



CITY OF SOUTH PERTH

**MAJOR LAND
TRANSACTION
BUSINESS PLAN**

COLLIER PARK
RETIREMENT VILLAGE
MARCH 2024

A CITY OF ACTIVE PLACES AND BEAUTIFUL SPACES





Acknowledgement of Country

Kaartdjinin Nidja Nyungar Whadjuk Boodjar Koora Nidja Djining Noonakoort
kaartdijin wangkiny, maam, gnarnk and boordier Nidja Whadjul kura kura.

We acknowledge and pay our respects to the traditional custodians of this land,
the Whadjuk people of the Noongar nation and the Elders past and present.



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1.0 EXECUTIVE SUMMARY

At its ordinary meeting of 26 March 2024, Council resolved, in accordance with section 3.59 (4) of the Local Government Act 1995, to authorise the Chief Executive Officer to provide local public notice of the proposed disposal of Collier Park Village (the Village).

The City of South Perth now invites public submissions on the Major Land Transaction Plan, which proposes to dispose of Collier Park Retirement Village, developed by the City and operated by the City on Crown Land at 2 Bruce St Como.

In accordance with section 3.59 of the *Local Government Act 1995* (the Act), the City is required to prepare a Business Plan for the transaction and give statewide public notice of the proposal.

Community members may make submissions in relation to the transaction via the following methods:

By Post:

Cnr Sandgate St and South Tce,
South Perth WA 6151

By Email:

enquiries@southperth.wa.gov.au

In Person:

South Perth Civic Centre,
Cnr Sandgate St and South Tce,
South Perth.

Any submissions received will assist Council in making a decision on whether to proceed with the advertised transaction.

Copies of the Plan are available from:

- The City’s website
- The City of South Perth Civic Centre
- The South Perth Library and the Manning Library

Closing date for submissions:

Close of Business Friday 10 May, 2024

Mike Bradford

Chief Executive Officer

2.0 OBJECTIVES

2.1 Strategic

The City places great importance on the long term vision and staged redevelopment strategy for Collier Park Village (CPV) to create a lively neighbourhood and community which facilitates independent living and improved accessibility for seniors. Consistent with the City's Strategic Community Plan 2021-31, maintaining a sustainable environment (both built and natural) and ensuring the ongoing viability of CPV for current and future residents is a key priority for the City. Further insights into the City's priorities and values are detailed in the Strategic Community Plan (2021-2031).

2.2 Resident Wellbeing

Assisted living units have recently emerged as an alternative for older people to delay or eliminate the need to enter residential aged care. These are purpose-built, fully equipped units where residents can receive their required care and support in their home as their care needs advance. These units are growing in popularity as an addition to independent living as they offer a continuum of care for older people.

Contemporary living trends for retirement villages include home care and ancillary services. Amenities such as in house cafes, gymnasiums, pools, hairdressing, GP and allied health professionals, spa, cinema and private dining are already offered in the more modern facilities within close proximity to Collier Park.

The City wants to improve and enhance the facilities available to current and future residents at CPV. It does not have the expertise – or the financial resources – to make significant improvements to CPV.

2.3 Business Plan Objectives

This plan aims to:

- Comply with the requirements of Section 3.59 of the Act.
- Provide details of the City's intention to undertake a major land transaction and:
 - (a) Acquire Lot 4909 on Deposited Plan 192521 and acquire Lot 3296 on Deposited Plan 185224 from the State Government under a conditional freehold arrangement and
 - (b) Dispose of Lot 4909 on Deposited Plan 192521 and dispose of Lot 3296 on Deposited Plan 185224 to Amana Living Incorporated, for the purpose of a retirement village. Seek community submissions on the proposed Transaction as outlined in this Plan.



3.0 LEGISLATIVE REQUIREMENTS

3.1 Major Land Transaction Business Plan

Section 3.59 of the Act outlines the process governing Commercial Enterprises by local governments, which includes Major Land Transactions. The Act defines a Major Land Transaction as:

“a land transaction other than an exempt land transaction if the total value of –

- (a) the consideration under the transaction; and*
- (b) anything done by the local government for achieving the purpose of the transaction, is more, or is worth more, than the amount prescribed for the purposes of this definition.”*

The amount prescribed for the purposes of the definition of Major Land Transaction under Section 8A (1) of the Local Government (Functions and General) Regulations 1996 (the Regulations) is:

“(a) if the land transaction is entered into by a local government of a district of which is in the metropolitan area or a major regional centre, the amount that is the lesser of –

- (i) \$10,000,000; or*
- (ii) 10% of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year.”*

Before entering into a Major Land Transaction, the City is required to prepare a Business Plan that includes an overall assessment of the land transaction including:

- (i) expected effect on the provision of services and facilities by the City; and
- (ii) expected effect on other persons providing services and facilities in the region; and
- (iii) expected financial effect on the City;
- (iv) expected effect on the City’s plan for the future (s5.56 of the Act); and
- (v) the ability of the City to manage the performance of the transaction; and
- (vi) any other matter prescribed for the purposes of s3.59 (3) of the Act.

This Plan has been written to comply with the requirements of s3.59 “Commercial Enterprises by Local Governments” of the Act and Part 3 of the Regulations and to provide members of the public with sufficient information to make an informed submission in respect to this proposal.

3.2 Business Plan Advertising

Section 3.59 (4) of the Act requires the City to give statewide and local public notice of the Major Land Transaction through the advertising of a business plan for a period of not less than six weeks.

The community may make submissions, which will be taken into consideration before a decision to proceed with the Major Land Transaction is made by Council.

Submissions in respect to this Plan must be made in writing to the Chief Executive Officer via the contact details provided in the preface.



4.0 OVERVIEW

4.1 Background

The City currently owns and operates CPV in Morrison Street, Como, a retirement village of 169 two bedroom – one bathroom independent living units (ILU) and an associated community centre. CPV commenced construction in 1986 and was built in stages with completion in 1995. The site also contains the former 40 bed (aged care) hostel building (which closed in 2014), gazebos, BBQ areas, carparks, caravan bays and extensive landscaped gardens. CPV is operated in accordance with the *Retirement Villages Act 1992 (WA)*.

The Village is home to 178 residents (March 2024). Approximately 15% of residents were City of South Perth residents before moving to CPV, the remaining residents moved into CPV from other municipalities.

Village residents live independently in their units and more than half of residents receive some form of care in the home (such as Commonwealth Home Support Program or Commonwealth Government Home Care Packages) to support independent living.

The City provides a range of amenities to Village residents such as facilities within the community centre to conduct social functions and activities as well as maintenance of pathways and extensive common gardens. Services to facilitate independent living such as home support, transport to medical providers or social activities and medical care are delivered by external providers or through Commonwealth Government Home Care Packages or the Commonwealth Home Support Program.

The City provides space for visiting medical professionals at the community centre and facilitates programs to promote healthy ageing and intergenerational activities in partnership with external service providers and educational institutions. A hairdresser also holds a lease on site to provide services to the CPV residents.

An elected Residents' Committee consults with the administration of the City on behalf of residents about the day to day running of the retirement village and any issues or proposals raised by the residents. Various other resident groups work collaboratively to provide a range of activities, such as yoga, mah-jong, line dancing and carpet bowls.

4.2 Site Details

The site is Crown Land known as Reserve 38665, comprises 83,369m² and is vested in the City of South Perth for the purpose of Aged Persons Homes. The operation of CPV is subject to the *Retirement Village Act 1992*.

4.3 Request for Proposal Process

Following a Council decision made 21 March 2023, the City undertook a request for proposal process whereby an invitation was made to the market for interested, experienced operators to put forward proposals to own and operate the Village.

Considerable thought was given to preparing extensive evaluation criteria that was aimed at ensuring the City would attract an operator that would serve the interests of both current and future residents. Particular importance was placed on protecting the rights of existing residents.



| Criteria | Weighting | Details |
|--|-----------|--|
| Organisational Reputation and alignment with CPSP Priorities | 40% | <ul style="list-style-type: none"> • Alignment of the organisation with COSP priorities, as articulated in the accompanying Vision Statement and the City’s Strategic Community Plan (SCP) 2021-2031 • Positive historic and current organisational reputation in their industry(ies) • Demonstrated commitment and respondent strategy to redevelop the site into contemporary seniors and disability accessible accommodation • Demonstrated experience and expertise in operating retirement living accommodation • Capability to deliver care services (home care, disability supports and/or residential aged care) either themselves, through a care partner and/or outsourced service provider • Strong compliance record against the Retirement Villages Act 1992 (WA), Aged Care Act 1997 (Cth) and other relevant Acts and Standards • Demonstrated understanding and capability to adhere to the new requirements under the updated Retirement Villages Act 1992 (WA), effective in 2023 |
| Proven track record in completing similar transactions and redevelopments | 40% | <ul style="list-style-type: none"> • History of successfully completing similar transactions • Proven track record showing successful staged redevelopment of retirement living and/or aged care on live sites (occupied units) • Proven track record of successfully managing stakeholder communication and engagement (consumers, staff, community) during a staged redevelopment • Commitment and plans to protect resident rights (security of tenure, lease agreements, provision of alternate accommodation during the staged redevelopment process, etc.) • Securing and assisting with the transition into new accommodation for residents who seek to remain at the Village • A commitment to secure tenure for renters for a minimum of 12 months post-transaction |
| Financial Capacity* | 20% | <ul style="list-style-type: none"> • Viable organisation with the capacity to sustain site operations • Strong balance sheet position or demonstrated ability to secure financing for the transaction (lending facilities from banks, etc. |



4.4 Land Tenure

The City is currently seeking to change the tenure of the land to “conditional freehold” and has commenced discussions with the Department of Planning, Lands and Heritage. Any change to land tenure will be subject to Ministerial approval. Conditional freehold does not change what the land can be used for (provision of aged persons homes) or allow for unfettered development of the site. The subject land would simply be freehold in the hands of an operator, conditional upon it continuing to be used as aged persons homes (retirement village) for:

- i) Accommodation and/or care for persons aged over 55 years; and
- ii) Facilities and amenities to provide service to, or for the support of, persons residing on or occupying Lot 4049 on Deposited Plan 192521 and Lot 3296 on Deposited Plan 185224.

If at any stage in the future, it was no longer to be used for this purpose, the land could revert to the State.

4.5 Land Zoning and Development Controls

The land is zoned Residential R20/30 under the City’s Town Planning Scheme No.6 with a height limit of 7.5m. Under draft Local Planning Scheme No.7, the land is proposed to be zoned Residential R50 with a height limit of three storeys. The site must be used in accordance with the current management order for Aged Persons Homes.

If conditional freehold is granted, the land may only be used in accordance with the conditions and memorial placed on the title by the Minister for Lands. These encumbrances will be consistent with the current management order.

5.0 MAJOR LAND TRANSACTION

5.1 Land Transfer

In conjunction with the RfP process, the City has negotiated with the State Government (Department of Planning, Lands and Heritage) with regard to acquiring the site under a conditional freehold arrangement with the express intention of then transferring the title to the successful proponent.

The conditional freehold title is a necessary step to ensure that an appropriate memorial can be lodged on the title (in compliance with section 15 of the *Retirement Villages Act 1992*). This will ensure that the residents interest in the land is registered prior to any divestment by the City.

Pending the due diligence period and successful negotiation of a contract, the City would seek Ministerial approval to the transfer of the site to Amana Living Incorporated, who would be bound by the memorial on the title.

In its 2022/23 audited financial statements, the City recognised total liabilities related to the village at \$24,007,406 (liabilities held for sale). Approximately \$17.5 million of this is offset by a City Owned Reserve Fund. (The Collier Park Village Offset Reserve).

Upon transfer of the site, Amana Living Incorporated will assume all of the residents’ liabilities and the City will retain the funds in its existing reserve to use for other purposes yet to be determined via a decision of Council. Amana Living Incorporated has significant cash reserves and a strong balance sheet, which would ensure that any liabilities transferred could be easily met.



6.0 ASSESSMENT OF MAJOR LAND TRANSACTION

6.1 Effect on the Provision of Facilities and Services by the City

The City's divestment of CPV will see it exit completely from the provision of accommodation services for aged persons. This follows from the City's closure of the Aged Care Hostel on the same site in 2014.

The City has in recent years, been incurring financial losses of approximately \$500,000 annually on the Village operations. In addition, it was recognised that, given the age of the buildings on the site, a significant capital expenditure program would be required. This was estimated to be in excess of \$100 million and could be up to \$200 million over a 20 to 30 year timeframe.

The City also recognised that its expertise in the management of CPV was limited to a very small number of people and with the increasing complexity of complying with contemporary legislation, this created significant risk for the City and its ratepayers.

Without CPV, the City will be more able to concentrate on its core services and allocate resources to ensuring it can deliver on the expectations of the wider community as expressed in the strategic community plan.

The transaction is not expected to have a positive or negative effect on the current provision of other services by the City, however, retention of existing reserve funds and the City no longer incurring annual operating losses to operate the village will assist to reduce reliance on general rates.

6.2 Effect on Other Retirement Village Operators in the District

The transaction will have no immediate impact on other aged care providers as the housing stock will not change in the near future. Amana Living Incorporated may choose to expand or develop some of the facilities in mid to long term; however, that is unlikely to impact on the other aged care providers within the boundaries of the City. Given that these decisions are ultimately driven by market demand and consumer choice, it is highly unlikely that this transaction will lead to an over-supply of aged persons housing stock in the district.

The opportunity to submit a proposal to undertake the future operations of CPV was advertised to the market, hence any current operator could have submitted a bid that indicated its value to their operations.

6.3 Market Value of the Transaction

At the end of the 2022/23 Financial Year the City undertook a revaluation of the Village with the revised value being assessed at \$23 million. The City currently has a book value of \$23 million in relation to the Village.

The three submissions received all valued the transaction at much lower than this predominantly due to the liabilities attached to the existing residents and the significant capital required to bring CPV to a financially viable operating position in the future.



6.4 Expected Financial effect on the City of South Perth

The transaction will free up a net amount of approximately \$16 million of reserved funds and the City will no longer incur an annual operating loss of \$500,000 and growing in future years. The City also avoids future estimated required capital expenditure of up to \$200 million.

The accounting treatments for the transaction is yet to be confirmed, however it will involve removing Collier Park Village assets and liabilities from the City's Statement of Financial Position (Balance Sheet) and recognising the net result of the assets less the liabilities in the Statement of Comprehensive income, resulting in a minor loss given current estimated transaction values.

For a nominal purchase price of \$1, Amana living has agreed to assume resident liabilities totalling \$21,806,138. This takes into account an adjustment for required roof repairs totalling \$1.5 million. As the liability amount was calculated at a set date, an adjustment clause has been agreed to account for exits from the village to the point of settlement.

The City expects the difference between the assumed liabilities and the actual liabilities at settlement to be in the order of \$1.5 million. This difference will be forwarded to Amana from the City's Reserve leaving approximately \$16 million to be reallocated via a future decision of Council.

This means that the City will dispose of assets estimated at \$24.5m (\$23m in fixed assets and \$1.5m in funds as indicated above) excluding the value of the yet to be recognised conditional freehold land and \$24m in liabilities.

6.5 Effect on Matters Referred to in the City's Strategic Community Plan

The transaction is aligned to Council's Strategic Community Plan specifically outcomes 1.2 Community Infrastructure and 4.3 Good Governance.

With respect to Community Infrastructure, the freeing up of funds will allow a focus on developing and maintaining those assets that provide services to the wider community. In addition, the incoming operator will provide significant capital investment to the Village which will improve the amenity for current CPV residents and provide a contemporary retirement living options for future residents.

The fiscal position of the City will be improved as it will no longer incur the annual operating loss associated with CPV.

6.6 Ability of City to Manage the Transaction

The City has the ability to manage this transaction in conjunction with the Department of Planning, Lands and Heritage, who will assist in dealing with the land tenure aspects. In addition, the City has engaged the services of Ansell Strategic who are experts in the aged care and retirement village sector. The City also has engaged legal advisors who have significant experience in dealing with local government transactions of this nature.

6.7 Other Matters of Which Details are Required to be Given

Nil.

USEFUL CONTACTS

Civic Centre

9474 0777

Cnr Sandgate St & South Tce,
South Perth WA 6151
Fax 9474 2425

southperth.wa.gov.au

Recycling Centre

9474 0970

Hayman Rd & Thelma St, Como
enquiries@southperth.wa.gov.au

Animal Care Facility

9474 0777

199 Thelma St, Como

Ferry Tram

9474 0777

Windsor Park, Cnr Mends St &
Mill Point Rd, South Perth

George Burnett Leisure Centre

9474 0855

Manning Rd, Karawara
leisurecentre@southperth.wa.gov.au

South Perth Library

9474 0800

Cnr Sandgate St & South Tce,
South Perth
southperthlib@southperth.wa.gov.au

Manning Library

9474 0822

2 Conochie Cres, Manning
manninglib@southperth.wa.gov.au

Old Mill

9367 5788

Melville Pl, South Perth
oldmill@southperth.wa.gov.au

South Perth Senior Citizens

9367 9880

53 Coode St, South Perth
spsc@bigpond.com

Manning Senior Citizens

9450 6273

3 Downey Dr (off Ley St),
Manning
manningseniors@bigpond.com

Graffiti Hotline

1800 007 774

Collier Park Golf Course

9484 1666

Hayman Rd, Como
collierparkgolf.com.au

Collier Park Village

9313 0200

16 Morrison St, Como

9474 0777

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