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Special Commission of Inquiry into Healthcare Funding

Statement of Tony Donoghue PSM

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Occupation: General Manager of Coolamon Shire Council

1. In this statement I provide some further evidence by way of expansion to and clarification of the evidence I gave to the Special Commission on 12 April 2024 in Wagga Wagga. The statement is true to the best of my knowledge and belief.

A. Introduction

My role

2. I am the General Manager of Coolamon Shire Council (the Council). I have held that role since July 2014.
3. As part of the role, I oversee the management and financial responsibilities of the council-operated facilities located within the health precinct of the Council which encompasses a wide range of healthcare facilities in one area, including:
 - a. Coolamon-Ganmain Multi-Purpose Service (MPS);
 - b. Allied Health Professional rooms;
 - c. Allawah Lodge – 33 Beds (11 of which were built as Dementia specific/high care);
 - d. Allawah Retirement Village – 25 self-care units;
 - e. General Practice and Dental Rooms;
 - f. Allawah Community Care (CHSP & HCP Provider) (approx.. 75 packages); and
 - g. Ambulance Station.

Demographics of Coolamon Shire Council

4. Coolamon Shire Local Government Area is located in the Riverina region of south-western New South Wales. It has approximately 4,350 residents.

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5. The major demographic features of the Shire include an aging population and a lack of housing/accommodation for essential workers. More detail about the demographics of the Shire can be found in the Council's Strategic Planning Statement 2019-2039 (Exhibit C.34.1 [CSC.0001.0001.0001]) and our Settlement Strategy 2040 (Exhibit C.34.2 [CSC.0001.0002.0001]).

B. Aged Care facilities in Coolamon Shire Council

6. In my experience, the local community expects Council will take an active role in delivering healthcare services when these services are not adequately provided by the State or Federal Government or by private providers. This Council regularly takes steps to ensure that essential services are available to the community. The Council also operates a Childcare service for a similar reason.
7. In the early 1990's there was discussion about the prospect of closing the local hospital. In response, the community rallied and wanted to provide support for the elderly that were being dispersed from their community/family/partners because there was no ability to age within the local community. A summary of this background information is contained in Exhibit C.34.3 [CSC.0001.0003.0001]. It was always just a case of 'if Council doesn't do it for the community who will'?
8. The Council has invested heavily in health and aged care, over a significant timeframe.
9. Each business arm associated with the operations of the Council in those areas facilities are run separately. This is done for several reasons, including that the funding models are different and depending on the service, can be funded from different tiers of Government – which requires different reporting and acquittal processes. In addition, whilst facilities or services are run by Council, they are in a competitive market environment that receives operational funding from the Federal and State Governments. Therefore any profits or losses need to be acknowledged and reinvested or subsidized by Council. Council then run the total

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Aged Care services as an entity that can even out the profits and losses annually to ensure the rate payer is not affected by short-term fluctuations. Council runs the collective business as a not-for-profit and invest all profits back into facilities and services.

10. As can be seen from the financial statements (Exhibit C.34.4 [CSC.0001.0004.0001]), Allawah Lodge has been suffering losses. The Council operates in a different financial model to other private Aged Care Providers and cannot claim depreciation as a loss to the bottom line that other business can take advantage of. Conversely, the Council is not required to pay income tax on profits made. Any profit or loss across Council's aged activities is currently spent or absorbed in these areas to ensure that those operations do not impact on the ratepayers of Council. To date, this has been successful and allowed the Council to ensure the quality of care and the facilities are maintained.

Allawah Lodge

11. The Council has taken on the responsibility of managing and operating a 33-bed aged residential care facility called Allawah Lodge.
12. The Council utilised grant funding from the Federal Government (Drought Communities Programme of \$750,000) and \$350,000 of reserves to complete a major refurbishment during 2020-21 including landscaping, kitchen, laundry upgrades, relocation of dining room, offices and establishment of multi-purpose room for resident use.
13. Allawah Lodge was originally built from Community support through funding and bequests (approximately \$2 million in total) and as the facility has grown and expanded the Council has received some Government Funding Support, such as through the Business Improvement Fund (BIF), Drought Communities Program (DCP). As a general principle the Council is always on the lookout for grant funds that support our objectives of providing quality care to our aged in our community.

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14. Allawah Lodge operates with 16 Care Service employees, a Registered Nurse and a Centre manager plus 6 ancillary staff (cleaners, activities officer etc.). The Lodge needs to retain a further 4 or 5 nurses and have commenced a program to train existing staff. This is hoped to be achieved through upskilling existing employees who with overseas qualification to transition to the Australian Accreditation for nursing.
15. Allawah Lodge receives Federal Funding under the relatively new AN-ACC funding model (this replaced the previous ACFI funding). This new funding model is made up of a combination of care and accommodation subsidies. Clients also pay for their care and dependant on their assets may pay for their accommodation. Each individual's care needs are then used to determine the total care requirements for the facility that must meet a Total Care minutes target that must include a defined RN minute target.
16. This requires a facility to be flexible and ramp up or down care needs depending on resident's needs, which can be a difficult situation to staff when workers generally want fulltime consistent work.
17. The overall profit and loss summary for the Allawah Lodge for the 2023 Financial Year, including the funding received from the Federal Government is as follows:

Income	FY2023
Federal Funding	1,702,207.00
Other Income (clients and interest earned)	883,432.00
Total Income	2,585,639.00
Expenditure	2,726,846.13
Total Profit/(Loss)	(141,207.13)

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Allawah Retirement Village

18. Adjacent to the Lodge is the Allawah Retirement Village which is operated by the Council under a loan/licence agreement. The Villages consists of 25 self-care units.
19. The Village was constructed by Council with Council finances and operates under the Retirement Villages Act. There is no funding provided by any level of Government and it operates as a business arm of Council on a “user-pays” principle. It is not cross subsidised by ratepayers.
20. Allawah Village receives no external funding with residents operating under a loan licence in accordance with the Retirement Villages Act, which is administered by the NSW Department of Fair Trading. In addition to the loan licence all residents pay a maintenance fee.
21. The overall profit and loss summary for the Allawah Retirement Village for the 2023 Financial Year:

Income	FY2023
Government (Federal or State) Funding	0
Other Income (clients and interest earned)	376,928.33
Total Income	376,928.33
Expenditure	414,859.17
Total Profit/(Loss)	(37,930.84)

C. Other healthcare activities of the Council

22. The Council has constructed a facility in the health precinct, which provides clinical rooms for four general practitioners and two dentists to work from. In addition, medical rooms are provided in Ganmain under a similar agreement. These are offered at a subsidised rent.
23. The Council offers other incentives and resources to support the health facilities. They are summarised in a letter from the Council to Local Government NSW (LGNSW) (see Exhibit C.34.5 [CSC.0001.0005.0001]). Since that letter was sent, the Council has increased the

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number of packages offered to 75 packages, built a new home for our overseas aged care workers (at a cost of approximately \$700,000), and provided another for rent. In addition, the Council's activities in recruiting overseas workers has cost the Council approximately \$200,000 which includes training, visas, travel etc.

24. The Council also runs Allawah Community Care (ACC). This is a community service provider that supports the aged through such things as meals on wheels, home care packages, community transport etc. It employs 12 home care workers and 5 in management and administration. This runs on a budget of approximately \$2 million per year, and supports 210 people to live longer in their homes and softens the burden on the health and residential aged care systems.
25. The programs that ACC run are provided through approval as a Home Care Provider (HCP – higher level packaged services), Community Home Support Program (CHSP – meals on wheels, respite, domestic assistance etc.) and Community Transport – that has 2 streams of funding, CHSP (aged) and CTP (for transport disadvantaged people). The HCP and CHSP are client and Federally funded, the CTP is client and State funded.
26. The overall profit and loss summary for the Allawah Community Centre for the 2023 Financial Year (including funding received from the Federal and State governments) is as follows:

Income	FY2023
Fed/State Funding	1,897,740.19
Other Income (clients)	58,461.16
Total Income	1,956,201.35
Expenditure	1,801,900.14
Total Profit/(Loss)	154,301.21

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Coolamon-Ganmain MPS

27. The Coolamon-Ganmain MPS has 12 aged-care bed that are funded by the Federal Government. The MPS is not run by the Council but is on the health precinct which is Council land.
28. The new Ambulance station significantly increased presentations to the 2 emergency/acute beds in the hospital. This helps the big picture by slowing bed block at Wagga Wagga Base Hospital, but means the Coolamon-Ganmain MPS needs to be upgraded. The Council are supportive of this and working with the MLHD team to realise the build. The MPS Health Service Plan recommends a 32-bed facility of which 12 will be aged care. If that occurs, the Council proposes to its aged care beds by utilising the existing MPS building.

D. Challenges faced by Coolamon Shire Council in recruiting and retaining permanent healthcare staff including Doctors, Nurses and Allied Health

29. Due to the lack of aged-care providers in the region, the Council felt it had no option but to step in to provide aged care facilities for its residents.
30. However, there are challenges in the Council doing so, including those arising from the Royal Commission into Aged Care Quality and Safety such as minimum staffing requirements for Registered Nurses.
31. While the Council received some additional funding to help implement the Royal Commission's recommendations, some of the changes are something the Council faces challenges in meeting. In particular the requirement for Allawah Lodge to have 24hr nursing by Registered Nurses is a particular challenge for the Council due to labour shortages.
32. The previous funding model was unsustainable and the Council was losing money. The recent changes to the AN-ACC funding are an improvement on previous funding models and we are seeing changes that improve the funding support which ultimately improves care to our residents (see Exhibit C.34.6 [CSC.0001.0006.0001])

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33. But we are not out of the woods yet, the reporting and care requirements increases our need for qualified staff and there are just not enough of them in the sector to meet these needs.
34. The Royal Commission has slowly increased the expectation that nursing homes will run like hospitals with certain expectations of care to be received and clinical oversight of residents which is a positive step. However; aged care facilities were never set up as hospitals and the support required for increasing palliation requirements is onerous on staff and the resources/infrastructure we have. For example, the hospital on the Council health precinct has 12 aged care beds with the support of approximately 15 registered or enrolled nurses and 24 hour access to the doctors while Allawah has 33 beds and 1 nurse without an on-call doctor support. That necessitates reliance on the Ambulance service when Council operated services require assistance.
35. Previously we looked after residents until they reached end of life and then they moved to the hospital for that clinical specialist care, but the funding models and the aging in place requirements mean that this has changed and putting pressure on aged care facilities.
36. Another challenge arises from the competing funding models for aged-care beds between the State-run MPS service and the Council-run aged-care services.
37. For example, the Council is not eligible for other incentives that encourage people to take up employment or relocate to regional areas. For example, the State system has a \$20,000 incentive for nurses to move to regional areas but this only applies to State-run hospitals and training incentives provided to students who work in the NSW Public Hospital System. Additionally, employment in the State health system and for public benevolent institutions allows for greater flexibility in pre-tax payments which is unavailable to the Council. As a result, the Council has to spend greater sums to provide staff with the same overall employment package that is available to those in state run facilities..

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38. In my view, greater recognition by the State Government and NSW Health that Councils are providing healthcare services to their communities is required. That recognition includes additional funding and support to ensure that where a Council provides healthcare or aged care services to their residents, they are treated in the same way as any other government or private provider.

39. Coolamon Shire Council is one of approximately 9 Local Government Authorities in NSW to still provide Residential Aged Care with the others being Cobar, Gilgandra, Snowy Monaro, Balranald, Gwydir, Kiama, Uralla and Upper Hunter.

E. Recruitment strategies Coolamon Shire Council are/will implement

40. To recruit local nursing staff, the Council has offered additional incentives above the Award including paying for nursing staff's HECS debts and ongoing accommodation costs. These incentives have been funded internally and are separate to the NSW Health's Rural Health Workforce Incentive Scheme packages. However, the Council has been unsuccessful at recruiting staff with these incentives. It is my experience that nurses prefer to be employed by Murrumbidgee Local Health District (MLHD) or agencies because the salaries are higher and they have access to a better tax package that the Council can't offer.

41. The Council has now entered into an agreement with Groworx, an overseas labour provider, to initially recruit 11 aged care workers, of which 6 are nurses, from the Philippines to fill the vacancies at Allawah Lodge. Potentially more will be required as Home Care Workers for the Community Care that the Council offers. These nurses are trained and accredited under the American System but their accreditation is not recognised in Australia.

42. The Council intends to fund each nurse's bridging training to fast-track these internationally trained nurses to all become Australian-qualified Registered Nurses. Additionally, the Council will assist the visa application process and facilitate housing arrangements once they arrive.

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F. Interaction with Murrumbidgee Local Health District, the NSW Ministry of Health and Murrumbidgee Primary Health Network

43. In my experience, the Council has a good relationship with MLHD and we are well engaged at all levels. We have six-monthly meetings with Jill Ludford the CEO and the MLHD Chairperson to discuss issues and opportunities. We are provided open access to MLHD staff at all levels to work with them on improving or services.

44. I sit on LHAC meetings, along with the Mayor and two additional Councillors. In my position, I also sit on the local Coolamon Section 19(2) Committee that distributes Federal funding into local health initiatives. The Council has positively engaged in the Health Service Review and the Health Service Plan specifically for the Coolamon-Ganmain MPS.

45. The Council is currently in the process of seeking Federal funding under the Regional Precincts Partnership Program – Stream 2, for the development of a Health Precinct Masterplan that aims to co-ordinate all health services provided at the facility and plan for an update to the MPS. This has been identified by the MLHD as a priority upgrade in our district due to the increased population and currently unsuitable facilities. This will require working closely with MLHD to ensure that the operations of and service delivery is symbiotic with the Council's existing aged care and health facilities. I believe the Council has a great opportunity to show a whole-of-government approach across three tiers, reflecting how a community can provide excellent health care and support people aging in place, without any compromise to the services received.

Signed:



Name & Role: Tony Donoghue, General Manager, Coolamon Shire Council

Date:

12/4/24.