

## Where to from here?

### YACKANDANDAH HEALTH'S BOARD OF MANAGEMENT SPEAKS TO YACKITY YAK

Yackandandah Health (YH) held its Annual General Meeting on Thursday 20<sup>th</sup> April, 2023. The meeting was postponed from November 2022 due the exceptional circumstances YH has found itself in.

In order to try to understand what has led to this extraordinary situation, what the implications are for the business, for aged care in Yackandandah, for residents and staff and for the Medical Centre and Little Yacks Childcare, Ali Pockley, editor of Yackity Yak, interviewed members of Yackandandah Health's Board of Management.

As a community, there will be many questions about the whys and wherefores around the current circumstances of Yackandandah Health. A public meeting has been scheduled for 7.00pm on Wednesday, 10<sup>th</sup> May at the Yackandandah Senior Citizens Hall, where local residents will have the opportunity to put questions to the Board of Yackandandah Health. Details of this meeting will be relayed to the local community by social media and meeting posters in the usual locations.

Below is a transcript of Yackity Yak's interview with Board members of Yackandandah Health discussing the current situation and the steps consequently taken to maintain an aged care service in Yackandandah into the future.



An aerial view of Yackandandah Health, showing the size and complexity of the site. PC: Totally Renewable Yackandandah

At the recent Annual General Meeting, the current Yackandandah Health board was re-elected, and they are:

**Doug Westland - President**  
**Tim Evans - Vice President**  
**Tim Evans - Secretary**  
**Ben Evans - Treasurer**  
**Bill Dee - Committee Member**  
**Heather Maddock - Committee Member**

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### Welcome to Doug Westland, Chair of the Board and Tim Evans, Vice Chair and Secretary

#### At this point in time, what is the financial situation of Yackandandah Health?

It's currently a very challenging situation for Yackandandah Health. We're facing extremely difficult financial circumstances owing to the unique challenges of providing residential aged care, childcare and medical care services in a small regional community. Residential aged care

in particular, has become difficult in line with the new staffing and other compliance requirements placed on operators by the Federal Government. COVID-19 was a further financial burden on our business. The cumulative financial impact has been significant - indeed, over the past four years Yack Health has accumulated operating losses.

The upshot is that it is no longer possible for Yackandandah Health to keep operating in its current form. As a Board, we have been exploring

ways to put Yackandandah Health back on a financially sustainable footing, so that it can keep supporting Yackandandah's community with essential services well into the future.

We've concluded that our best option is for YH to become part of a larger entity: one with the scale, specialist expertise, governance capability and financial resources to operate a business like ours over the long term.

## What went wrong? How did it come to this?

By way of setting the scene, it is important to note that things have changed in the aged care sector in recent years which have impacted on how facilities operate. Many Yackandandah residents will recall the recent Royal Commission on Aged Care and some of the horror stories in some homes.

The Government has responded to the Commission's recommendations with more to come, by strengthening the governance obligations, Quality Care standards, continuous reporting and their conformance to account for mandated minimum daily nursing and care time per resident. We are sure that most would agree that they are needed, but of course they add significant costs and management complexity to the operation.

Despite all of this, YH achieved Aged Care Quality and Safety Commission reaccreditation for three years with no unmet needs back in November 2022.

We are not the only country aged care facility experiencing financial difficulty. The Guardian reported in May 2022 that more regional aged care homes will close unless Government funds rise with around two thirds of regional nursing homes operating at a loss. The industry said "... the crisis is upon us, but it's going to get worse." Some people will note that just recently Wesley Aged Care indicated that they are closing three of their facilities.

YH's areas of operation, particularly residential aged care, have become increasingly challenging in recent years. We have faced increased funding requirements, more complex regulatory requirements, rising costs and industry-wide staff shortages. And of course, the onset on the COVID-19 pandemic did not help matters.

Our situation is not unique - all around the country small, community-owned operators are facing similar issues. There's an industry-wide trend towards smaller aged care centres merging or transferring to larger providers so their operations can be put on a financially sustainable footing.

There have been significant changes on the Board and Executive Management over the past few years. The current Board was appointed in September 2022 following a number of resignations, with a determination to find a sustainable future for the organisation. Our single focus and priority is the on-going needs of the Yackandandah community and how they can best be served. The Board is resolved to ensure the continuation of a strong Yackandandah Health into the future.

## Why can't Yack Health trade out of this problem?

We just do not have the depth of management expertise or financial resources to continue operation in such a complex industry in a financially sustainable way. As we said, it's become clear that the current model of a community-owned and run aged care facility, childcare facility and medical centre in Yackandandah is no longer viable. At this stage, YH requires the expertise and scale of a larger provider. It is a testament to all our staff's dedication and effort that we have been able to maintain a high standard of care and service to date, but continuing business as usual is not an option.

## Is Yack Health going to close down?

That is exactly what we want to avoid, and it's why we have concluded that the only way forward is to become part of a larger entity; one better equipped to manage our services to Yackandandah over the long term. We are looking for YH to continue providing excellent care and delivering essential services to the community under new ownership.

## What legal issues has the Board had to consider?

The actions of the Board have been guided by Tier 1 specialised legal and accounting advice considering the prudential, solvency and continuing contractual obligations for care provision. This has been provided by and is a condition of the substantial Government funding that has been given to support this process.

In consultation with our advisers and supported by the Federal Government, Yackandandah Health has entered into arrangements that protect the interest of our residents and other creditors more broadly. The Federal Government has provided funding support to cover specific costs in relations to supporting our current operations as we seek to progress the transfer of the business to new owners.



Yackandandah Bush Nursing Hospital circa 1941  
PC: Australian War Museum



A small part of Yamaroo - Yackandandah Health's residential aged care complex.  
PC: Totally Renewable Yackandandah

## You mentioned a possible sale. How likely is that? Who is buying Yackandandah Health?

Yes, the transition of YH to a larger entity is our best option and that's currently our goal. At the AGM, we discussed with members the next steps to seek their approval to allow this to happen. As a Board, we are being very careful about what our merged partner will be. That larger entity would need to have sufficient financial resources, specialised industry expertise and strong governance capability to be an appropriate owner for Yackandandah Health, and it must be committed to continuing to provide the services we currently provide on an on-going basis. It will also need to be a reputable operator with a strong track record for quality care.

## How will a merger impact existing clients and their families? Will the residents be able to remain in care at Yackandandah Health? What about residents' RADs (Refundable Accommodation Deposits)? Will the cost of care in Yack Health stay the same?

The Board is determined that as a part of any transfer to a larger entity, any new owner maintains the essential services currently offered. We intend that Yackandandah's

services will continue as usual - that means residents being able to stay where they are, the Little Yacks Early Learning Centre continuing to care for local children and the Medical Centre continuing to operate. In this scenario, RADs will become the responsibility of the new entity. To a large degree prices for services are set by Government with caps put in place for aged care and childcare. Existing subsidies will remain in place.

**Will staff keep their jobs? How will families cope?**

That's our intention, yes. Our goal is to preserve existing staff levels and this is one of the considerations in engaging with potential new owners.

**Doris Storey donated a substantial parcel of land to Yackandandah Health. How do we know that won't be sold to developers for profit rather than be used for support housing for local residents as was intended?**

When that land was donated, it was done to support the on-going operations of residential aged care. Our responsibility now is to honour that legacy by doing everything we can to ensure the services of Yackandandah Health, and especially residential aged care, are maintained for the benefit of the local community. That's what we're looking for in a new owner - and one that is committed to maintaining existing services, which was the original intention of the donation of land to Yackandandah Health.



**Yackandandah Medical Centre, an integral part of Yackandandah's health service.  
PC: Yackandandah Health**

**What about Little Yacks Childcare? Will it keep running? Should working families be concerned about childcare locally?**

Little Yacks Childcare is currently doing well. It is a successful part of our business, and we are very proud of the support it offers to local working families. We expect that it will be part of a merger and that operations will continue as they are.

**Unlike many rural communities, Yackandandah is lucky to have doctors. Will the Medical Centre keep operating?**

The Board will be doing everything possible to ensure that the Medical Centre continues to operate. We will know more once the transfer of the business is more advanced.

**How does the response fit the problem? What is the plan and why is the current plan our best option?**

The Board considered a number of options to address the viability issues faced by Yackandandah Health. These included:

1. Appoint a company administrator. This would have led to the likely closure of all services and was not considered as a suitable course of action.
2. Manage out of the situation to turn around the financial performance. The Board considered that we did not have the financial or management resources to accomplish this. Most important, it would not address the underlying and complex industry and regulatory issues facing the sector at present.
3. Finally, the Board considered a merger with a larger player and determined that this would be the best way to ensure the future of Yackandandah Health and, in particular, the residents of our aged care facility who call Yackandandah Health home.

Seeking a merger with a larger entity allows YH to continue providing high quality care and services to our community. It's the only way to ensure we have the financial resources, expertise and governance capability to do that. Our existing operating model is not fit for purpose given the complexities and financial demands of residential aged care today, let alone those of early learning and general medical practice.

Operating as a stand-alone independent service provider under a Board of local part time voluntary directors is unable to provide the sophisticated and specialised governance required for a business of this scale and complexity.

Consider the scope of our operations:



**A view from the Independent Living Units looking towards Mt. Big Ben.  
PC: Yackandandah Health**

- 84 aged care places with a range of complex service requirements when full;
- 44 early learning places servicing 64 families;
- A busy medical practice providing services from 3 part time GPs over 5 days a week;
- 10 independent living apartments;
- In excess of 140 employees;
- \$10 million annual turnover, and
- 4 separate legislative and regulatory regimes plus various prudential and quality reporting requirements.

We need a model that will allow the community to be confident that the services we need will be provided locally into the years to come. That means a larger owner and that's something for the community to feel positive about.

This is not a decision to be made lightly, but we are confident that it is the best course for us as we look to the future.

## When is a merger of Yackandandah Health likely to be completed?

At the AGM on Thursday, 20th April, 2023, we discussed the process for approving any transfer/merger with members. A Special General Meeting of members will be held at a later date in accordance with the constitution to approve the transfer to a new owner, the identity of which will be known by then.

The date of this meeting will be relayed to all Yackandandah Health members. This meeting will be to vote to approve the transfer to a new owner, the identity of which will be known by then. Assuming this happens, and there is no realistic alternative if we want to keep the services going, then the merger will complete shortly afterwards.

## What guarantees can you give that aged care will continue in Yackandandah in the long term?

The Board can guarantee that if there is a transfer to new ownership, it will be to an owner that has aged care specialist expertise and is committed to continuing the services currently available via Yackandandah Health.

A transfer of Yackandandah Health aged care to a new provider not only requires approval of our members, but also the Commonwealth Department of Health. Each of these has a stake in continuity of care and approval will only be made to a reputable, well-established organisation.

## What can the community do to support YH? Is there anything we can do?

Firstly, we would like to say that the Board and staff of Yackandandah Health are deeply grateful for all the support we have received over the years from the local community, and we take our responsibility to Yackandandah seriously. We encourage local community members to come forward with their questions, and to continue using services at Yackandandah Health as usual. Our staff are going above and beyond every day to keep providing those vital services.

We would also urge the local community to understand the difficult situation that the Board faces, and to take us at our word when we say the path we have recommended is the only way forward to ensure we can continue providing the services we do over the long term.

# YACKANDANDAH HEALTH'S TIME LINE SINCE 1877

## 1877

The Yackandandah Sanatorium was established at the corner of Kars and High Streets by Dr. Mueller.

## 1903

On 8<sup>th</sup> June, the original private 'Cottage Hospital' is opened in High Street.

## 1910

The Victorian Bush Nursing Association is formed.

## 1925

On 28<sup>th</sup> August at a public meeting in the Shire Hall, the decision is taken to purchase the private hospital and convert it into an intermediate hospital supported by the public.

## 1926

The Yackandandah Bush Nursing Intermediate Hospital is opened by Association Secretary Sir James Barrett on 24<sup>th</sup> April 1926.

On 2<sup>nd</sup> June the Yackandandah Centre of the Victorian Bush Nursing Association is officially established.

## 1928

The search for a new hospital site is commenced. A building fund is established.

## 1929

On 22<sup>nd</sup> July at the Annual General Meeting of the District Council – as the hospital's committee is designated – it is moved and carried that the hospital be built on 'Miss Hobbs' corner' at the intersection of Albury Road, later Isaacs Avenue, and Racecourse Road.

## 1930

In July, plans and specifications are prepared by the Honorary Architect Mr. Elliott. The plans are approved by the Health Department in August and tenders called.

## 1931

On 25<sup>th</sup> February, Shire President Cr. Coish lays the foundation stone for Yackandandah's new hospital.

## 1935

In June electric lighting is installed.

## 1942

Extensions are completed with a modern nursery, 2 new rooms, a verandah. Quarters for the staff opened on 5<sup>th</sup> December.

## 1948

The State Electricity Commission helps to finance

an extension making Yack the second largest Bush Nursing Hospital in the state with 27 beds.

## 1970

Hospital bed numbers are decreased to 18 patients.

A new consulting room suite and residence is built. Dr Gequillana begins work as Yackandandah's doctor.

On 30<sup>th</sup> March the first Meals on Wheels are prepared in the hospital kitchen.

## 1984

The Federal Government introduces Medicare.

## 1986

On 1<sup>st</sup> October the Federal Government re-classifies bush nursing hospitals as private hospitals and removes the daily bed subsidy of \$20 paid to each patient, thereby limiting Yackandandah hospital's admissions to patients covered by private hospital insurance.

## 1989

Midwifery services are suspended.

## 1990

On 11<sup>th</sup> September at the annual general meeting, the president announces that a submission for Commonwealth Government funding would be made to build a hostel for frail and/or disabled residents.

## 1991

Land is purchased from Mr. and Mrs. K. Storey as a hostel site.

## 1992

In May 1992 approval in principle is given to build a 28-bed hostel. On 31<sup>st</sup> August a fundraising campaign to build the hostel is launched.

## 1994

On 11<sup>th</sup> November 1994, the 30 bed Yamaroo Hostel is opened.

## 1995

Yamaroo's rooms are fully occupied.

## 1996

In May 1996, the hospital is fully accredited by the Australian Council on Healthcare Standards.

## 1999

Dr Gequillana retires in July. Central Medical Group takes over the general medical practice.

## 2002

On 29<sup>th</sup> September a new 12-bed hostel extension

is opened.

## 2004

On 15<sup>th</sup> March the new kitchen, laundry and hairdressing rooms are completed.

## 2005

On 6<sup>th</sup> February a new 10 bed high care unit is opened.

## 2008

The new 21 bed high care unit is opened, making a total of 67 residential aged care beds.

## 2012

The acute hospital service is suspended.

## 2014

The name of Yackandandah Bush Nursing Hospital is changed to Yackandandah Health.

## 2015

Yackandandah's Men's Shed, 'The Yack Shack', is opened.

## 2016

Connection of a 90kW solar-panel system at Yackandandah Health on 26<sup>th</sup> February will save the community-owned service \$1 million over the next 25. The project to install 348 solar panels on the roof of the Health Service's facility heralds a new high-water mark in the success of Totally Renewable Yackandandah.

## 2017

Yackandandah Health takes over the management of the medical centre on site.

## 2018

Yackandandah Health opens 16 residential aged care rooms in two separate 8 room homes. 10 one-bedroom apartments are opened to provide an alternative accommodation option.

Little Yacks Childcare service is opened, providing an innovative education environment for our youngest residents.

## 2018-20

Animal Care Sanctuary funding received. Works commence on re-purposing water tanks and design interactive garden spaces. Due for completion mid 2020.

*Thanks to Mr. Colin Barnard for compiling the history of Yackandandah Bush Nursing Hospital/Yackandandah Health used as a resource for this timeline.*