major trading undertaking or major land transaction that it is to carry on or enter into jointly with another person —

(a) the business plan is to include details of the whole undertaking or transaction, even though the local government is not the only joint venturer; and

- (b) *the business plan is to include details of —*
- (i) *the identity of each joint venturer other than the local government; and*
 - (ii) *the ownership of, and any other interests in, property that is involved in, or acquired in the course of, the joint venture; and*
 - (iii) *any benefit to which a joint venturer other than the local government may become entitled under or as a result of the joint venture; and*
 - (iv) *anything to which the local government may become liable under or as a result of the joint venture.*

(2) *In subregulation (1) —*

joint venture *means the major trading undertaking or major land transaction that is to be jointly carried on or entered into;*

joint venturer *means the local government or another person with whom the local government is to carry on or enter into the joint venture.*

Policy Implications:

Nil.

Risk Implications:

The reporting officer has considered some possible alternative options available to Council and the associated risks:

1. Do Nothing:

• Risk Implications -

- a. GP coverage - without Shire intervention, there could be an extended period of no or low number of GPs servicing the community
- b. Financial - no financial risk for the Shire

2. Lease of the Dongara Medical Centre:

• Risk Implications -

- a. GP recruitment and retention – creates uncertainty for GP and Locum recruitment unless a lease term of more than 5 years is secured
- b. Financial – there is a 25% cost penalty for leasing when compared to a loan repayment, but offers maximum revenue generating opportunities for GPs

3. Renovate an existing Shire building and not purchase the Dongara Medical Centre facility:

• Risk Implications -

- a. GP recruitment and retention – the Shire may not be able to recruit the required number of GPs plus retain them
- b. Financial – the practice revenue opportunities are diminished, that could result in the practice running at a significant loss, which in turn will become a rate burden on the community

4. Wait for private investor:

• Risk Implication -

- a. GP coverage - there could be an extended period of no GPs servicing the community
- b. Financial – no financial risk for the Shire

5. Purchase the medical centre:

• Risk Implications -

- a. GP coverage – highest opportunity to recruit and retain GPs
- b. Financial - offers maximum revenue generating opportunities for GPs, but even though this presents the least risk of all options, there is still a residual risk of the practice running at a loss, which in turn will become a rate burden on the community

Having considered the above options in this high risk situation, the recommendation provided by the reporting officer presents the lowest risk solution for Council.

Financial/Resource Implications:

The financial implications include:

- The 2019/20 Budget Review adopted by Council at the 25 February 2020 Ordinary Council Meeting captured funding for:
 - Principal GP vehicle purchase - \$65,000
 - Housing allowance - \$2,170 per month
 - Medical Centre lease, locum rental cars and housing - \$38,000 per month until 30 June 2020
- 2020/21 Budget - \$95,000 allowance for medical centre loan repayment plus operating costs, housing subsidy and use of the car

Strategic Implications:

Strategic Community Plan 2017 - 2027

3.1.2 Advocate for retention of existing and enhanced facilities and health and social support services

4.1.3 Maintain effective working relationships with relevant stakeholders

Attachments:

CEO01-03/20S Attachment 1: Medical Centre Consultation Report

CEO01-03/20S Attachment 2: Valuation Report – Lot 13, 290 Point Leander Drive

CEO01-03/20S Attachment 3: Business Plan – 290 Point Leander Drive

CEO01-03/20S Attachment 4: Rural Health West – Annual Workforce Update Nov 2018

CEO01-03/20S Attachment 5: **CONFIDENTIAL** – Medical Practice Agreement

CEO01-03/20S Attachment 6: **CONFIDENTIAL** – Cost Benefit Calculations

CEO01-03/20S Attachment 7: **CONFIDENTIAL** – Memorandum of Understanding

Officer Recommendation:

OFFICER RECOMMENDATION AND COUNCIL DECISION 010320S:

MOVED: Cr Leonard

SECONDED: Cr Gillam

That Council, by Simple Majority, receives the Medical Centre Consultation Report by Aha Consulting and acknowledges the independent assessment of feedback from the community survey and consultation sessions.

VOTING DETAILS:

Carried 8/0

The Shire President invited Cr Wyse as the Mover of the next motion relating to the item, to speak to the motion.

Cr Wyse: *“Firstly I would like to thank the CEO Shane Ivers and his team for giving us a very comprehensive report to assist us with this delicate issue. The report shows the enormous amount of time that has been invested in this very important project. Leaving no stone unturned with its thorough assessment of every possible solution to retain a medical service in the Shire of Irwin.*

This has been a very trying 3 months for the community and the Shire of Irwin alike and has left us with a very difficult decision to make. Do we invest in a medical service or not? Both come with significant risk. Let’s look at the option of not investing:

- *We will no longer have a GP in the Shire*
- *There is an ageing population that rely on a medical service being close by. They may relocate to a town that has such a service.*
- *The Dongara Guardian Pharmacy will suffer with a large portion of their income coming from prescriptions and from the add-on purchases customers make whilst there. This could lead to the closing of the pharmacy.*
- *When visiting the doctor in Geraldton, people will possibly take advantage to do shopping while there, putting extra pressure on local businesses to keep their doors open.*

- *No GP in the Shire will put added pressure on the A&E nurses at the Health Service and our local volunteer St Johns Ambulance Service both of which are already heavily utilised.*

If we invest, how do we do it? On February 6, the Shire held two community consultation meetings which resulted in four possibilities for the Shire to provide medical services to the community.

First: Use of the Blenheim Road Health Centre. This is not possible due to the proposed refurbishment works commencing later this year for a period of 2-3 years. There is no guarantee that rooms will be available at the completion of the renovations.

Second: Lease the medical centre from Batavia Health. Approximately 2% of shire rates per year would be handed over to Batavia Health. A 5 year lease would cost ratepayers approximately \$600,000. The expenditure on this short-term lease would significantly reduce our ability to attract GPs.

Third: Renovate another site. The major ongoing issue with this option is that renovation would not be accredited to perform minor surgery. This restricts the GP's ability to generate enough income which will result in the practice running at a loss. If the GP runs at a loss, the result is a rate burden on the community as the GP's package may need to be topped up by the shire with the impact on the rates possibly being as high as \$250,000 (4-5% increase). The forecasted cost of a renovation is approximately \$800,000. This model would also reduce our ability to attract a GP.

Fourth: Purchase the Dongara Medical Centre. The price to a private investor would be in the vicinity of \$2,000,000 due to the inclusion of the carpark. Our purchase price is \$1,450,000 which is the cost less the carpark. Purchasing gives us a highly accredited medical centre which will increase our opportunities substantially in attracting a GP. The \$600,000 invested in the 5 year lease arrangement then redirected to this option leaves us with \$850,000 left to purchase the property. We then have an asset that's owned by the Shire.

The conclusion is that the most viable option is to purchase the medical centre. Our job as elected members is to represent you, the ratepayer, and make the best possible decision for you. Unfortunately, whatever decision is voted in tonight will not please everyone.

At the public consultation sessions and survey outcome there was a clear expression for the need of medical services and with an ageing population, a medical centre is seen as a critical need for the Shire of Irwin. A given that having no medical centre will be detrimental not only to several other services in town but also to the long term survival of the Dongara and Port Denison townships.

Based on this summary, I will be voting to support this motion."

The Shire President invited Cr Scott as the Secunder, to speak to the motion.

Cr Scott: "Following the announcement that Batavia Health would be closing its Dongara medical practice, I personally saw no role for Council's involvement in this matter. As a private business, I believed then – and still do – that the most appropriate action would have been for Batavia Health to sell the practice on the open market. However, Batavia Health has chosen not to pursue that action. It is my understanding that while the Shire has been provided with an option to buy, Batavia Health is under no immediate pressure to sell, and time is not a luxury we have.

As private businesses, neither the state nor the federal governments provide funding for GP services, other than the Medicare rebate. Council has had little ability to negotiate or manoeuvre in this issue due to the expectations of the community for ongoing and uninterrupted medical services, which can't be delivered by locum services on one hand and the expectations of doctors both former and future, who have taken uncompromising positions, on the other.

However, the community has made it clear that they expect council to intervene and ensure the provision of GP services to the community in a timely manner. This is to ensure those living with chronic health conditions receive the treatment they require. There has been an unwillingness among some within the

community, to accept that neither the federal government nor the state government bear any financial responsibility for the provision of GP services and a belief that governments have a moral obligation to provide services. Sadly, this is not the reality Council is dealing with.

There are also some assumptions within the community that not enough effort has been made in securing space at the Blenheim Road Health Centre for a GP practice. This is simply incorrect, as is clearly evidenced in publicly available briefing notes to council.

I would like to thank the CEO and his staff for their exploration of options available to council, and the costing, risk assessment and time frames associated with each. During the public consultation, both WACHS and Rural Health West indicated the level of incentive in attracting resident doctors offered by the purchase of the existing medical centre, was the most attractive. Doctors who have given consideration to practising in Dongara have also indicated that this is their choice and that it is pivotal to their decision. It is also the option that minimises the income guarantee doctors demand of small rural local governments. We have considered all options, and I believe the risk associated with those options outweigh the benefits of a reduced initial cost.

There is some limited funding available for the provision of medical services through financial assistance grants, but insufficient to cover the costs faced by council. However, as a council we are mindful of the cost burden to the community and have committed to initiating the sale of council-owned assets and keeping any rate increases to a minimum for the period of the loan repayment, to consider the application of differential rates to reduce inequity in the cost burden, and the option of reducing rates at the end of the loan period. As a long term investment there is a potential for a greater beneficial return to the community through the purchase of this built-for-purpose medical centre than through the conversion of an existing building.

Can we get the same product elsewhere for less? The answer is simply no. The alternative is to consider a different product, which may or may not meet either GP or community needs.

Am I concerned about the cost and the risk to the community? Of course, but there is also room for optimism, whereas without this investment, the risk of economic loss to the local community and the potential for population attrition is greater.”

The Shire President invited any other Councillors wishing to speak either for or against the motion.

There were no further speakers.

The motion was put to vote.

OFFICER RECOMMENDATION AND COUNCIL DECISION 020320S:

MOVED: Cr Wyse

SECONDED: Cr Scott

That Council, by Absolute Majority;

- 1. In accordance with Section 3.59 of the *Local Government Act 1995*, resolves to initiate the statutory process to acquire the Dongara Medical Centre at 290 Point Leander Drive, Dongara, by private treaty with Quirko Investments Pty Ltd and;
 - a) Accepts the Valuation Report by Opteon Pty Ltd dated February 2020 as a true and accurate indication of the value of the land and building, excluding the carpark value;**
 - b) Accepts the purchase price set by Quirko Investments Pty Ltd at \$1,450,000 exclusive of GST as a walk out walk in sale, inclusive of the building, furniture, equipment, IT hardware, IT software, phone system, consumables and professional goodwill (medical records);**
 - c) Approves the Business Plan for the Dongara Medical Centre to be advertised in accordance with Section 3.59 (3) of the *Local Government Act 1995*;**
 - d) Authorises the Chief Executive Officer to give statewide public notice, in accordance with Section 3.59 (4) (a) of the *Local Government Act 1995*, for the proposed acquisition of the Dongara Medical Centre at 290 Point Leander Drive, Dongara, as a major land transaction and invite submissions for a minimum period of six (6) weeks; and**
 - e) Authorises the Chief Executive Officer to give one month's local public notice of the proposal to borrow in accordance with Section 6.20 (2) (a) (b) of the *Local Government Act 1995*.****

VOTING DETAILS:

Carried by Absolute Majority 8/0

OFFICER RECOMMENDATION AND COUNCIL DECISION 030320S:

MOVED: Cr Leonard

SECONDED: Cr Wyse

That Council, by Absolute Majority, approves the Medical Practice Agreement written by HLS Legal and delegates authority to the Chief Executive Officer to enter into the formal agreement provided by CEO01-03/20S Attachment 5: CONFIDENTIAL – Medical Practice Agreement.

VOTING DETAILS:

Carried by Absolute Majority 8/0

OFFICER RECOMMENDATION AND COUNCIL DECISION 040320S:

MOVED: Cr West

SECONDED: Cr Gillam

That Council, by Absolute Majority, authorises the Chief Executive Officer to sign a Memorandum of Understanding between the Shire of Irwin and Batavia Health for use of the Dongara Medical Centre, 290 Point Leander Drive, Dongara, to provide GP services to the community for a period ending 30 June 2020.

VOTING DETAILS:

Carried by Absolute Majority 8/0

7. MATTERS FOR WHICH THE MEETING IS CLOSED TO THE PUBLIC

Nil.

8. CLOSURE

The Shire President again thanked members of the public for their attendance and involvement in the consultation process.

There being no further business, the Presiding Member declared the meeting closed at 6.11pm.

An electronic copy of the Minutes are available for download from the Shire's website
<http://www.irwin.wa.gov.au/Agendas-Minutes.aspx>