

Shire of Manjimup

Review of Aged Care Assets & Services and Considerations for Divestment

Project Management Plan

Stage 1



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Document Change Control Table

| Version | Date of Issue | Author(s) | Description of Version |
|-----------|---------------|--|--|
| Version 1 | November 2024 | Gail Ipsen Cutts, Director Community Services | First draft following Councillor workshop at Informal Council Session on 7 Nov 2024 |
| Version 2 | February 2025 | Gail Ipsen Cutts, Director Community Services Evy Apeldoorn, Project Manager | Draft for Council Concept Forum on 18 Feb 2025 |

The Shire of Manjimup respectfully acknowledges the Noongar people as the Traditional Custodians of the lands in which we work throughout the region and we pay respect to their Elders, past and present.

1. Background

According to the Australian government, there are three (3) main types of aged care: home care, short-term care, and residential care.

- **Home Aged Care**, where one remains living their normal life at home, but they are assisted/looked after by a carer when they need help.
- **Short-term Aged Care** describes a care arrangement for a shorter period. This is usually applicable to people who have just come out of a hospital stay following a period of illness or surgery. Respite care is a form of short-term care providing relief for families that may not have the resources to provide aged care for a specific time.
- **Residential Aged Care** provides care and support in a residential aged care facility, which may offer low to high levels of care as well as specialist care (e.g. for dementia), respite care or palliative care.

The Shire of Manjimup has a portfolio of aged care assets on which above-mentioned types of aged care are located. The Shire also provides services, through its own Manjimup Home and Community Care for several of the above-described care types.

The Shire of Manjimup accepted the responsibility for the provision of aged care services in Manjimup in 1998 when it agreed to auspice the Home and Community Care (HACC) programme. HACC, at this point had been operating out of a car boot, however the growing demand for services required a new model of service delivery with capacity to grow. Now located within the purpose-built Wellness and Respite Community Centre, which opened in 2018, this service has grown exponentially and is continuing to grow further. It now services over 450 aged care and National Disability Services Scheme (NDIS) clients within the Shire of Manjimup and neighbouring areas.

Currently the Shire of Manjimup is one of the few (less than a handful) local governments in Australia providing home based aged care services. Due to ever-changing legislation, growing complexity of aged care systems/packaging, and increased risks (incl. financial, insurance, human resources), the provision of aged care services require highly specialised knowledge and organisational support. As such, over time most local governments have transferred/transitioned these services to organisations who are specialised in aged care. As such the undertaking of a review to determine the Shire's ongoing capacity to provide aged care services, and its capacity to grow these services as the community demand increases with an ageing population, is deemed timely.

At the Council meeting held on 11 July 2024 an agenda item (Appendix B) was presented to Council in relation to Reserve 53687 (Lot 505) on 32 Hospital Avenue in Manjimup. This reserve was excised from the hospital reserve and dedicated as a separate reserve with a Management Order to the Shire of Manjimup in June 2020 for the purpose of residential aged care. At that Council meeting, Council resolved the following:

That Council refuse an extension to the due date for the condition's precedent to the lease of Reserve 53687, Lot 505 Hospital Avenue, Manjimup to Baptistcare WA Limited.

Further to this resolution, two additional motions were raised and moved by Council:

That Council:

- *Request the Chief Executive Officer to coordinate a Councillor workshop (by October 2024) to review opportunities and constraints in relation to the future of the Shire's portfolio of aged and community care services and assets.*
- *Request the Chief Executive Officer to present a project plan to Council by December 2024 which details the financial, resource, schedule, scope and stakeholder considerations for divestment of the Shire's portfolio of aged and community care services and assets.*

Following these resolutions, a Councillor workshop was held at the Informal Council Briefing on 7 November 2024. During this workshop staff sought clarification from Councillors about the scope of the opportunities and constraints review, and to determine the scope (inclusions and exclusions) of the portfolio for consideration for divestment.

At the conclusion of the Councillor workshop, the portfolio considered for divestment was determined to include the following aged and community care services and assets only (refer to Appendix A for aerial images on these sites):

1. Residential Aged Care Site Reserve 53687 (Lot 505), 32 Hospital Avenue, Manjimup.
2. Moonya Lodge Nursing Home location (currently operated by BaptistCare NSW & ACT) on Ipsen Street, Manjimup.
3. Wellness and Respite Community Centre, 1A Edwards Street, Manjimup (Reserve 15224, Lot 201 and Reserve 22916, Lot 473)

At the Council meeting held on that same day as the workshop (7 November 2024) Council was presented an agenda item (Appendix C) in relation to the portion of Reserve 22871 (Lot 478) on Ipsen Street, Manjimup which is leased to BaptistCare NSW & ACT. Council resolved the below on this matter.

That Council authorise the Chief Executive Officer to negotiate and execute a lease to BaptistCare NSW & ACT for portion of Reserve 22871, 59 Ipsen Street, Manjimup, subject to:

1. *Permitted use of aged persons accommodation.*
2. *Lease term of two years from 1 February 2025 to 31 January 2027, with two options for renewal of a further two years (requiring joint approval).*
3. *The annual rental being set in accordance with a licensed valuer's rental valuation.*
4. *Lease conditions to the satisfaction of the Chief Executive Officer.*
5. *BaptistCare NSW & ACT being responsible for the lease preparation fee and any additional legal costs of negotiating the lease conditions.*
6. *Approval of the Minister for Lands.*

Following the above Council resolution, a licensed valuer has been engaged for the portion of Reserve 22871, and quotes have been obtained to undertake rental valuations of Reserves 53687 and 15224/22916 in preparation of developing this Project Plan.

This Project Plan aims to guide the undertaking of the aged and community care assets and services review and considerations for divestment.

2. Strategic Alignment

The proposed review is consistent with the following strategies from the Shire of Manjimup Community Strategic Plan 2021-2031:

Our Community:

- C1. Encourage co-locations, partnerships and resource sharing to deliver community services.
- C8. Improve access to services that allow residents to stay well in their own community and manage their health conditions.
- C9. Plan and develop a diverse range of affordable housing options to meet the needs of older people, people with disabilities and other vulnerable groups.
- C10. Continue to encourage and support age, dementia and disability-friendly initiatives across all domains of community life.
- C11. Engage with all stakeholders and establish improved public transport information, delivery and options across the Warren Blackwood region.

Our Local Government:

- E9. Identify and mitigate organisational risks.
- E10. Identify poor performing services areas, and the needs and aspirations of the community, and set targets for improving community satisfaction.

In addition, the importance of meeting the needs of the Shire's ageing demographic are outlined within the following documents:

- Shire of Manjimup Age Friendly Community Plan (2016 – 2021 – Due for Review).
- Manjimup Growth Plan (2012 page 37) Active Ageing and an Age-Friendly Town.

3. Objectives

The following statements underpin this review:

- The Shire of Manjimup is proud to support its community through the Manjimup Home and Community Care service (MHCC), a trusted and professional aged care provider. As part of the Shire's commitment to ensuring the highest standard of care for our growing and evolving community, the Shire is exploring opportunities to expand and enhance local aged care services.
- To this end, the Shire is considering 'testing the market' to identify reputable providers of residential aged care and home and community care. This process aims to uncover the best options for facilitating growth, improving local services, and enhancing the assets available to our community.
- Continuity of Care: the Shire's intent is to ensure no disruption to the high-quality services currently provided by MHCC.
- Community Focus: Any potential provider would need to demonstrate their ability to expand and grow aged care services locally for the benefit of the Manjimup community.

- Due Diligence: The Shire is in an early due diligence phase. This involves careful research and preparation to make informed decisions in the best interest of residents.
- A Thoughtful Process: Significant preparatory work is required before any decisions are made. It could take 12-18 months before there is clarity on the next steps.
- This initiative reflects the Shire's commitment to long-term planning, ensuring aged care services in Manjimup continue to thrive and meet the needs of our community into the future.

The objectives of the Aged Care Assets and Services Review and Considerations for Divestment are:

1. To determine the opportunities and constraints of the Shire of Manjimup's aged and community care services.
2. To review the current and projected future risks of delivering aged and community care services for the Shire of Manjimup and its rate payers.
3. To determine the organisational requirements for growth in aged and community care services in line with community demand.
4. To investigate the implications, benefits and risks of potential divestment of the Shire's assets and services as outlined in Section 4. Inclusions & Exclusions.
5. To provide a report to allow informed decision making by Council in respect of divestment of aged and community care services and assets.

4. Inclusions & Exclusions

The Shire holds management orders over several Crown Reserves within the Shire of Manjimup for the purpose of aged care and aged residential areas. The considerations for divestment in this Project Plan include the following reserves/properties only:

| Reserve | Address | Description |
|--|--|--|
| Reserve 53687 (Lot 505) | 32 Hospital Avenue, Manjimup | Unimproved land for the purpose of Residential Aged Care |
| Portion* of Reserve 22871 | 59 Ipsen Street, Manjimup | Nursing Home location |
| Reserve 15224 (Lot 201) and Reserve 22916 (Lot 473) (A portion of) | 1A Edwards Street and Mount Street, Manjimup | Wellness and Respite Community Centre. Improved land - existing buildings and improvements constructed and owned by the Shire of Manjimup: Aged and Community Care Provider offices, Day Centre, Therapy Room, conference facilities and 8-bedroom respite centre. |

*The other portion of Reserve 22871, on which Dunreath Cottages is located, is not included in the considerations.

The review of aged and community care services includes only those services provided directly by the Shire of Manjimup through Manjimup Home and Community Care.

5. Project Management

The Project Team responsible for undertaking the review consists of the following staff members:

| Name | Position |
|------------------|---|
| Gail Ipsen Cutts | Director Community Services |
| Evy Apeldoorn | Project Manager |
| Janet Foreman | Acting Manager Aged and Disability Services |

The Control Groups, providing direction and oversight, consist of:

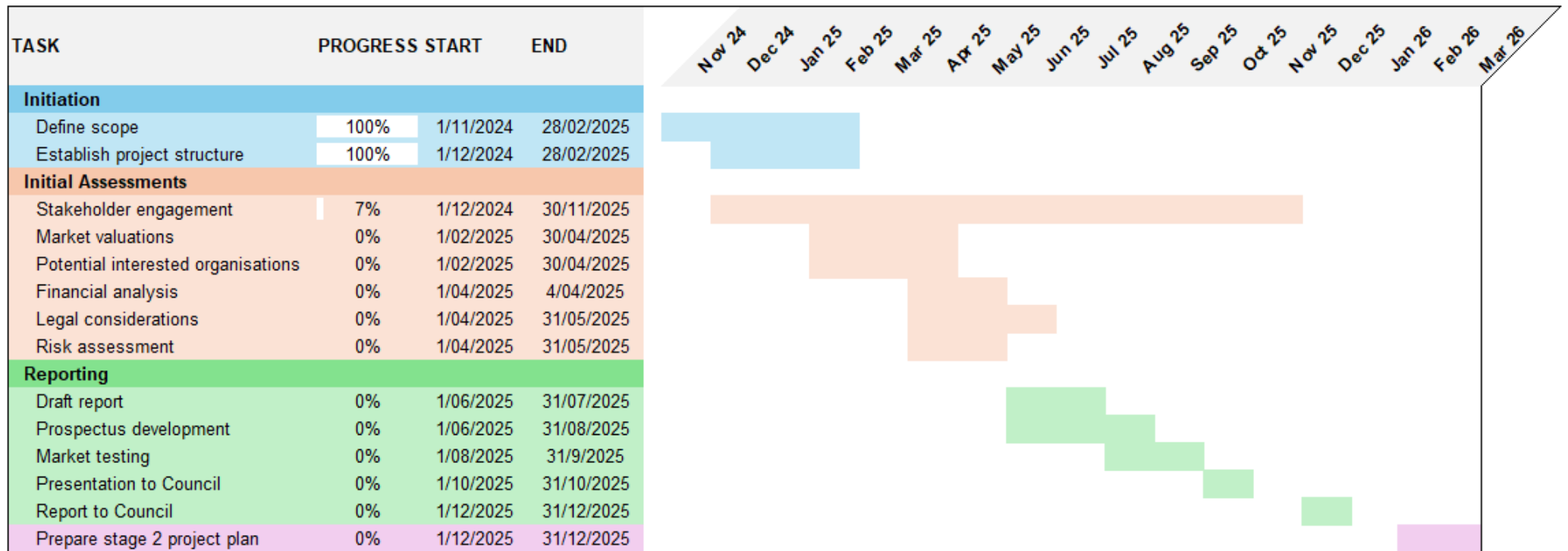
| Control Group | Role |
|---------------------------|---|
| Executive Management Team | Strategic & operational decisions. Monitor project progress and risk management. |
| Council | Policy, budget and strategic direction. |

6. Project Schedule

The review will start upon Council approving this Project Plan, early in 2025, and is anticipated to be completed by December 2025 (duration 1 year). The table below provides an overview of the timeframes and milestones of this stage.

The project deliverables, milestones and dates are outlined in the following project schedule.

Project Schedule



| Deliverables | Start Date | End Date | Comments |
|--|------------|------------|--|
| Define the Scope of the Divestment of Aged Care Services and Assets Recommendation | Nov 2024 | Feb 2025 | <p>Detail the financial, resource, schedule, scope and stakeholder considerations for divestment of following Shire aged and community care services and assets:</p> <ul style="list-style-type: none"> • Moonya Lodge Baptist Care Nursing Home location, Ipsen Street, Manjimup. • Residential Aged Care Site, 32 Hospital Avenue, Manjimup (Reserve 53687, Lot 505) • Wellness and Respite Community Centre, 1A Edwards Street, Manjimup (Reserve 15224, Lot 201 and Reserve 22916, Lot 473) |
| Establish Project Management Structure | Dec 2024 | Feb 2025 | <p>Establish Project Management Team</p> <p>Determine Project Control Groups</p> |
| Undertake Stakeholder Engagement | Dec 2024 | Nov 2025 | <ul style="list-style-type: none"> • Identify key stakeholders. • Develop a communication plan to keep stakeholders informed throughout the process. • Engage with the community to gather feedback and address concerns. |
| Initial Assessment of Potential Market Interest | Feb 2025 | April 2025 | Conduct a preliminary assessment of potential market interest. |
| Determine Market Valuations for Properties. | Feb 2025 | April 2025 | <ul style="list-style-type: none"> • Develop request for quotes to provide market rental valuations for aged care properties in Manjimup as listed above. • Preparation of valuations (6 - 8 weeks) |
| Undertake Financial Analysis | April 2025 | May 2025 | <p>Analysis of financial implications (cost/ benefit), including:</p> <ul style="list-style-type: none"> • Governance • Insurance • Fleet Management |

| Deliverables | Start Date | End Date | Comments |
|--|------------|-----------|--|
| | | | <ul style="list-style-type: none"> • Human Resources • Work, Health and Safety • Financial services • IT • Management • Revenue from Leases • Reserves • Grant agreements • NDIS |
| Review Legal Considerations | April 2025 | May 2025 | Review legal requirements and restrictions related to divestment. |
| Undertake Risk Assessment | April 2025 | May 2025 | <p>Risk assessment considering:</p> <ul style="list-style-type: none"> • Impact on client services • Reputation impact on the Shire of Manjimup • Financial Implications for the Shire • Grant Agreements & Conditions • Human Resources • Lease implications / legal contracts • Implications for NDIS Clients |
| Develop Draft Report – Council Direction | Jun 2025 | July 2025 | <p>Draft Report including:</p> <ul style="list-style-type: none"> • Financial Analysis findings • Council direction - regarding Testing the Market. • Recommendations. • Review Executive Management Team. |

| Deliverables | Start Date | End Date | Comments |
|--|------------|-----------|---|
| Develop Prospectus | July 2025 | Aug 2025 | Prepare package documentation for the market testing phase of the project. |
| Request for Proposal | Aug 2025 | Sep 2025 | Release a Request for Proposal (RFP) from key reputable industry proponents |
| Present RFP Findings to Council at the Concept Forum | Oct 2025 | Oct 2025 | Presentation to Council at a Concept Forum. |
| Council Report and Recommendation | Dec 2025 | Feb 2026 | Council Resolution. |
| Prepare Stage Two Project Plan | Mar 2026 | June 2026 | Pending Council Resolution prepare documentation to progress the divestment proposal with selected proponents from the first stage RFP. |

7. Project Budget

In the Shire's 2024/2025 Annual Budget, a total of \$45,000 has been allocated to undertake this review (described as 'Aged Services Feasibility – Business Case'), as detailed in below table.

| Allocation | Budget | Amount |
|--------------|-----------------------------------|-----------------|
| 571.1961 | Commonwealth Home Support Program | \$18,000 |
| 572.1961 | GROW – Disability Support | \$11,250 |
| 573.1961 | Home Care Packages | \$13,500 |
| 574.1961 | Respite Accommodation | \$2,250 |
| Total | | \$45,000 |

This budget is to cover project management costs and to engage specialised consultancy services if required for any of the review components.

The review includes the undertaking of valuations of the properties involved. Initial quotes from licenced valuers have been obtained, at an approximate cost of \$11,000 (ex. GST).

Should additional funds be required, the use of funds in other allocations within the Shire's budget may be appropriate. Alternatively Council may be requested to allocate additional funds to this review.

Note: The Shire has two Reserve Accounts for Manjimup Home and Community Care for the below specific purposes.

| Reserve Name | Purpose of the Reserve | Balance |
|---|--|-------------|
| MHCC asset replacement reserve | Monies set aside for the purpose of asset replacement, including vehicles, specifically relating to the Home and Community Care Scheme. | \$1,879,555 |
| MHCC annual and long service leave reserve | Monies set aside for the purpose of annual and long service leave liability specifically relating to the Home and Community Care Scheme. | \$281,570 |

8. Stakeholders & Communications

The following table provides a preliminary overview of stakeholders and their level of engagement in the review.

| Name | Relationship to Review | Interest | Impact | Inform | Consult | Involve | Collaborate | Empower |
|---|--|----------|--------|--------|---------|---------|-------------|---------|
| | | | | | | | | |
| Aged and Community Care Clients | Clients of services | VH | H | ✓ | ✓ | ✓ | | |
| Shire of Manjimup Staff, in particular MHCC Staff | Staff providing services | VH | H | ✓ | ✓ | ✓ | | |
| Funding Bodies | Provided funding to assets considered for divestment | H | H | ✓ | ✓ | | | |
| Aged and Community Care Service Providers | Potential interested parties | VH | VH | ✓ | ✓ | ✓ | ✓ | ✓ |
| Aged and Community Care Service Providers | Potential impacted parties | VH | VH | ✓ | ✓ | ✓ | ✓ | ✓ |
| Wider community of Manjimup and the Shire | Ratepayers, clients, etc. | M/H | M/H | ✓ | | | | |
| Other Stakeholders | Other | M/H | M/H | ✓ | ✓ | | | |

Interest/ Impact scale: very low (VL), low (L), medium (M), high (H), very high (VH)

Level of engagement:

- **Inform:** to provide the public with balanced and objective information
- **Consult:** to obtain public feedback
- **Involve:** to work direct with the public throughout the process to ensure that public concerns are understood and considered
- **Collaborate:** to work together with the public in each aspect of the decision
- **Empower:** to place final decision-making in the hands of the public

Extensive stakeholder consultation will be required during the review. It is anticipated that a number of consultation methods will be used, including but not limited to: face to face meetings, and (online) surveys.

9. Assumptions, Constraints, Risks

The review has the following assumptions:

Assumptions

- Willingness of the stakeholders to collaborate with the Shire with a joint vision and supportive approach to delivering Aged and Community Care services and assets.
- Willingness of the stakeholders to collaborate in the review.
- Interest from external service providers and stakeholders to engage.
- Willingness of the State Government as the landowner to collaborate.

The review includes the undertaking of a comprehensive financial analysis and risk assessment associated with the provision and potential divestment of assets and services. Foreseeable constraints and risks include:

Constraints / Risks

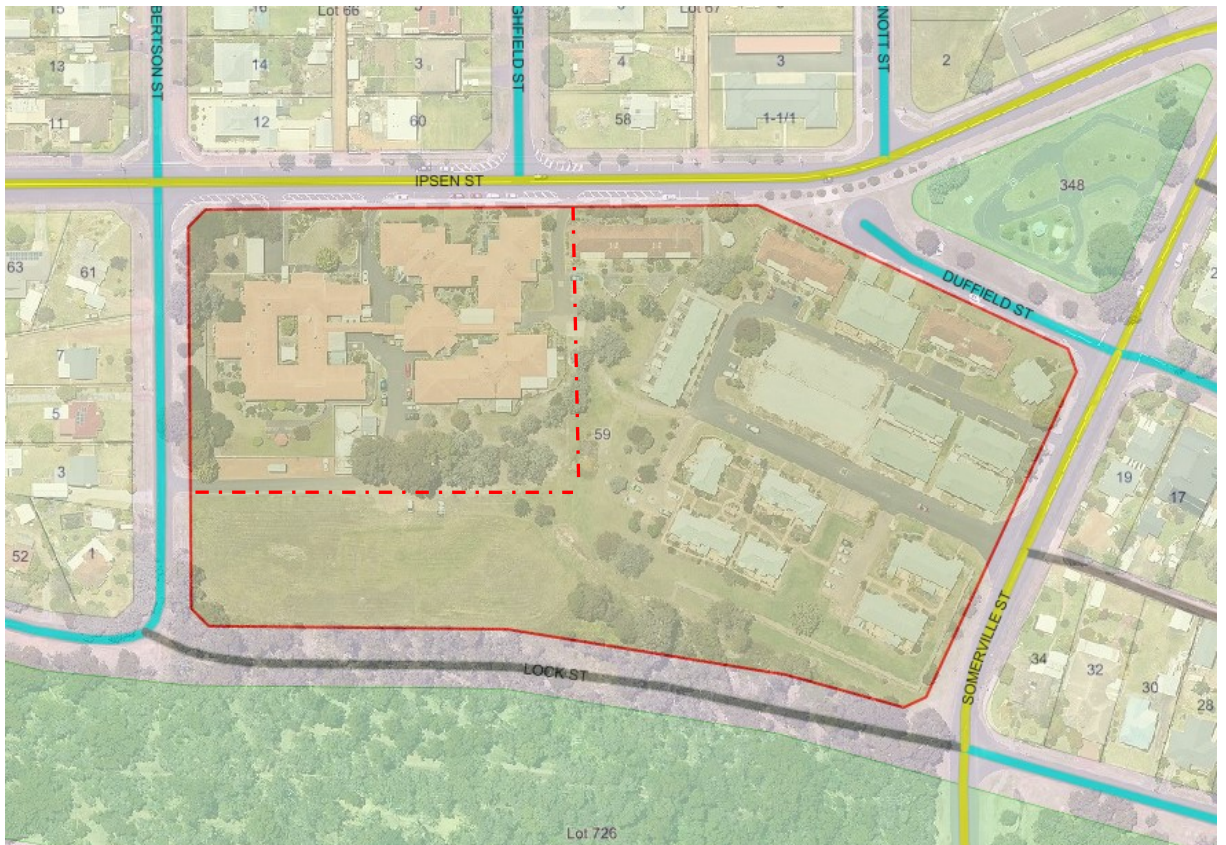
- Budget availability.
- Staffing resources to provide review oversight.
- Organisational reputational damage resulting from miscommunication of intent.
- Independent nature of (potential) lessees.
- Community engagement in the process.
- Variety of historic reasons for the current arrangements.
- Instability of new providers – time to bed in.
- Anxiety and stress to staff – change management.
- Anxiety and stress to vulnerable client group.
- Poor communication and consultation – reputational risk to Council.
- Stakeholder perception of outcome already determined by Council prior to review – reputational risk to Council.

Appendix A. Aerial Images Reserves

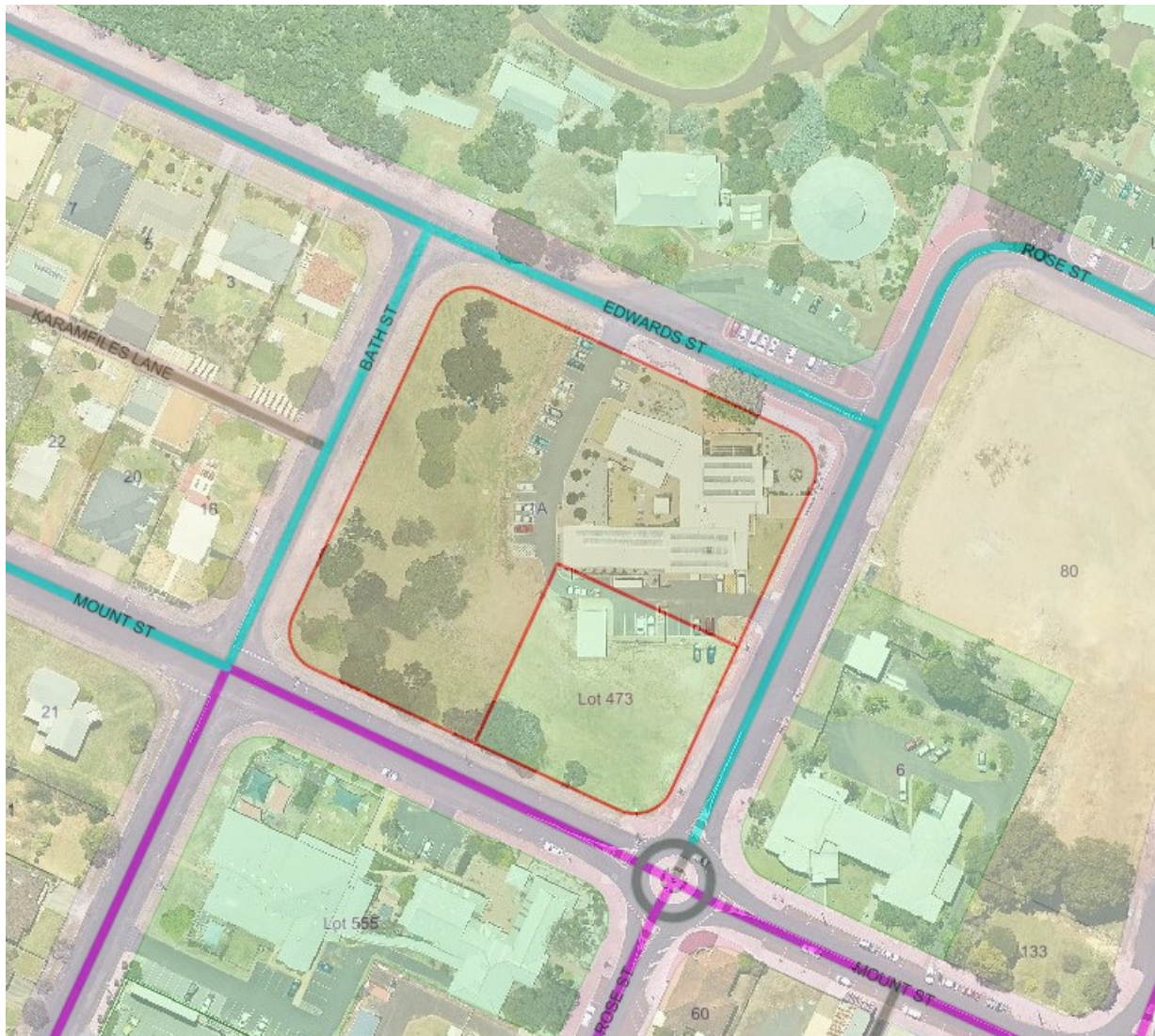
Reserve 53687, 32 Hospital Avenue, Manjimup



Portion of Reserve 22871, Ipsen Street, Manjimup



Reserve 15224, 1A Edwards Street, and Reserve 22916, Mount Street, Manjimup



Appendix B. Council Agenda Item 11 July 2024

9.2.1 Proposed Extension of Conditions Precedent to Lease to Baptistcare - Reserve 53687 Hospital Avenue, Manjimup

| | |
|--------------------------------|---|
| PROPONENT | Baptistcare WA Limited |
| OWNER | Crown (Management Order to Shire) |
| LOCATION / ADDRESS | Reserve 53687, Lot 505 Hospital Avenue, Manjimup |
| WARD | Urban |
| ZONE | Public Purposes |
| DIRECTORATE | Business |
| FILE REFERENCE | F200449 |
| LEGISLATION | <i>Land Administration Act 1997</i> <i>Local Government Act 1995</i> |
| AUTHOR | Jasmine Bamess |
| DATE OF REPORT | 27 June 2024 |
| DECLARATION OF INTEREST | Nil |

BACKGROUND

Reserve 53687, Lot 505 Hospital Avenue, Manjimup, being the former Warren District Hospital site, was excised from the hospital reserve and dedicated as a separate reserve with a Management Order to the Shire of Manjimup in June 2020 for the purpose of aged care.

In accordance with the below Council resolutions, a lease agreement for Reserve 53687 to Baptistcare WA Limited was executed, with conditions precedent that were to be met prior to the lease commencing. The lease has not yet commenced and Baptistcare have requested an extension to those conditions precedent to 31 October 2024.

Council meeting of 23 May 2019 (27803):

That Council:

1. Agree to take on the vesting of a Management Order for 2.0144 hectares of land excised from Reserve 20337, with the purpose of "High Dependency Aged Persons Accommodation" or similar, and the power to lease for a period of 42 years (representing the useable life of the proposed buildings) in order to facilitate a high dependency aged care facility; and
2. Commence negotiations of a lease with Baptistcare to replace the existing high dependency aged care facility Moonya, to take effect once the Management Order identified in point 1. above has been implemented.

Council meeting of 17 December 2020 (28328):

That Council:

1. Lease Reserve 53687, Lot 505 Hospital Avenue, Manjimup to Baptistcare WA Limited, subject to the following:
 - a. lease term of 42 years, commencing from the satisfaction of conditions relating to the lessee obtaining necessary approvals for a new aged care facility;
 - b. at a rental of ten dollars per annum payable on demand;
 - c. lease conditions to the satisfaction of the Chief Executive Officer;
 - d. waiver of the lease preparation fee; and
 - e. approval of the Minister for Lands.

- 2. Hold over the existing lease to Baptistcare WA Limited (formerly Baptistcare Inc) over portion of Reserve 22871 Ipsen Street, Manjimup, to be approved by the Chief Executive Officer on an annual basis, until the transfer to the proposed new aged care facility on Reserve 53687 is completed.**

The purpose of this agenda item is for Council to consider the request from Baptistcare for an extension the conditions precedent.

PUBLIC CONSULTATION UNDERTAKEN

Nil.

COMMENT

The conditions precedent in the lease agreement are:

- A. Approval by the Lessee's board of entry by the Lessee into this Lease.
- B. Written confirmation by the Lessee's financier that it will fund the development of the Land on terms acceptable to the Lessee in its sole discretion.
- C. The Lessee obtaining the necessary approvals to construct and operate and aged care facility or complex on terms acceptable to the Lessee in its sole discretion.
- D. Consent from the Minister for Lands to the grant by the Lessor of the Lease.
- E. Consent from the Minister for Lands to grant by the Lessee of security over the Lease to the Financier.
- F. Consent from the Minister for Lands to the grant by the Lessee of sublicences to residents on terms acceptable to the Lessee in its sole discretion (or alternatively confirmation that such approval is not required).

The agreement to lease may be terminated if one or more of the conditions precedent are not satisfied or, in the case of A, B, C and/or F, waived by the Lessee by the due date, which is currently 30 June 2024.

Originally the due date for the conditions precedent was 30 September 2021. This was extended by mutual agreement to 30 November 2022, 31 May 2023, 31 July 2023, and then 30 June 2024. The reasons for extension related to allowing further time for Baptistcare to secure additional capital funding, prepare a strategic direction and prepare a development proposal for the lease site and in consideration of Baptistcare organisational changes. There were delays with a new Baptistcare WA Limited board and Chief Executive Officer being appointed, followed by a merger with Baptistcare NSW & ACT.

Baptistcare have now advised they are undertaking a comprehensive research process of their portfolio, which is due for completion in October 2024. In consideration of this, Baptistcare requests the existing lease arrangements be extended until 31 October 2024 to allow time to clearly determine their path forward.

Baptistcare have also mentioned they have been investigating various challenges that will be involved with development of the proposed lease site.

The recommendation is based on supporting the current arrangement with Baptistcare, allowing them to complete their portfolio assessment and provide a definitive answer. The is fitting with the original intention being to give Baptistcare the opportunity to replace their current facilities in order to continue providing an aged care service in Manjimup long term.

It is not expected that all the conditions precedent will be met by 31 October 2024. Therefore, it is likely that if Baptistcare do wish to proceed with the lease, there will be a further request for extension to some of the conditions, although it is noted that conditions A, B, C and F are at the discretion of Baptistcare, and they could waive them and commence the lease.

Alternatively, if the extension to the conditions precedent is not granted, notice of termination of the lease could be given as the conditions have not been met. Baptistcare could still be given the opportunity to renegotiate a new lease if they receive support of their board and provide a clear strategic direction, however this would not give them a substantive lease proposal to present to their board in support of the proposal.

Baptistcare have also requested to extend the lease for the existing Moonya Lodge site on Ipsen Street, Manjimup to 31 October 2024. This will be granted by the Shire Chief Executive Officer under existing approval from Council. Once the outcome of the Reserve 53687 Hospital Avenue site is known, Baptistcare will be encouraged to request a new lease for the Moonya Lodge site for an appropriate term rather than continuing to hold over the old lease.

STATUTORY ENVIRONMENT

Approval of the Minister for Lands is required prior to commencement of the Lease, after the other conditions precedent have been met or waived, in accordance with section 18 of the *Land Administration Act 1997*.

POLICY / STRATEGIC IMPLICATIONS

The Shire obtained the management order for Reserve 53687 for the purpose of aged care.

ORGANISATIONAL RISK MANAGEMENT

Baptistcare are an experienced aged care provider, however if the lease to Baptistcare does not proceed, the Shire will retain the management order for the Reserve for the purpose of aged care with potential for a lease to another aged care provider.

FINANCIAL IMPLICATIONS

The current lease agreement is on a vacant land basis. If commencement takes effect, it is a peppercorn lease and does not contain an option for the lease fee to be reviewed.

SUSTAINABILITY

Environmental: Nil.

Economic: Nil.

Social: Nil.

VOTING REQUIREMENTS: OFFICER RECOMMENDATION

SIMPLE MAJORITY

That Council approve an extension to the due date for the conditions precedent to the lease of Reserve 53687, Lot 505 Hospital Avenue, Manjimup to Baptistcare WA Limited to 31 October 2024, with a further response from Baptistcare to then be reported back to Council.

**Ordinary Meeting
ALTERNATE MOTION
MOVED: Cr Darin**

SECONDED: Cr De Campo

That Council:

1. Refuse an extension to the due date for the conditions precedent to the lease of Reserve 53687, Lot 505 Hospital Avenue, Manjimup to Baptistcare WA Limited.
2. Request the Chief Executive Officer to coordinate a Councillor workshop (by October 2024) to review opportunities and constraints in relation to the future strategic use of Reserve 53687, Lot 505 Hospital Avenue, Manjimup.

PROPOSED AMENDMENT:

MOVED: Cr De Campo **SECONDED:** Cr Miolin

29553

That Council:

1. Refuse an extension to the due date for the conditions precedent to the lease of Reserve 53687, Lot 505 Hospital Avenue, Manjimup to Baptistcare WA Limited.
2. Request the Chief Executive Officer to coordinate a Councillor workshop (by October 2024) to review opportunities and constraints in relation to the future of the Shire's portfolio of aged and community care services and assets.
3. Request the Chief Executive Officer to present a project plan to Council by December 2024 which details the financial, resource, schedule, scope and stakeholder considerations for divestment of the Shire's portfolio of aged and community care services and assets.

CARRIED 8/0

For: Cr Buegge, Cr Darin, Cr De Campo, Cr Eiby, Cr Miolin, Cr Omodei, Cr Ventris, Cr Winfield.

Against: Nil.

Councillor De Campo Foreshadowed the Officer's Recommendation.

SUBSTANTIVE MOTION

MOVED: Cr Darin **SECONDED:** Cr De Campo

29554

1. Refuse an extension to the due date for the conditions precedent to the lease of Reserve 53687, Lot 505 Hospital Avenue, Manjimup to Baptistcare WA Limited.
2. Request the Chief Executive Officer to coordinate a Councillor workshop (by October 2024) to review opportunities and constraints in relation to the future of the Shire's portfolio of aged and community care services and assets.
3. Request the Chief Executive Officer to present a project plan to Council by December 2024 which details the financial, resource, schedule, scope and stakeholder considerations for divestment of the Shire's portfolio of aged and community care services and assets.

CARRIED 8/0

For: Cr Buegge, Cr Darin, Cr De Campo, Cr Eiby, Cr Miolin, Cr Omodei, Cr Ventris, Cr Winfield.

Against: Nil.

Appendix C. Council Agenda Item 7 November 2024

9.2.1 Proposed Lease to BaptistCare NSW & ACT

| | |
|--------------------------------|---|
| PROPONENT | BaptistCare NSW & ACT |
| OWNER | Management Order to Shire of Manjimup |
| LOCATION / ADDRESS | Portion of Reserve 22871, 59 Ipsen Street, Manjimup |
| WARD | Urban |
| ZONE | Public Purposes |
| DIRECTORATE | Business |
| FILE REFERENCE | F160767 |
| LEGISLATION | <i>Land Administration Act 1997</i> <i>Local Government Act 1995</i> |
| AUTHOR | Jasmine Bamess (Senior Administration and Properties Officer), Ben Rose (Chief Executive Officer) |
| DATE OF REPORT | 15 October 2024 |
| DECLARATION OF INTEREST | Nil |

BACKGROUND

The Shire of Manjimup has the Management Order for Reserve 22871 Lot 478 (59) Ipsen Street, Manjimup for the purpose of 'aged persons homes' and leases part to Dunreath Cottages (3 hectares) and part to BaptistCare WA Limited (Moonya Aged Care Home, 1.2 hectares).



The lease to BaptistCare WA Limited had a termination date of 30 June 2021, however has been holding over on annual/monthly basis by mutual agreement since that date. The purpose of the holding over period was related to the Shire of Manjimup and BaptistCare WA Limited entering an agreement to lease Reserve 53687, Lot 505 Hospital Avenue, Manjimup, being the former Warren District Hospital site for a proposed new aged care site. That lease proposal did not proceed, with Council resolving at the meeting of 11 July 2024 (29554) to:

1. *Refuse an extension to the due date for the conditions precedent to the lease of Reserve 53687, Lot 505 Hospital Avenue, Manjimup to Baptistcare WA Limited.*
2. *Request the Chief Executive Officer to coordinate a Councillor workshop (by October 2024) to review opportunities and constraints in relation to the future of the Shire's portfolio of aged and community care services and assets.*
3. *Request the Chief Executive Officer to present a project plan to Council by December 2024 which details the financial, resource, schedule, scope and stakeholder considerations for divestment of the Shire's portfolio of aged and community care services and assets.*

This agenda item is for a new lease to BaptistCare for the Moonya Aged Care Home site on Ipsen Street.

PUBLIC CONSULTATION UNDERTAKEN

Nil.

COMMENT

BaptistCare WA Limited have merged with BaptistCare NSW & ACT, therefore the proposed new lease is requested to be granted to BaptistCare NSW & ACT.

BaptistCare have proposed the following:

| | |
|---------------------|--|
| Lease Commencement: | 1 February 2025 |
| Lease Term: | Two Years |
| Lease Expiry Date: | 31 January 2027 |
| Option/s: | Two by two year options |
| Rent: | \$10 per annum + GST |
| Legal Costs: | Each party is responsible for the payment of its own legal fees associated with preparing or maintaining the lease. Shire to provide lease document. |

As the lease for the proposed Hospital Avenue site has not eventuated, the proposed short term lease (total up to six years) seems to be a practical term for both the Shire and BaptistCare as it gives time for the future of both sites and aged care services to be reviewed, while the current aged care service continues.

BaptistCare have requested to continue a peppercorn lease arrangement. Council's current property leasing policy outlines lease fees of \$10 per annum, payable on demand (equivalent to a peppercorn rental) for organisations with a minimal income earning capacity. However, the standard lease agreements issued to community organisations include the ability for the lease fee to be reviewed on an annual basis, with reference to the Council leasing policy. Further to this Council recently resolved the following:

Direct the Chief Executive Officer to undertake a review of all leases with clubs, community groups and recreational bodies; and anything considered a 'peppercorn lease.' This review, along with the proposed Strategic Asset Review, is to inform a revision of Council Policy 4.2.8.

STATUTORY ENVIRONMENT

Section 3.58 of the *Local Government Act 1995* outlines requirements for leasing Shire land; however Section 30(b) of the *Local Government (Functions and General) Regulations 1996* exempts from these requirements leases to charitable, benevolent, educational, recreational, sporting or other like bodies, provided the members are not entitled to receive any pecuniary profit. The proposed lease complies with this exemption.

Each lease on Crown land requires the approval of the Minister for Lands in accordance with section 18 of the *Land Administration Act 1997*.

POLICY / STRATEGIC IMPLICATIONS

Council Policy 1.2.8 *Authority to Execute Documents on Behalf of Council* requires matters concerning the leasing of Shire managed land to be put before Council.

The recommended lease terms and conditions are in accordance with Council Policy 4.2.8 *Property Leasing*.

ORGANISATIONAL RISK MANAGEMENT

A new lease to BaptistCare will allow the current aged care service to continue for the short term while the Shire's portfolio of aged and community care services and assets is reviewed.

FINANCIAL IMPLICATIONS

BaptistCare NSW & ACT have requested that each party is responsible for the payment of its own legal fees associated with preparing or maintaining the lease. BaptistCare NSW & ACT will be offered a lease based on standard conditions prepared by the Shire's solicitors, when this occurs lessees are responsible for the lease preparation fee set in the annual fees and charges. If it arises that any lease conditions need to be reviewed or added in addition to standard conditions, due to the particular purpose of the lease or requests of the lessee, the lessee should be responsible for any additional legal costs incurred.

SUSTAINABILITY

Environmental: Nil.

Economic: Nil.

Social: The proposed lease will allow the continuation of an important aged care service for the community.

CHIEF EXECUTIVE OFFICER COMMENT

Notwithstanding the above request from BaptistCare and guidance from the Shire's Property Leasing Policy, the Chief Executive Officer recommends the following to Council:

| | |
|---------------------|-----------------|
| Lease Commencement: | 1 February 2025 |
| Lease Term: | Two Years |
| Lease Expiry Date: | 31 January 2027 |

| | |
|--------------|--|
| Option/s: | Two by two year options (requiring joint approval) |
| Rent: | Set at a licensed valuer's rental valuation. |
| Legal Costs: | Each party is responsible for the payment of its own legal fees associated with preparing or maintaining the lease. Shire to provide lease document. |

The rationale for the Chief Executive Officer's recommendation to the Council is as follows:

- Shire Policy 4.2.8 (Property Leasing) identifies that the \$10p/a lease fee only applies to Community Associations with a "minimal income earning capacity". Whilst BaptistCare is an Incorporated Association, it is certainly not a minimal income earning organisation. The BaptistCare Annual Report 2024 identifies that the organisation generated \$707 million in that financial year (with \$426 million of that generated via Residential Aged Care alone).
- The BaptistCare Detailed Financial Report 2024 identifies that the organisation controls 33 Residential Aged Care Homes and 24 Retirement Living Village, with nine properties under lease in a 'peppercorn' arrangement (i.e. 15.8%). The remaining ~84% of properties are presumably owned by BaptistCare or leased on a commercial arrangement. Therefore, a 'peppercorn' lease arrangement is the outlier.
- The Chief Executive Officer's recent discussions with other Aged Care Providers identifies the opportunity for a relatively seamless service transition, in the unlikely event that BaptistCare resolve to discontinue the service.

VOTING REQUIREMENTS: SIMPLE MAJORITY

OFFICER RECOMMENDATION

That Council authorise the Chief Executive Officer to negotiate and execute a lease to BaptistCare NSW & ACT for portion of Reserve 22871, 59 Ipsen Street, Manjimup, subject to:

- 1. Permitted use of aged persons accommodation.**
- 2. Lease term of two years from 1 February 2025 to 31 January 2027, with two options for renewal of a further two years (requiring joint approval).**
- 3. The annual rental being set in accordance with a licensed valuer's rental valuation.**
- 4. Lease conditions to the satisfaction of the Chief Executive Officer.**
- 5. BaptistCare NSW & ACT being responsible for the lease preparation fee and any additional legal costs of negotiating the lease conditions.**
- 6. Approval of the Minister for Lands.**

Ordinary Meeting

COUNCIL RESOLUTION

MOVED: Cr Omodei SECONDED: Cr Miolin

29566

That Council authorise the Chief Executive Officer to negotiate and execute a lease to BaptistCare NSW & ACT for portion of Reserve 22871, 59 Ipsen Street, Manjimup, subject to:

- 1. Permitted use of aged persons accommodation.**

2. **Lease term of two years from 1 February 2025 to 31 January 2027, with two options for renewal of a further two years (requiring joint approval).**
3. **The annual rental being set in accordance with a licensed valuer's rental valuation.**
4. **Lease conditions to the satisfaction of the Chief Executive Officer.**
5. **BaptistCare NSW & ACT being responsible for the lease preparation fee and any additional legal costs of negotiating the lease conditions.**
6. **Approval of the Minister for Lands.**

ADOPTED BY EN BLOC RESOLUTION: 8/0