

CYGNET MEDICAL CENTRE BACKGROUND INFORMATION

The Huon Valley Council does not currently provide medical services at the Cygnet Medical Centre at 14 George Street, Cygnet but it still owns the facility. The Council has made the decision to sell the land and building containing the medical centre if a medical practice is able to buy it. The background information below details the information supporting the Council's decision which aims to achieve the best outcome for stability of medical services at the centre.

BACKGROUND

- The Cygnet Medical Centre was developed by Council in 2012.
- At the time there was a need for medical services in the Cygnet area that was not met by private business.
- The centre was developed with funding from the Commonwealth under the Health and Hospitals Fund.
- The Council operated the centre as the Cygnet Medical Services between December 2012 and February 2017.
- The centre incurred total losses of \$226,000 over the period which it was operated by the Council.
- Council was particularly finding it difficult to attract and retain Doctors during that time with a reliance on locums and the impact upon consistent patient care.
- Interest from private medical services providers was received in relation to the operation of Cygnet Medical Services.
- Council requested expressions of interest from medical services providers in late 2016 to determine if a medical practice was able to lease and operate the Centre.
- Following the EOI process, Council entered into a lease with Huon Valley Health Pty Ltd to operate medical services at the medical centre.
- Huon Valley Health Pty Ltd has been operating the centre at George Street since February 2017 and providing services in accordance with the requirements of the Funding Agreement.

FUNDING AGREEMENT

- Funding was received from the Commonwealth in the amount of \$1,160,000
- To receive the funding, the Commonwealth required an agreement to provide services for the medical centre for a period of 20 years until 2032.

- As part of the Funding Agreement there is a caveat over the land to prevent any land dealings which would affect the operation of the medical centre without the approval from the Commonwealth.
- For any sale to go ahead, Council's obligations under the Funding Agreement to provide medical services at the centre would need to be transferred to a purchaser.
- If the Council continues to own the centre and is unable to lease the centre to a medical practice or provide medical services before 2032, the Council would need to pay a portion of the funding money back to the Commonwealth.

THE COUNCIL DECISION

- The Huon Valley Council has resolved to sell the portion of land at 14 George Street, Cygnet that contains the Cygnet Medical Centre.
- The Council is undertaking an expression of interest process for the sale of the land and the Cygnet Medical Centre. This is currently under assessment.
- Sale of the land is subject to:
 - Completion of the Expression of Interest and a suitable provider selected by Council, and
 - If a suitable provider is selected, any transfer is subject to agreement between the Council, the Commonwealth and the selected provider securing medical and allied health services until at least 2032.
- If these conditions cannot be met then the Council will need to reconsider its position.

RISKS

- There is a general risk associated with Council continuing its ownership of the medical centre as future liabilities of Council for provision of medical services could arise.
- Council currently depends on a lessee medical practice to provide medical services. At any point prior to 2032 if Council is unable to find a lessee willing to provide services then the Council would need to deal with an empty centre.
- If a lessee or operator is unavailable, or unable, to provide services at the location, the Council would need to:
 - provide the medical services including doctor and employee recruitment and establishment of a patient list on a full cost attribution basis, or
 - pay the apportioned funding money back to the Commonwealth.

- Based on past losses from the Council operating the centre, any re-establishment of services by the Council would likely incur financial loss.
- There is a risk that doctors may not be attracted to provide services in a practice limited by a building owned by the Council.
- There is an overarching risk is that Council's ongoing ownership of the centre results in instability for the services at the centre through change in lessees or going back and forth with Council provided services.
- The Sale of the Medical Centre would remove these risks from the Council and Huon Valley Ratepayers.

GEORGE STREET LAND DEVELOPMENT

- The land to be sold is currently part of a larger portion of land owned by the Council in that area which includes the former Cygnet Depot and adjoining vacant land and other vacant land fronting George Street. The Cygnet community has a strong interest in development of this land.
- The area of land to be sold is approximately 2050 square metres subject to subdivision approval and final survey.
- The Council intends to retain the land surrounding the medical centre subject to a development plan and community engagement. To do so the current title is to be subdivided, to create a separate title for the land upon which the centre is located upon including provision for future expansion opportunity.
- The caveat currently affects the larger land title at George Street and the Council's intention is to transfer this to a smaller subdivided title to free up development of that land.
- The subdivision will occur irrespective of whether the Council sells the land or not.