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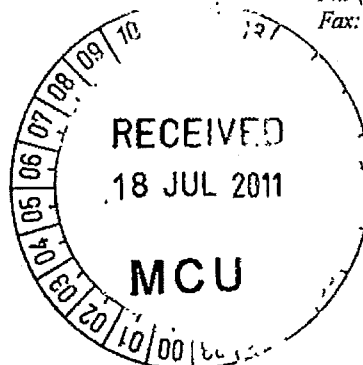
*Partly Supported by the Department of Health and Ageing and Supported by NSW Health*

26 Princes Highway  
PO Box 296  
Narooma NSW 2546  
Ph: (02) 4476 2155  
Fax: (02) 4476 1963 (Clinic)  
Fax: (02) 4476 1478 (Administration & Finance)

116 Gipps Street  
PO Box 422  
Bega NSW 2550  
Ph: (02) 6492 0532  
Fax: (02) 6492 0526

**Friday 15<sup>th</sup> July 2011**

**The Hon. Julia Gillard MP  
Prime Minister of Australia  
Parliament House  
Canberra ACT 2600**



Dear Prime Minister Gillard

Madam, I have attached a letter from The Hon. Warren Snowdon MP addressed to me in my capacity as the Chairperson of the Katungul Aboriginal Corporation Community and Medical Services.

Mr Snowdon's correspondence has caused considerable consternation within our community and in other Aboriginal communities. Its vehemence, aggression and bullying are unprecedented. There is no semblance of the civility, cordiality, balance and sobriety that should characterise ministerial correspondence. Mr Snowdon has not engaged in discussions with our Service to personally familiarise himself with our case for funding enhancements. Instead, he has relied entirely on the views of his Department.

We had approached Mr Snowdon because the Department had not displayed a dispassionate approach to our submissions for some years now and the funding that we require in order to provide essential health and medical services for our 44 rural, remote and isolated communities from Ulladulla to the Victorian Border.

As you are a former solicitor, I am sure that you would be aware that judgements should not be made until all relevant evidence is properly weighed and considered.

Unfortunately, Mr Snowdon has made a number of unwarranted allegations, has published factually incorrect statements that bear on the reputation of our Service and overall, there is the implication that our Service will be subjected to punitive or arbitrary measures.

In our view, if Mr Snowdon was familiar with the details of his correspondence when he signed it, then in the ordinary course of events, proper process would demand a Prime Ministerial reprimand and an apology to our Service.

However, we do understand the operations of government and that by reason of the pressure of busy work schedules, not all Ministerial correspondence is read in detail prior to despatch.

Our principal purpose is to seek your assistance to ensure than we can be provided with an opportunity to brief Mr Snowden in person so that we can prosecute our case. We do believe firmly that the Minister has been misadvised, perhaps even wilfully and we believe that we can demonstrate our reasons cogently.

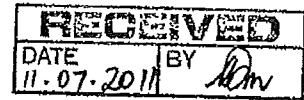
We do hope that you can provide some leadership in this matter and look forward to your response.

For and on Behalf of the Katungul Board of Directors.

Yours sincerely,

S47F

Ron Mason  
Chairperson



**The Hon Warren Snowdon MP**  
**Minister For Indigenous Health**

Mr Ron Mason  
Chairperson  
Katungul Aboriginal Corporation Community and Medical Services  
PO Box 296  
NAROOMA NSW 2546

Dear Mr Mason

I am writing to you regarding a number of concerns I have about the quality of primary health care services currently available to the Aboriginal and Torres Strait Islander community in the Far-South Coast of New South Wales. In particular, I am concerned about the impact that issues related to the capacity and operations of the Katungul Aboriginal Corporation Community and Medical Services (Katungul) may be having on the delivery of these services.

Over the past few years I have received numerous letters and requests related to Katungul's operations, from yourself, the Chief Executive Officer, Mr Damien Matcham, and other stakeholders in the region.

The general theme of your correspondence relates to your perceived view that the funding provided to Katungul by the Government for the provision of primary health care services to the Aboriginal and Torres Strait Islander community in the Far-South Coast of New South Wales is inadequate. There have also been concerns raised on specific occasions about Government decisions to allocate funding to organisations other than Katungul, the use and status of the Bega clinic and the level of funding for the Moruya clinic.

Underlying these complaints would also seem to be a criticism of the Australian Government's commitment to Closing the Gap and in particular to the local Aboriginal and Torres Strait Islander people of the Far-South Coast region. This has included providing incorrect or misleading information to the public and media to support your position.

My primary concern with these matters is that Katungul is allocated some \$1.7 million per annum in primary care funding by the Commonwealth, in addition to considerable funding from several other sources. This is a significant amount and is roughly the same as that provided to other similar sized community controlled health organisations for the delivery of primary health care services. However, your letters seem to indicate that, unlike these other organisations, Katungul believes it is not able to provide the basic level of services for which funding has been allocated.

As an example, although Commonwealth funding was initially provided to Katungul for the delivery of services in Bega and Narooma on a full-time basis, Katungul's decision to continue to operate the new clinic at Moruya has resulted in a reduction of opening hours at both Bega and Narooma and led directly to a reduction in the health services available for those communities. I understand that this decision was taken despite Katungul's earlier assertions that this additional clinic could be fully funded by Medicare income. Those assertions appear to have been proven wrong.

The Department of Health and Ageing provided Katungul with \$40,103 in one-off funding to assist in the establishment of the additional clinic in Moruya in 2007. This funding was provided on the basis of assurances from Katungul at that time that the extra clinic would not require any ongoing support from the Department. The Department advised Katungul, through Mr Matcham, of these conditions and received agreement to this arrangement by email on 25 October 2007.

The Department's records indicate that it has never agreed to provide recurrent funding for operational costs for the Moruya clinic so it is disturbing to hear reports that Katungul has recently been claiming in public, particularly to the local community, that the Government has somehow gone back on an agreement which did not exist.

I am also concerned that there is evidence to suggest that Katungul's capacity to deliver the full range of funded services has been affected by the use of Medicare income for expenses that are not consistent with the terms of the current s.19(2) exemption under the *Health Insurance Act 1973*. For example, I understand that your financial statements indicate that in:

- 2009-10, Katungul used \$91,936 of Medicare income to pay legal costs; and
- 2008-09, Medicare income was used to pay legal cost of \$71,466.

Further, I understand that in 2007-08, \$71,365 of Primary Health Care base funding was used to pay legal costs. These costs appear to be incurred on a regular basis and are well in excess of the legal costs incurred by most other community controlled health organisations.

The payment of these types of expenses is not consistent with the current Direction under s.19(2) of the *Health Insurance Act 1973* which requires all Medicare funds received by Katungul to be used for the provision of additional primary health care services to Aboriginal people. It is important for you and the Katungul Board to understand that access to Medicare income is supported by the Department solely to increase the level of primary health care services available to the local community. Any decision to use these funds for other purposes is unauthorised and directly and adversely impacts on the community.

I have been advised that Katungul's audited financial statements have repeatedly identified issues with administrative and financial management over a number of years. The audit management letters from 2007-08, 2008-09 and 2009-10 all identify a number of governance breaches and while you have provided responses to the concerns identified by the auditor on each occasion, the ongoing nature of the issues would seem to indicate a problem.

In terms of commitment to Katungul and the Aboriginal and Torres Strait Islander people of the region, the Australian Government and the New South Wales Government have both recently provided \$2 million each for the construction of a new health service facility for Katungul at Narooma. Work on the new building is yet to commence but when completed it is expected it will provide a modern, purpose built facility that will meet the health service needs of Aboriginal and Torres Strait Islander people living on the Far-South Coast of New South Wales for many years.

This is a significant commitment of funding to the region, the benefits of which will only be fully realised if Katungul works closely and cooperatively with other health services and primary care providers.

As well as the issues related to general management and financial capacity, I also have concerns about Katungul's reported interactions with other organisations providing health and related services in the region, which would appear to indicate an unwillingness to cooperate with those organisations. My perception is that this stems from Katungul's view that all funding for Aboriginal and Torres Strait Islander health in the region should be provided through Katungul, whether this represents the most cost-effective funding mechanism or not. The Government's focus on the other hand is ensuring that the Aboriginal and Torres Strait Islander people in the Far-South Coast have access to the best available health services that will provide the best health outcomes for people in the region.

When undertaking planning for drug and alcohol services in the Far-South Coast area of New South Wales, the Department initiated an exhaustive consultation process in the region to find an appropriate service provider. In February 2010, the Department released a tender seeking applications to provide these services. There were no applicants and The Lyndon Community was subsequently identified and selected as a suitable provider because, unlike Katungul, the organisation has extensive experience and expertise in providing culturally appropriate drug and alcohol services. Recent reports indicate the establishment of the facility is progressing well and that Lyndon is working with other organisations, including the Local Aboriginal Land Councils in the region to ensure it meets community expectations.

Katungul did not apply for this funding, for whatever reason, yet has been reported as actively campaigning for this funding to be reallocated despite the transparent and equitable processes used by the Department to allocate the funding. Again, the most important issue for the people of the region should be that good services are available, not which organisation provides them.

I understand that there have been verbal reports from members of the local community to the Department, that they have felt threatened by supporters of Katungul and that Katungul is actively undermining the establishment of The Lyndon Community's Bega drug and alcohol service. These reports claim Katungul has disseminated misleading information to the community regarding the many attempts made by the Department to increase drug and alcohol services on the Far-South Coast over the last two years.

The funding for the Healthy for Life program has been another ongoing matter of concern. Despite earlier cooperation between Katungul and the Southern General Practice Network (SGPN) to deliver this program in the Far-South Coast, the partnership was dissolved as a result of differences between the parties. Following the dissolution of that partnership, the Department launched a tender process to select a service provider for the region, and SGPN was selected.

Advice from the Department is that the tender process was open and transparent, and that SGPN and Katungul both received full and fair consideration under this process. However, it is evident from Katungul's correspondence that Katungul is unable to accept the role and involvement of SGPN in the Healthy for Life program. This would appear to be another example of Katungul focussing on who provides the service rather than working with other organisations to ensure that the community receives the best service possible.

The Department is pleased with the progress of the Healthy for Life program to date, despite Katungul's resistance. SGPN has employed two Aboriginal Health Workers from the community and also appointed a community-based Healthy for Life Advisory Committee to ensure the program remains culturally appropriate and accessible to the community. SGPN also provides a Koori Boori Clinic, a Diabetes Clinic and a program to facilitate health checks in local schools.

I am therefore deeply disturbed to hear reports that representatives, purportedly from Katungul, have encouraged parents to refuse consent to health checks in the schools program run under the Healthy for Life program, apparently on the basis that the funding should have been given to Katungul. Part of the Department's expectation in funding community controlled health services and other primary care providers is that organisations will work collaboratively to ensure Aboriginal people gain access to the best, most comprehensive healthcare possible. Given the nature of Katungul's responses to these pressing issues, I have reached the preliminary view that your organisation is either unwilling or incapable of working constructively with other health providers in the region. I am disappointed that this is the case and concerned about the negative impact that Katungul's actions may have on the health of Aboriginal and Torres Strait Islander people in your region.

If you believe that any of these matters I have raised are not correct, I will be happy to consider whatever you may wish to say in response.

I understand that the Department has been seeking a meeting with the full Board of Katungul since October 2010, without success. I urged Mr Matcham in my letter of 28 February 2011 to arrange this meeting and I would strongly urge you to accept this invitation and to work cooperatively with the Department to address these issues.

In the interim, I propose that Katungul will be offered a one-year funding agreement in 2011-12. This offer of a one-year funding agreement will include the requirement for Katungul to develop a remediation plan, agree to provide quarterly reports until I am satisfied that the concerns identified above have been addressed, and undergo a risk assessment during the 2011-12 financial year.

The Department will provide advice shortly regarding the details of the new funding agreement.

Yours sincerely

s47F

WARREN SNOWDON

4 JUL 2011