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Rural aged care provider rises from financial despair



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by [Mark Sheldon-Stemm](https://www.australianageingagenda.com.au/author/mark-sheldon-stemm/)
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Rural aged care provider rises from financial despair

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Riverview Residence in Collie, Western Australia, has pulled off a miracle rising from near collapse to a financially sustainable provider of excellence, writes Mark Sheldon-Stemm.

The town of Collie lies in the hills east of Bunbury and has proved to exercise a rigorous community spirit and resilience. In 2016 the 64-bed residential aged care facility reached an important point in its operation.

The reasons for this were many. But like other small rural aged care facilities, the financial returns were not there as evidenced by the operational results leading up to this period.

Riverview Results	2012-13	2013-14	2014-15	2015-16
Income	\$4,619,676	\$4,415,341	\$4,233,114	\$4,773,055
Costs	\$5,321,959	\$5,243,231	\$4,746,885	\$5,253,763
Net Surplus/Loss	-\$702,283	-\$827,890	-\$513,771	-\$480,708
Cash on Hand	\$1,314,272	\$595,993	\$602,210	\$698,733
Bond Liabilities	\$1,972,768	\$2,118,358	\$1,769,149	\$1,829,487
Cash to Bond Balance	-\$658,496	-\$1,522,365	-\$1,166,939	-\$1,130,754

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Source: Figures available on ACNC website for Riverview Residence (Collie).

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- the closure of a 14-bed wing from among four operational wings due to lack of demand
- changes to how aged care operates and the emphasis on financial sustainability.

As a result of the situation the old community board stood down and a new board of governance was appointed.

This board was led by local identity, farmer, businessman and ex-local councillor Neil Martin.

The new board, which had no previous aged care experience, engaged me to assist them through the situation they were in.

In many ways it was like starting over again and due to the financial situation, the Department of Health and the quality agency arrived and considered the service at risk and the organisation was in breach of prudential requirements.

It was a matter of starting from scratch with insolvency looming ominously. This was a time for action so the local community and others came forward to help Riverview and boost their ability to continue and funds started to flow. For example:

- the Bendigo Bank provided a grant and a loan
- the Coal Miners Welfare Board provided a grant
- the Commonwealth Government provided a grant
- the facility commenced a scheme called Friends of Riverview where locals provided short term loans to the service
- non-financial support from others to help get the service back on track.

The latter included support from local state and federal members of parliament Mick Murray and Rick Wilson respectively, and the then national aged care minister Ken Wyatt.

The facility manager who took over in early 2016 moved on by August 2016. The board appointed Joy Halleron, who had a background in operating aged care facilities in Perth, as manager in November.

Ms Halleron commenced putting changes into place and had an immediate and positive impact. This included:

- full occupancy and the reopening of the closed wing within three months
- the introduction of the House Mothers model of care under a program from Alzheimer's Australia
- staff who were not resident focused and did not provide the best level of care and services were performance managed out
- new policies and procedures across all areas

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- a new care system that was based on a resident focus.

Then, with the assistance of the new board and I, Riverview began operating in a sustainable manner. A strategic plan was developed, and clear guidelines of operation and governance were put into place.

Four years on from its financial depths, Riverview continues to build its services. They have commenced home care in the local community and maintained over 98 per cent occupancy. The financial results for the past three years speak for themselves:

Riverview Results	2016-17	2017-18	2018-19
Income	\$5,142,930	\$5,455,957	\$6,356,885
Costs	\$5,769,035	\$5,411,058	\$6,106,747
Net Surplus/Loss	-\$626,105	\$44,899	\$250,138
Cash on Hand	\$1,513,350	\$2,508,022	\$3,753,458
Bond Liabilities	\$2,247,229	\$2,909,352	\$3,976,424
Cash to Bond Balance	-\$733,879	-\$401,330	-\$222,966

Source: Figures available on ACNC website for Riverview Residence (Collie).

During the 2019-2020 financial year, Riverview reached its goal of having funds in excess of the bond liabilities and continues to operate with a surplus. All loans have been repaid seven years early.

Having followed Riverview Residence in Collie on its journey there are several standouts that can be taken on their rise from the bottom.

Firstly, the board took a defiant stance from the beginning when they were under great pressure from authorities to shut the service down. They were determined to make things work and provided the leadership, governance and guidance required.

Next were the contributions and support from the local community and the appointment of a competent manager who was determined to get the service back up and running as it should and whose focus was on outcomes for residents and families.

Finally, was their willingness to listen to advice on managing the service in a way that provided the best outcomes for residents in a financially sustainable manner.

This story is an example of what can be achieved when the locals pitch in to make it work for their community. Having a competent and well-connected board, a visionary manager and the focus is essentially on residents has shown to be the formula for success.

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