

The future of Calvary Public Hospital and Clare Holland House has led to a passionate and divisive debate in Canberra. So what are the two main political angles?

IN HEALTH AND UNHAPPINESS



THE CASE FOR

Health Minister
 Katy Gallagher

It is not surprising that the proposed changes to the governance and ownership of Calvary Public Hospital and Clare Holland House have generated considerable community interest. The proposal for the ACT Government to buy the hospital from Little Company of Mary Health Care and transfer ownership of Clare Holland House hospice to LCMHC – the current operators of the facility – has generated a diverse range of responses from the community.

For the past six weeks I have been consulting the community about the proposal, meeting key interest groups, holding forums and listening to the feedback. While the Government is yet to make a final decision, it is important that I address some of the myths that have surfaced during the consultation period.

Health services are delivered in a networked model, no single health facility is able to comprehensively meet the needs of all patients. Government ownership and management of the ACT's two public hospitals is therefore important to ensure we can more effectively network hospital services across the ACT. We essentially have two managers for our two public hospitals, with a non-government provider managing almost 30 per cent of all our public hospital beds. This complicates the planning and delivery of services, and results in the duplication of some functions.

Government ownership of Calvary is particularly important as we embark on our \$1 billion redevelopment of our public hospital system. This plan foreshadows a need to invest \$200 million into the Calvary campus and over the coming years.

This presents a significant challenge for the Government. How do we make that investment for

an asset that is not owned by the Government? The Government has a responsibility to look at the most cost-effective and efficient way of managing this financial outlay. It is clear that buying the hospital allows us to do this.

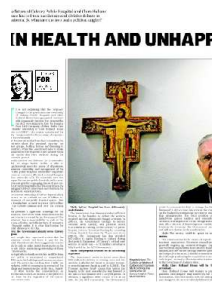
Myth: the Government already owns Calvary Hospital.

Some people have expressed a view that the Government should not have to pay for the hospital. There have also been suggestions that we should be able to make capital investments on the Bruce site while maintaining ownership of those new investments.

The legal advice clearly shows that until the lease expires (2070), is terminated or surrendered, LCMHC owns the buildings and improvements on the land. The advice also confirms that LCMHC has an exclusive right of possession in respect of the buildings and improvements on the land, regardless of who funds the construction or improvements. LCMHC is entitled to the grant of a further lease on the expiration of the current 99-year crown lease.

Myth: Calvary Hospital has been deliberately underfunded.

The Government has always provided sufficient funding to the hospital to deliver the services required and has always met budget overruns. In 2009-10, the Government, through its service contract with Calvary, will provide about \$120 million in funding for the delivery of public hospital services. Recurrent funding for operating Calvary Hospital has risen by 77 per cent since 2002-03. The Government has also provided \$45 million in capital funding to Calvary during that period. Expansion of Calvary's critical care services is under way – a \$13 million investment fully funded by the ACT Government.



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Myth: The proposal is based on an accounting argument.

The Government needs to invest more than \$200 million in Calvary in coming years and the question is whether we invest in an asset we own, or provide taxpayer funds as a gift to LCMHC. The Treasury analysis clearly shows that buying the hospital is the most cost-effective way forward to the sum of \$145 million over a 20-year period. In addition, a significant asset returns to us as an asset for the ACT community. The Government would be remiss in its duty to manage the ACT's finances if it did not take into account the impact on the budget by maintaining the current ownership arrangements. The fiscal position of a jurisdiction guides taxation and expenditure decisions and impacts on credit ratings which in turn affect the cost of borrowings and confidence levels in the economy. The Government cannot and will not dismiss such considerations.

Myth: The money could be spent on more nurses.

This misunderstands the nature of capital and recurrent expenditure. Recurrent expenditure is generally ongoing, eg, payment of wages. Capital and recurrent expenditures have different financial impacts, and are funded through different parts of the budget. Furthermore, it should be remembered that although purchasing the hospital has a one-off cash impact, an asset of the same value is returned to the Government's balance sheet.

Myth: Clare Holland House will be fully

privatised.

Clare Holland House will remain a public palliative care hospice, fully funded by the ACT Government. The Government does not anticipate any changes to the services already delivered at the hospice. The proposal is about ownership of the building itself. A new crown lease for the hospice will be created and will stipulate that the facility is only to be used for public palliative care.

Myth: Clare Holland House is being used as a sweetener.

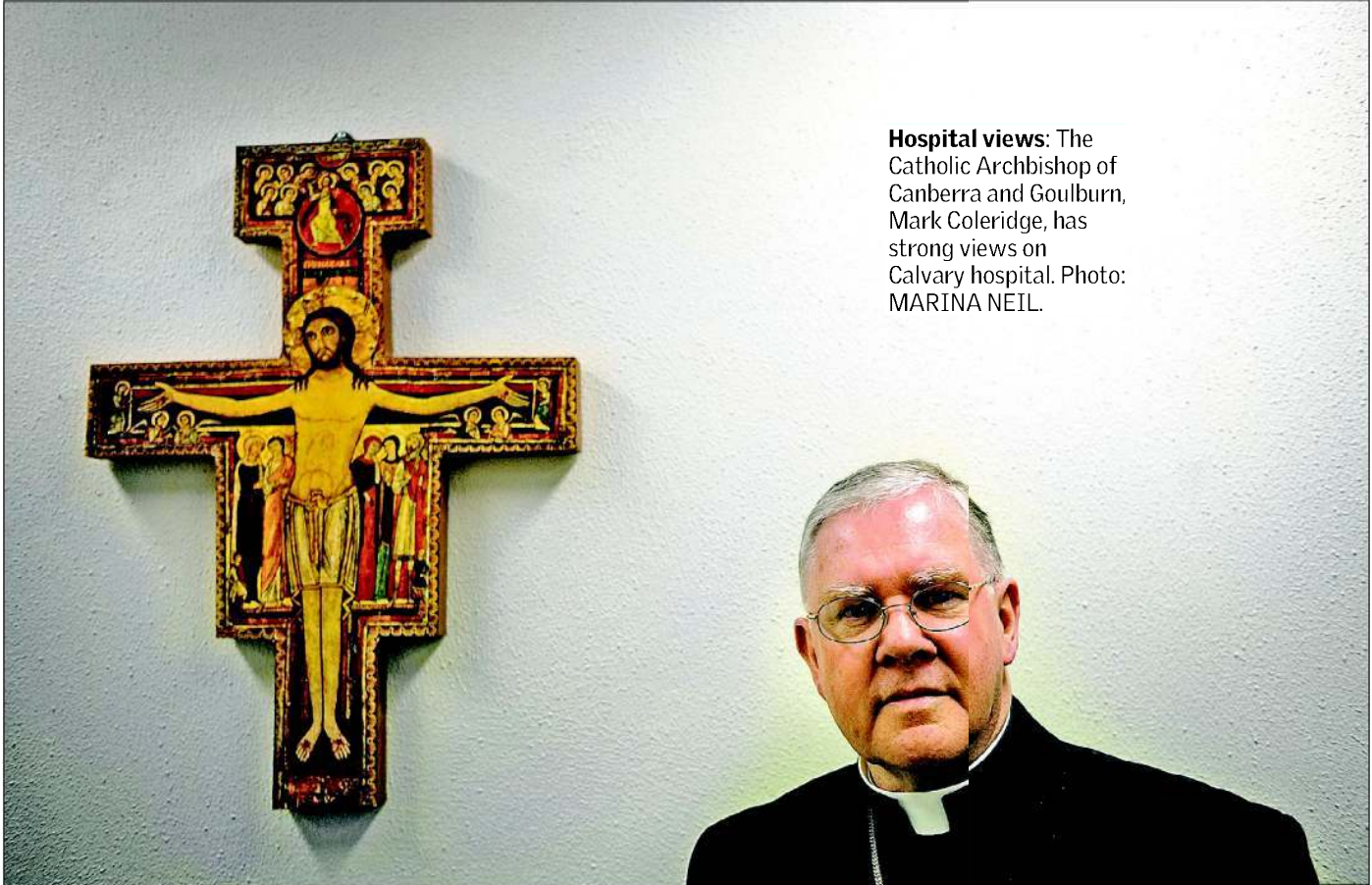
The hospice has been part of the discussions from the beginning, recognising that LCMHC is already the operator of the hospice. In withdrawing from public hospital care, LCMHC has expressed a desire to strengthen its commitment to public palliative care in Canberra and secure its future. It believes that ownership of the facility will assure the long-term integrity and viability of services and enable LCMHC to invest further in palliative care.

Governments have to make tough decisions in the broader interests of the community and for the long term. While arrangements have served our community well, we are now at a point where significant decisions about the future need to be made. The Government believes this proposal offers the most efficient and effective means of delivering our vision of creating one seamless and integrated public hospital and health-care system for the ACT.



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Hospital views: The Catholic Archbishop of Canberra and Goulburn, Mark Coleridge, has strong views on Calvary hospital. Photo: MARINA NEIL.