

**INQUIRY INTO HEALTH OUTCOMES AND ACCESS TO
HEALTH AND HOSPITAL SERVICES IN RURAL,
REGIONAL AND REMOTE NEW SOUTH WALES**

Organisation: Local Government NSW

Date Received: 28 September 2021

END COST SHIFTING FOR HEALTH

ONTO REGIONAL AND RURAL COUNCILS

Parliamentary inquiry into health outcomes and access to health and hospital services in rural, regional and remote New South Wales.

October 2021





ABOUT LGNSW

Local Government NSW (LGNSW) is the peak organisation representing the interests of general purpose councils in the state, as well as special purpose councils and related entities.

Our aim is to strengthen and protect an effective, democratic system of local government across NSW and deliver quality services to our members.

LGNSW achieves this by:

- actively and persuasively representing the views of local government to the NSW and Australian governments
- providing effective, responsive and accountable leadership to member councils
- providing a comprehensive range of high-quality services and policy advice to members
- increasing the capacity of local government to deliver quality services and meet the growing needs of communities across NSW
- building awareness and trust in the important role of local government in shaping liveable, effective and prosperous communities in NSW.

ABOUT THIS REPORT

This report supplements LGNSW and member councils' submissions to the ongoing parliamentary inquiry into health outcomes and access to health and hospital services in rural, regional and remote New South Wales.

This data has been provided following a call for information to LGNSW rural and regional member councils. The data collected as part of this report aims to highlight the significant financial and resource impact of cost shifting by both state and federal governments to local councils to address shortfalls in the provision of effective health services and attraction and retention of medical practitioners in rural, regional and remote New South Wales.

LGNSW calls for an end to cost shifting by state and federal governments in supporting the provision of critical health services and attraction and retention of medical practitioners in rural, regional and remote New South Wales.

Several member councils have made their own submissions and presented oral evidence at the parliamentary inquiry, which has been holding public hearings across regional locations in New South Wales. Data from these submissions from our member councils has been incorporated, where relevant, into this report.

EXECUTIVE SUMMARY

- LGNSW has been actively engaged with the ongoing parliamentary inquiry into health outcomes and access to health and hospital services in regional, rural and remote New South Wales, with a particular focus on the impacts on local government.
- LGNSW member councils have been reporting significant health cost shifts from state and federal government onto local government. Councils are plugging critical shortfalls to attract suitably qualified medical practitioners into regional, rural and remote areas of New South Wales.
- This cost shift has resulted from demonstrated community need to take additional steps, above and beyond existing state and federal budget and resourcing, to ensure critical health services are provided for and suitably qualified medical professionals are attracted and retained to practice in regional, rural and remote communities.
- LGNSW has been working with councils to identify the extent of cost-shifting and understand the budgetary and resource impacts on already stretched regional and rural councils across the state.
- LGNSW calls on the state and federal government to urgently act to end the impacts of cost-shifting on councils, and work collaboratively with local government to support an improved intergovernmental delivery model for health services into regional, rural and remote communities across New South Wales.

This summary report contains a breakdown of the types of financial, infrastructure and resource expenditure by a wide number of councils in rural, regional and remote New South Wales. The report also quantifies the budgetary impacts of the necessary additional measures being taken by local councils to meet operational shortfalls in health services and associated investment in their local communities.



WHAT IS COST SHIFTING?

Cost shifting occurs when the responsibility for, or merely the cost of, providing a certain service, concession, asset or regulatory function is shifted from one sphere of government to another, without corresponding funding or revenue raising ability required to deliver that new responsibility.

Cost shifting forces councils to divert ratepayers' funds away from much-needed local infrastructure projects and community services to meet additional demands placed on them by state and federal government.

While in a strict sense councils are not obliged to fund health services and associated costs, practically they have little choice. Councils, in recognising urgent community needs have had to take action outside of their core responsibilities to attract and retain suitably qualified health practitioners and critical local health services at their own expense.

WHAT COUNCILS ARE DOING TO HELP ENSURE HEALTH SERVICES ARE BEING DELIVERED

Councils acutely feel a social responsibility to do what they can to ensure their local communities receive adequate health services as close to home as possible. Regional and rural councils have recognised there is more to do to attract suitably qualified health practitioners to their communities. This includes both incentives for practitioners to relocate to rural New South Wales, as well as ensuring medical centres are financially sustainable and maintained.

In financial year 2020/2021, the primary cost shifts onto local government in the health sector included:



OFFERING SCHOLARSHIPS, BURSARIES AND SPONSORSHIPS

6 councils have reported that they provide financial sponsorships and/or bursaries for local medical students or to train and return to practice in the region.



PROVIDING SUPPORT AND LIAISON

All 21 councils/joint organisations have reported that they have provided specialised services and resources to attract and retain medical practitioners in their local communities.



SUBSIDISING RUNNING COSTS OF MEDICAL FACILITIES

11 councils reported that they had provided direct financial subsidies to practitioners to help cover operational overheads of medical centres and undertake property maintenance.



PROVIDING HOUSING & ACCOMMODATION FOR MEDICAL PRACTITIONERS

9 councils have reported that they have purpose built housing and/or are subsidising rent for medical practitioners to live in their local communities.



PROVIDING CRITICAL HEALTH INFRASTRUCTURE

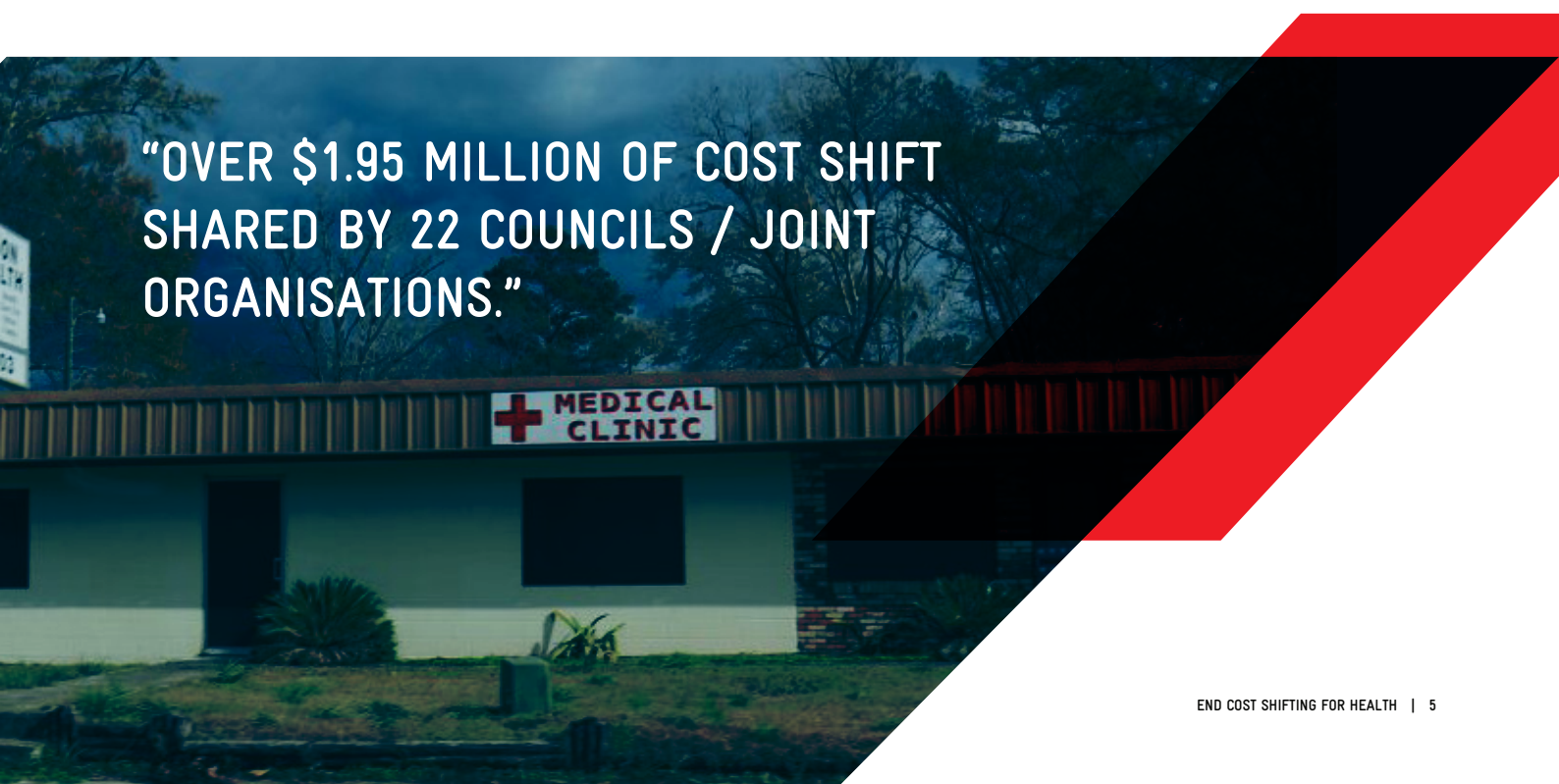
5 councils have reported needing to purpose build or offer existing council properties for medical facilities.



PROVIDING TRANSPORT ALLOWANCES AND VEHICLES FOR MEDICAL PRACTITIONERS

5 councils have reported that they provide vehicles and/or fuel subsidies for medical practitioners.

"OVER \$1.95 MILLION OF COST SHIFT SHARED BY 22 COUNCILS / JOINT ORGANISATIONS."






The impact of this cost shift is significant. LGNSW analysis has identified nearly \$1.6 million of direct costs borne by 22 of NSW's smallest councils / joint organisations to ensure that critical health services are being delivered in regional, rural and remote communities.

LGNSW calls on the NSW and Australian governments to invest in rural, regional and remote health services and end cost shifting immediately to support the viability of councils and communities across NSW.



DETAILED EXAMPLES OF THE COST SHIFT TO LOCAL GOVERNMENT

COUNCIL OR JOINT ORGANISATION	COST SHIFT FY 20/21	TYPES OF SUPPORT PROVIDED	DESCRIPTION
Bourke Shire Council	\$170,807.00	 	Bourke Shire has subsidised the costs of both doctors' accommodation and local medical facilities.
Carrathool Shire Council	\$325,820.00	  	Carrathool Shire Council provides a vehicle to a local doctor and provide financial support for staff and running costs of a local medical centre.
Central NSW Joint Organisation	\$75,000.00	 	Member councils provide funding for a 5 year scholarship for a local medical student to return to practice in the Central Tablelands region
City of Wagga Wagga	\$53,000.00	  	City of Wagga Wagga waives fees for healthcare flights using council airfields and funds specialised recruitment of medical practitioners into the region.
Coonamble Shire Council	\$30,000.00	 	Glen Innes Severn offers grant assistance to doctors looking to move into the Shire to provide critical health services.
Coolamon Shire Council	Not yet available	   	Coolamon Shire has built housing and subsidises rent for medical practitioners, as well as provided land and capital to build rooms at a local hospital and an ambulance station.
Edward River Council	\$5,000.00	 	Edward River provides a financial incentive to attract a registrar practitioner to the local government area.
Forbes Shire Council	\$367,124.00	   	Forbes Shire provides a number of financial supports to practitioners and services including donations, attraction incentives, support for running costs and medical accommodation.
Gilgandra Shire Council	\$173,862.83	  	Gilgandra Shire provides council-owned and subsidised accommodation for doctors coming to work in the Shire and subsidises operating costs for 4 local medical centres.
Glen Innes Severn Council	\$40,000.00	 	Glen Innes Severn offers grant assistance to doctors looking to move into the Shire to provide critical health services.
Gunnedah Shire Council	\$57,666.65	  	Gunnedah Shire provides council-owned and subsidised accommodation support for doctors coming into the Shire, as well as operates community transport and aged care.

Gwydir Shire Council	\$20,000.00		Gwydir Shire provide an annual donation to Rural and Remote Medical Services to run two Council-owned medical centres within the Shire.
Hay Shire Council	\$113,461.00		Hay Shire provides a number of incentives including subsidised housing, access to council-owned property and vehicles.
Lachlan Shire Council	\$30,088.00		Lachlan Shire provides funding towards the running costs of a medical centre in the Shire, transport support, a bursary, as well as subsidised accommodation.
Murrumbidgee Council	\$5,985.00		Murrumbidgee Council has provided funding to support the maintenance of a general practice and doctor's residence (both previously constructed by Council).
Narrandera Shire Council	\$9,150.00		Narrandera Shire Council provides subsidised accommodation for medical practitioners within Council property.
Temora Shire Council	\$39,914.00		Temora Shire provides funding towards an academic bursary as well as subsidises the operating costs of 3 medical centres within the Shire.
Upper Lachlan Shire Council	\$102,813.63		Upper Lachlan Shire subsidises the operating costs of two medical centres within the Shire.
Uralla Shire Council	\$3,000.00		Uralla Shire provide funding towards a local medical student bursary.
Snowy Monaro Regional Council	\$19,000.00		Snowy Monaro provides a financial donation to support running costs of a GP clinic in Bombala.
Wentworth Shire Council	\$266,000.00		Wentworth Shire provides numerous incentives and support, including the running costs of critical facilities, offering a bursary for medical students, provides partial funding for medical recruitment services and provides a grant donation to the local Aboriginal health service.
TOTAL	\$1,960,707.11		

Please note, the data provided is not an exhaustive list of the number of councils experiencing cost shift in supporting the delivery of health services. Data provided has been sourced and shared with the permission of the council or joint organisation identified.



EFFECTS OF COST SHIFT

While the extent of the cost shift burden varies greatly by location and local needs, the impact for some councils is very significant. For example, Hay Shire Council notes its financial support of \$113,461.00 in financial year 2020/2021 represents 4% of its total rates revenue² being expended to support the delivery of health services.

Any money being diverted by a council to health services is money diverted from core council functions. Rural and regional councils have small and limited operating budgets with ever-increasing demands on infrastructure and community services.

HOW THE STATE AND FEDERAL GOVERNMENTS CAN ACT IMMEDIATELY

1

WORK WITH COUNCILS TO END THE COST SHIFT BY ADEQUATELY FUNDING INCENTIVES AND SERVICES IN REGIONAL, RURAL AND REMOTE COMMUNITIES

State and Federal Government must act to end the health cost shift immediately, so that councils will no longer need to divert funding from core local government services towards providing incentives to medical practitioners to practice in their local communities.

2

FUND THE DEVELOPMENT OF AN INTERGOVERNMENTAL GOVERNANCE MODEL FOR HEALTH CARE SERVICES THAT INCLUDES FEDERAL, STATE AND LOCAL GOVERNMENTS

LGNSW has called for greater cooperation between all three tiers of government in understanding and delivering local health services and enhancing health outcomes for regional, rural and remote New South Wales.

This should include:

- The development of a formal MoU between NSW Health, Primary Health Networks and LGNSW to provide the basis for intergovernmental cooperation.
- The establishment a joint task force representing local, state and federal governments to formulate a model for improving the provision of medical services in rural and regional areas and developing strategies and funding financial relocation packages for the engagement of an essential health workforce.
- Revising the Local Health Advisory Committee model to give local residents a far greater say in the scope and delivery of health services in their local communities.³

3

INTRODUCE A LOCAL GOVERNMENT RURAL AND REGIONAL HEALTH REIMBURSEMENT SCHEME

The scheme would reimburse councils for their health expenditure, ensuring that rural and regional communities do not miss out on infrastructure and services that would otherwise be funded by their council.

¹ The Central NSW Joint Organisation comprises Bathurst Regional Council, Blayney Shire Council, Cabonne Council, Cowra Council, Forbes Shire Council, Lachlan Shire Council, Oberon Council, Orange City Council, Parkes Shire Council, Weddin Shire Council and Central Tablelands County Council.

² Hay Shire Council submission to parliamentary inquiry: <https://www.parliament.nsw.gov.au/lcdocs/submissions/70327/0632%20Hay%20Shire%20Council.pdf>

³ These three elements were endorsed by councils as a resolution of the 2020 LGNSW Annual Conference.