City of Rockingham

MINUTES

Community Development
Standing Committee Meeting

Held on

Monday 12 September 2011

4:00pm

Council’s Boardroom
Council Administration Building
Civic Boulevard, Rockingham
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City of Rockingham
Community Development Standing Committee Meeting
4:00pm Monday 12 September 2011

**MINUTES**

1. **Declaration of Opening**

   The Chairman declared the Community Development Standing Committee Meeting open at 4:00pm and welcomed all present.

2. **Record of Attendance/ Apologies/ Approved Leave of Absence**

   2.1 **Councillors**

   Cr Leigh Liley  
   Cr Joy Stewart  
   Cr Deb Hamblin  
   Cr Lorraine Dunkling

   2.2 **Executive**

   Ms Genevieve Rowles  
   Acting Director Community Development
   Mr Chris Thompson  
   Director Engineering and Parks Services
   Mr Michael Holland  
   Manager Community Capacity Building
   Mr Tony Burgoyne  
   Manager Community Support Services
   Ms Kristi Milana  
   Acting Manager Community Safety
   Mr Nick Brown  
   Manager Community & Leisure Facilities
   Ms Margy Timmermans  
   Coordinator Cultural Development
   Ms Carly Kroczek  
   Community Infrastructure Planning Officer
   Mrs Lyn Spearing  
   Personal Assistant to Director Community Development

   **Members of the Public:**

   Nil

   **Press:**

   Nil

   2.3 **Apologies:**

   Cr Ann Prince

   2.4 **Approved Leave of Absence:**

   Nil
3. Responses to Previous Public Questions Taken on Notice

Nil

4. Public Question Time

Nil

5. Confirmation of Minutes of the Previous Community Development Standing Committee Meeting

Moved Cr Dunkling, seconded Cr Stewart:
That Council **CONFIRM** the Minutes of the Community Development Standing Committee Meeting held on 8 August 2011, as a true and accurate record.

Committee Voting – 4/0

6. Matters Arising from the Previous Community Development Standing Committee Meeting Minutes

Nil

7. Announcement by the Presiding Person without Discussion

The Chairman announced to all present that decisions made at Committees of Council are recommendations only and may be adopted in full, amended or deferred when presented for consideration at the next Council meeting.

8. Declarations of Members and Officers Interests

9. Petitions/Deputations/Presentations/Submissions

9.1 Presentation

4:05pm  Cr Deb Hamblin  showed the committee a book “Daughters of the Sea” which has recently been released by a local author, Mr Dennis Seddon. The story is a historical fantasy novel inspired by the ship “Rockingham”, which was washed ashore in a big storm in 1830. The heroine of the story is Casey, a young girl who, when she enters the ocean, has a gift of being able to slip from 2010 back to 1830. On a holiday with her parents she falls overboard and when she wakes up she is being rescued by Captain Halliburton, who is sailing for the new colony of Western Australia.

9.2 Presentation

4.08pm  Cr Leigh Liley  would like to congratulate all Community Development staff involved in obtaining the Federal Government Grant for the Baldivis Library and Community Centre. Special mention was made of Mr Michael Quirk, Manager Community Infrastructure Planning and Mrs Natalie Venables, Community Infrastructure Planning Officer, congratulations on a job well done.
9.3 Presentation

Cr Leigh Liley - As this is Cr Liley's last meeting before the elections she would like to commend all Community Development staff on the high quality of the following bulletin items and thanked staff for all the work they contribute.

4:10pm Cr Deb Hamblin left the Community Development Standing Committee Meeting

10. Matters for which the Meeting may be Closed

Nil

4:11pm Cr Deb Hamblin returned to the Community Development Standing Committee Meeting

11. Bulletin Items

Community Development Information Bulletin - September 2011

Community Support Services
1. Community Support Services Team Overview
2. Human Resource update
3. Project Status Reports
   3.1 Regional Community Services Leadership Management Programmes
   3.2 Urban Art
   3.3 Rockingham Connect
4. Information items
   4.1 Community Support Services General
   4.2 Youth Services
   4.3 Out of School Hours Care (OSHC)

Library Services
1. Library Services Team Overview
2. Human Resource update
3. Project Status Reports
4. Information items
   4.1 Forum – Keeping Up: engaging clients and developing readers
   4.2 Survey: Internet costs a barrier for seniors
   4.3 Get Reading!: annual celebration of books and reading

Community Infrastructure Planning
1. Community Infrastructure Planning Team Overview
2. Human Resource update
3. Project Status Reports
   3.1 City of Rockingham Public Open Space Strategy
   3.2 Baldivis Sporting Complex Feasibility Study and Master Plan
   3.3 Secret Harbour Community Library Feasibility Study and Facility Concept Plan
   3.4 Rockingham Arts Centre
   3.5 Baldivis Library and Community Centre
   3.6 Secret Harbour Surf Life Saving Club Redevelopment
CONFIRMED AT A COMMUNITY DEVELOPMENT
MEETING HELD ON TUESDAY, 18 OCTOBER 2011

PRESIDING MEMBER

| 3.7 | Daniel Kelley Memorial Skate Park (Golden Bay) |
| 3.8 | South Baldivis Skate Park |
| 3.9 | Baldivis Group Settlement School Buildings |
| 3.10 | Rockingham Aquatic Facility Provision Strategy |
| 3.11 | Community Infrastructure Plan |
| 3.12 | Community Purpose Site Strategy |
| 3.13 | Youth Outdoor Recreation Space Strategy |

4. Information items

4.1 Peel Cycling Club – Proposed Regional Criterium Circuit and Velodrome

**Community Capacity Building**

1. Community Capacity Building Team Overview
2. Human Resource update
3. Project Status Reports
   3.1 Rockingham City Football Club
   3.2 Naragebup Environmental Centre
   3.3 Rockingham Rams Football Club
   3.4 Community Grants Program (CGP)
   3.5 Disability Access and Inclusion Plan
   3.6 Bert England Lodge: Management and Governance
   3.7 Rockingham Active ageing Precinct Master Plan for City of Rockingham
   3.8 2011 Inaugural City of Rockingham Short Fiction Awards

4. Information items
   4.1 Reconciliation Action Plan
   4.2 Community Gardens
   4.3 Active Ageing
   4.4 Challenger Court – Aged Persons Units
   4.5 Challenge Lodge
   4.6 Youth Development – Youths Arts/Events
   4.7 Sport & Recreation
   4.8 Community Capacity Building Events
   4.9 Rockingham Early Years Group
   4.10 RETAC
   4.11 Events Advisory Group

**Community Safety**

1. Community Safety Team Overview
2. Human Resource update
3. Project Status Reports
   3.1 CCTV Camera System – Upgrades and Migration to IP Based Platform
   3.2 Rekeying Council Assets

4. Information items
   4.1 Community Safety General
   4.2 Rangers

**Community and Leisure Facilities**

1. Community and Leisure Facilities Team Overview
2. Human Resource update
3. Project Status Reports
4. Information items
   4.1 Rockingham Child Care Services
   4.2 Rockingham Aquatic Centre
   4.3 Rockingham Autumn Centre
   4.4 Aqua Jetty, Warnbro Community Y & Mike Barnett Sports Complex Management Committee Minutes 17 August 2011
   4.5 Aqua Jetty Manager’s Report – July 2011
   4.6 Warnbro Community Manager’s Report – July 2011
   4.7 Mike Barnett Sports Complex Manager’s Report – July 2011

**Committee Recommendation:**
That Councillors acknowledge having read the Community Development Information Bulletin - September 2011 and the contents be accepted.

Committee Voting – 4/0

12. Agenda Items
## Community Development

### Community Capacity Building

<table>
<thead>
<tr>
<th>Reference No &amp; Subject:</th>
<th>CCB-023/11 Bert England Lodge: Management and Governance Structure</th>
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<tbody>
<tr>
<td>File No:</td>
<td>CSV/3-03</td>
</tr>
<tr>
<td>Proponent/s:</td>
<td></td>
</tr>
<tr>
<td>Author:</td>
<td>Mrs Julie McDonald, Active Ageing Development Manager</td>
</tr>
<tr>
<td>Other Contributors:</td>
<td>Mr Michael Holland, Manager Community Capacity Building</td>
</tr>
<tr>
<td></td>
<td>Mr Michael Quirk, Manager Community Infrastructure Planning</td>
</tr>
<tr>
<td></td>
<td>Mr Allan Moles, Manager Accounting Services</td>
</tr>
<tr>
<td>Date of Committee Meeting:</td>
<td>12 September 2011</td>
</tr>
<tr>
<td>Previously before Council:</td>
<td>27 April 2011 (CCB-005/11)</td>
</tr>
<tr>
<td>Disclosure of Interest:</td>
<td></td>
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<tr>
<td>Nature of Council’s Role in this Matter:</td>
<td>Executive Function</td>
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</tbody>
</table>

| Site:                  | Lot 57, 111 Woodbridge Drive, Cooloongup                      |
| Lot Area:              | 10,001 m²                                                     |
| Attachments:           | 1. Bert England Lodge Option Analysis (Hames Sharley Pty Ltd) |
|                       | 2. Bert England Lodge – Lot 57 Woodbridge Drive, Cooloongup   |
|                       | 3. Bert England Lodge – Lot 57 Woodbridge Drive, Cooloongup   |
|                       | 2. Bert England Lodge – Lot 57 Woodbridge Drive, Cooloongup   |
|                       | 3. Bert England Lodge – Lot 57 Woodbridge Drive, Cooloongup   |
1. Bert England Lodge Lot 57 Woodbridge Drive, Cooloongup

2. Bert England Lodge Lot 57 Woodbridge Drive, Cooloongup

3. Bert England Lodge Lot 57 Woodbridge Drive, Cooloongup
1. **Purpose of Report**

To seek Council endorsement of the preferred option for the future management and governance of Bert England Lodge.

2. **Background**

Bert England Lodge (BEL) is a 44-place hostel residential aged care facility located at 111 Woodbridge Drive, Cooloongup. BEL was initially operated by an Aged Persons Homes Trust from September 1991 to December 2006. When the City of Rockingham Aged Persons Homes Trust Inc (APHT) was incorporated as an independent association in June 1973, the APHT was responsible for Meals on Wheels, Challenger Court, Challenger Lodge and Bert England Lodge. Even though the Trust was established the City did support, maintain and manage aspects of the Trusts work. The APHT engaged Southern Cross Care (SCC) to manage BEL under a Management Agreement in August 2006 which was then supported with a Lease Agreement in November 2006.

**Current Management Arrangements**

The Management Agreement between APHT and SCC was transferred to the City under a Deed of Assignment and Deed of Variation Transfer Agreement in December 2006. In February 2008 a Deed of Variation Management Agreement was entered into between the City and SCC to address an amendment to dates provided in the original Management Agreement. Whilst BEL has been operated on behalf of the City under a Management Agreement and Lease Agreement with SCC for the last four and a half years, it is the City that remains registered with the Commonwealth Government as the ‘approved provider’ of 44 places for residential aged care and 12 allocated to dementia care regulated under the Aged Care Act 1997.

The current financial arrangement for BEL as per the Management Agreement and Lease Agreement is that the City pays SCC a monthly management fee of $17,063 (indexed annually for CPI), with a total management fee of $204,756 paid to SCC for the 2010/11 financial year. The City then receives 100% of the profit (or losses) annually which is in the vicinity of $150,000 profit. Accommodation bonds in the amount of $1,250,010 are currently being held by the City in Trust which are refunded to residents on departure from the facility less approved retention amounts and interest earned. The City's total equity as at 31 January 2011 was $982,307.

**Infrastructure Asset Management and Services**

Over the last five years the City has spent $2,153,341 on capital upgrades and maintenance at BEL, and the budget adopted by Council for the City of Rockingham for BEL 2011/2012 is $372,398. The anticipated asset life expectancy for the existing major structures is 81 years, minor structures is 17 years and mechanical services is 18 years.

The asset replacement value of BEL provided by Landgate Valuation Service is $6,080,000 and the value of the land is $800,000. Based on the recent market valuation provided by Major Valuations the existing land, building and operations (Walk in Walk Out Value) for BEL is $4,250,000.

**Quality of Care Requirements**

The quality of care provided by SCC is an essential requirement by the Aged Care Standards and Accreditation Agency (an independent body appointed by the Department of Health and Ageing) given that BEL is a Commonwealth Government funded Aged Care Home. All facilities must be accredited to maintain its monthly funding income and admission of new residents. Homes assessed as complying with all 44 expected outcomes for example, management systems staffing, health and personal care and with a good track record of compliance and continuous improvement, generally can expect three years accreditation. SCC has ensured that BEL has maintained a reputation for providing a high quality of care environment and has performed well in all accreditation assessments. The most recent Agency assessment was in January 2010 that identified BEL as clean, well maintained and with both temperatures and noise levels well managed.
Even though BEL is being managed under Agreement with SCC, the City as the approved provider has significant legal responsibilities under the Aged Care Act 1997. Given this status it is vitally important that performance is monitored closely in terms of outcomes for residents and families, financial viability, sustainability and the reputation of the City. In February 2011, the City engaged independent consultants to conduct regular ‘Health Checks’ on the care and environment provided at BEL. An assessment of the management systems, staffing and organisation development in accordance with the Aged Care Accreditation Standards identified the following:

- Environment is clean and homelike and the gardens have recently been improved with sitting areas, paving and grassed areas. Residents and representatives expressed satisfaction with the services.
- Support and care provided highlighted the kindness and warmth of all the staff who work at the service. In addition, representatives stated that the service keeps them fully informed of any changes affecting their family member.
- Staff are observed providing care in a sensitive and caring manner. Some areas of the hostel are not air-conditioned and during the review the environment was hot. Personnel advised that there are plans to air-condition the home which will improve the living environment significantly.

**Approved Provider and Memorial Status**

The City is currently the approved provider at BEL as regulated by the Department of Health and Ageing under the Aged Care Act 1997. The subsequent responsibilities relate to the quality of care provided, user rights for the people to whom care is provided, accountability for the care that is provided and the suitability of key personnel. If any management and governance changes at BEL impact the status of the City as approved provider, the Department of Health and Ageing would need to agree and implement necessary changes.

Whilst the City owns the BEL site freehold, an encumbrance is attached to the land under the Retirement Villages Act 1992. Independent legal advice has confirmed that the Memorial will need to be changed to reflect the current status of use subject to the preferred management and governance option selected by Council.

**Auditing Issues and Financial Risk**

Notably, the City’s auditors (UHY Haines Norton) have recently identified that the basis for the financial accounting of the BEL is not clearly defined, resulting in uncertainty between the City and Southern Cross Care as to the appropriate recognition of revenue, expenditure, assets and liabilities associated with the facility. In addition, the auditors consider that the current Management Agreement and Lease Agreement do not clearly define which party is responsible for the recognition of these items. The clear definition of all rights and obligations relating to revenue/expenditure/assets/liabilities at BEL is considered necessary to minimise the risks of potential losses to the City, and to ensure that the City satisfies all obligations under the Local Government Act 1995 (the Act) relating to this asset. Such clarification is also necessary to ensure compliance with the expectations of an ‘approved provider’ as determined by the Department of Health and Ageing.

**Proposed Management and Governance Options**

Based upon this advice a meeting was held on 3 March 2011 between the City and SCC to address the concerns raised by the auditors. Discussions centred on the City’s and SCC’s existing governance and management structures at BEL. Specific issues were raised by both parties regarding the number of complexities that are involved in the existing Management Agreement and Lease Agreement. It was mutually agreed to consider a more strategic approach for the management of BEL to better satisfy financial and aged care accommodation objectives. On this basis, a report was presented to the Ordinary Council Meeting in April 2011 (Report CCB-005/11) identifying four possible management/governance options to resolve these current issues. These options included the establishment of BEL as a legal entity in its own right, establishment of a new...
lease arrangement, sale of the asset and maintaining the status quo. Subsequently, it was resolved:

“That Council SUPPORT the development of options and the provision of professional advice to be presented to a future meeting of the Community Development Committee for an improved management and governance structure for Bert England Lodge.”

These four options have now been thoroughly investigated, including the sourcing of independent advice, to enable Council to make a well judged decision on the future management and governance of BEL. Notably, these options were considered within the context of the Active Ageing Strategy 2009 – 2014 (adopted by Council in April 2009 - Report CD20/4/09) that identified a shortage of aged care housing choices within the City of Rockingham that are affordable and accessible.

Independent Management and Governance Advice

Given the high level of financial and administrative expertise expected by the Department of Health and Ageing it has been deemed appropriate to look at alternate aged care management and governance options. It is acknowledged that the City does not have the level of financial and administrative expertise needed to provide the necessary, auditable requirements related to the provision of aged care facilities. On this basis, advice has been sought from Civic Legal to determine the legal requirements and risks associated with each of the four management and governance options. Hames Sharley Pty Ltd has also conducted an assessment of the four options and provided specific advice on the best outcome for both the City and the broader Rockingham community. Also, Major Valuations have prepared an assessment of the market value of the BEL property for both purchase price and market rental purposes to assist in management and governance decision making.

3. Details

Based upon analysis of these key issues and considerations an assessment of the four proposed management and governance options is provided below:

Management and Governance Options

Option 1 Establishing Bert England Lodge as a legal entity in its own right to continue the same level of care and to enable the governance and financial management requirements to be met by that entity.

This involves the establishment of a legal entity in its own right to oversee the care, governance and financial management of BEL. Independent legal advice confirms that whilst Section 3.60 of the Local Government Act 1995 prevents the City from forming or taking part in forming, or acquiring an interest giving it control of, an incorporated company or any other body corporate under Regulation 32 of the Local Government (Functions and General) Regulations 1996, the City can establish an incorporated association. This is comparable to the former APHT that was eventually transferred as the City of Rockingham Aged Persons Homes Trust Inc to the City, given that they were unable to manage the increasing financial and administrative demands. This management and governance option would require the City to undertake full management of the facility and all risks and possible benefits that are inherent with the process.

The advantages of Option 1 include:

- The City would be fulfilling the needs identified within the Active Ageing Strategy, through the retention of 44 beds for ageing and provide the high quality of care that is expected by residents.
- The City will continue to meet relevant aspirations within the Community Plan, and in particular, the delivery of a lifestyle that caters for those with specific or special needs.

The disadvantages of Option 1 include:

- The City would still be the approved provider with Department of Health and Ageing thus being fully responsible for all legislative requirements.
• The City would be required to hire one full time staff member to comply with the financial regulations identified by the auditors and the Department of Health and Ageing. The City would be managing a highly complex business, the dynamics of which are constantly evolving and becoming more sophisticated and possibly requiring higher staffing levels.

• High risk of financial loss for the City as the current Lessee could claim for terminating the current lease and management agreement (up to $4,248,222).

• The City will retain asset management responsibilities and due to the need to ensure that the building meets strict building certification standards, a high level of expertise would be necessary to determine the most cost effective methods of attaining and retaining such certification.

• The City will be required to achieve aged care accreditation that, following its introduction in 1997 has increased in complexity, hence requiring an experienced team that are continuously trained and educated. This presents a high risk for the City or any organisation not specialising in Aged Care.

• A deficit of approximately ($185,195) would occur annually if the City was to create its own entity for BEL as the operating expenses ($2,513,310) exceeds the operating income $2,328,115 based upon the financial, administrative, legal, additional staffing requirements and auditing complexities.

Option 2 Leasing Bert England Lodge buildings and land for the purpose of continuing the provision of the current level of residential aged care to the Rockingham community.

This involves negotiating the dissolution of the existing Management Agreement with SCC and amending the current Lease Agreement for building/land as well as transfer of the 44 bed licences. In addition, the Lessee would be established as the approved provider in consultation with the Department of Health and Ageing.

The advantages of Option 2 include:

• The City would not be directly responsible for any of the governance, financial or administrative responsibilities that are legal and statutory requirements from the Department of Health & Ageing.

• The City will achieve a commercial return on the land, buildings and business given that the market valuation has identified a potential annual rental figure of $245,000. It must be noted that this figure would need to be negotiated with the Lessee. In addition, the City may not continue the payment of a management fee to the Lessee which may enable a saving of $204,000 annually.

• The City would not be required to pay any financial or administrative costs associated with running BEL as the Lessee would take full responsibility. Officer time and expense regarding the facility operation and financial administration would also be significantly reduced.

• As the lessee would be deemed the approved provider with Department of Health and Ageing, the level of risk for the City would only be associated with land and buildings. This is particularly relevant with the bond refunds, as the bed licences would be transferred to the successful Lessee.

• The City will continue to meet relevant aspirations within the Community Plan, and in particular, the delivery of a lifestyle that caters for those with specific or special needs.

The disadvantages of Option 2 include:

• The City would not have the financial control over bonds and related interest, that are held for the residents of BEL.

• The City would likely retain asset management and overall land management responsibilities. However, it is considered appropriate to delegate all asset management responsibilities and any capital improvements to SCC as part of the amended Lease Agreement negotiations.
Option 3  Selling Bert England Lodge to an aged care provider, through a suitable tender process.

This involves the selling of the freehold site and all current assets at Lot 57 Woodbridge Drive owned by the City.

The advantages of Option 3 include:
- The City's current liabilities and risks, including all asset management and capital works responsibilities, will be resolved as BEL would no longer be the City's asset.
- All management and governance responsibilities for the Officers would be removed (ie. Manager Accounting Services and Active Ageing Development Manager).
- The City may attract revenue up to $4,250,000 based on the market value of land and assets.

The disadvantages of Option 3 include:
- The Rockingham community will potentially lose valuable aged care accommodation places. These places are currently at low levels and would result in further strain on local aged care accommodation providers.
- SCC could potentially pursue a payout of $4,248,000 based upon the current Management Agreement and Lease Agreement with the City given that it has five years remaining with an option of a further 10 year term.
- The City would have no control over the land or building thus development of a non-aged care residence could be a possibility. The market and developers/owners would dictate what the land would be used for to gain maximum financial return on development.
- The City will be required to comply with the Aged Care Act 1997 Division 18-2 Relinquishing Places. The relinquishing of places would require the City to ensure the care needs of each resident are met. The Department of Health and Ageing then determines whether any proposal by the City for ensuring that the care needs are appropriately met for the care recipient who are currently being provided with care.

Option 4  Retaining the status quo with management and governance shared between the City and SCC, but establishing new processes to address the Auditors concerns.

This option initially proposed minor amendments to the current management and governance processes to address the auditors concerns. Following further analysis, independent advice and discussions with SCC, it is evident that simply retaining the status quo is not a viable option. Therefore, this option will require a revised and mutually agreed Management Agreement and Lease Agreement but importantly the City would remain directly involved with BEL management and governance.

The advantages of Option 4 include:
- The City would continue as the approved provider with the Department of Health and Ageing of the 44 places at Bert England Lodge and the 44 aged beds would be retained, thus remaining consistent with Council’s Active Ageing Strategy.
- The City will continue to meet relevant aspirations within the Community Plan, and in particular, the delivery of a lifestyle that caters for those with specific or special needs.

The disadvantages of Option 4 include:
- The City would retain all the risks and responsibilities associated within the Aged Care Act 1997 including principles, building certification, aged care accreditation, asset maintenance, capital improvements and facility viability.
- The Department of Health and Ageing has undergone a major restructure in relation to the holding and refund of bonds requirements and therefore the City may be financially responsible for the repayments of any bonds held within City accounts.
The financial compliance required will be both complex and time consuming, thus not practical for the Lessee to comply with under existing arrangement. Therefore, the City will be required to enter negotiations with SCC regarding necessary amendments to the agreement to enable compliance.

It is anticipated that the City may incur an annual operating deficit of ($564,000) based upon the need to charge a management fee to the lessee, the requirement of 3 x dedicated staff, additional administration costs, legal and auditing fees.

4. Implications to Consider

a. Consultation with the Community
   Nil

b. Consultation with Government Agencies
   The Department of Health and Ageing will need to be consulted regarding any changes to the Approved Provider status as per the Aged Care Act 1997 and Regulations subject to the preferred management and governance option selected.

c. Strategic
   Community Plan
   This item addresses the Community’s Vision for the future and specifically the following Aspiration/s contained in the Community Plan 2011:

   **Aspiration 1:** An involved and engaged community enjoying a lifestyle that caters for all residents, including those with specific or special needs.

   **Aspiration 7:** Community facilities and services that are will utilised, accessible and cost effective, and where appropriate, multi-functional.

   Active Ageing Strategy 2009 – 2014

   **Strategy 1:** Liaise with providers to encourage large scale development of ‘ageing in place’ accommodation and high care options within the City.

d. Policy
   Each option will to some extent require amendment to the existing City of Rockingham and Southern Cross Care Management Agreement.

e. Financial
   The following table identifies each option and provides the financial implications to the City to pursue each option.

<table>
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<th>Option 1 (New Legal Entity)</th>
<th>Income $</th>
<th>Expenditure $</th>
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<tr>
<td>Operating Income (per annum)</td>
<td>2,328,115</td>
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<tr>
<td>Operating Expenditure (per annum)</td>
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<td>2,513,310</td>
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<td>Potential Payout to Lessee</td>
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<td><strong>TOTAL</strong></td>
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<td>6,761,532</td>
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<td><strong>Option 2 (Leasing)</strong></td>
<td><strong>Income</strong></td>
<td><strong>Expenditure</strong></td>
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<tr>
<td>Operating Income (per annum)</td>
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<td>Operating Expenditure (per annum)</td>
<td>315,000</td>
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<tr>
<th><strong>Option 3 (Selling)</strong></th>
<th><strong>Income</strong></th>
<th><strong>Expenditure</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential Payout to Lessee</td>
<td>4,248,222</td>
<td>4,250,000</td>
</tr>
<tr>
<td>Potential Land/Asset Sale</td>
<td>4,250,000</td>
<td></td>
</tr>
<tr>
<td>Administration and Legal Fees</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>4,250,000</td>
<td>4,298,222</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Option 4 (Status Quo)</strong></th>
<th><strong>Income</strong></th>
<th><strong>Expenditure</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income (Net Profit)</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td>Operating Expenditure (per annum)</td>
<td>714,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>150,000</td>
<td>714,000</td>
</tr>
</tbody>
</table>

**f. Legal and Statutory**

In negotiating any new Management/Lease Agreement the City must adhere to the requirements of Section 3.58 of the Local Government Act 1995 (the Act) and Regulations 30 of the Local Government (Functions and General) Regulations 1996. It should be noted that under section 3.58 of Act, disposition of land is an exempt disposition if, (b) the land is disposed of to a body, whether incorporated or not - (i) the objects of which are of a charitable, benevolent, religious, cultural, educational, recreational, sporting or other like nature. This is relevant given the status of Southern Cross Care as a not-for-profit organisation. In addition, the establishment of a separate entity as per Option 1, will need to adhere to Section 3.60 of the Act and Regulation 32 of the Local Government (Functions and General) Regulations 1996.

As an approved provider under the Aged Care Act 1997, the City will be required to liaise directly with the Department of Health and Ageing in regards to any proposed management/governance changes, and any proposed relinquishment of aged care places.

The amendment to the Memorial associated with the BEL landholding will require further consultation with the Western Australian Planning Commission in accordance with section 12A of the Planning and Development Act 2005. A written request is to be submitted to the Commission to enable assessment of the removal of the existing Memorial and to determine whether a new Memorial that reflects the current use of the site is warranted.
5. **Comments**

Upon detailed analysis and independent advice it is considered that Option Two, involving the dissolution of the existing Management Agreement and amendments to the Lease Agreement for the buildings/land with Southern Cross Care, is the most prudent management and governance scenario for BEL. This option enables existing auditing concerns to be dealt with whilst ensuring BEL maintains its reputation as a high class caring facility within the Rockingham community. In addition, it enables the City to retain a key asset whilst transferring responsibilities to an experienced service provider. Importantly, this option removes the need for the City to directly employ expertise in the areas of finance/operations/administration in response to the ever increasing demands required with the Department of Health and Ageing.

The implementation of Option Two remains subject to detailed negotiations with SCC and Department of Health and Ageing and on this basis, in-principle approval is sought from Council to enable these negotiations to be progressed. Such negotiations will enable mutual agreement on a number of key issues including the allocation of asset management and capital works responsibilities to SCC, establishment of suitable governance and financial structures between the City and SCC and negotiations with the Department of Health and Ageing to transfer all bed licences to SCC. The terms of any amended lease, including associated fees and tenure will also be determined through these negotiations.

Upon completion of these negotiations and mutual agreement between the City and SCC, a further report will be presented to Council for consideration including specific details on dissolution of the existing Management Agreement and amendments to the Lease Agreement. Regardless, as per independent advice, it remains necessary to progress the written request to the Western Australian Planning Commission to make amendments to the existing Memorial over the BEL site to reflect its current use.

6. **Voting Requirements**

Simple Majority

7. **Officer Recommendation**

That Council **APPROVE** the leasing of land and buildings and the assignment of 44 bed licences situated at Lot 157, 111 Woodbridge Drive Cooloongup, known as The Bert England Lodge, to Southern Cross Care (WA) Inc. subject to the following:

1) Existing levels of service and care being maintained for the term of the lease.
2) The assignment of the bed licences being limited to the term of the lease.
3) The term, consideration and major covenants within the lease being subject to further Council approval.
4) The existing Memorial on the title being amended to better reflect the land use and tenure of the subject land.
5) Dissolution of the existing management agreement between the City of Rockingham and Southern Cross Care (WA) Inc.
6) The establishment of Southern Cross Care (WA) Inc. as the approved provider under the Aged Care Act 1997.

8. **Committee Recommendation**

That Council **APPROVE** the leasing of land and buildings and the assignment of 44 bed licences situated at Lot 157, 111 Woodbridge Drive Cooloongup, known as The Bert England Lodge, to Southern Cross Care (WA) Inc. subject to the following:
1) Existing levels of service and care being maintained for the term of the lease.
2) The assignment of the bed licences being limited to the term of the lease.
3) The term, consideration and major covenants within the lease being subject to further Council approval.
4) The existing Memorial on the title being amended to better reflect the land use and tenure of the subject land.
5) Dissolution of the existing management agreement between the City of Rockingham and Southern Cross Care (WA) Inc.
6) The establishment of Southern Cross Care (WA) Inc. as the approved provider under the Aged Care Act 1997.

Committee Voting – 4/0

9. **The Committee’s Reason for Varying the Officer’s Recommendation**

Not applicable

10. **Implications of the Changes to the Officer’s Recommendation**

Not applicable
## Community Development

**Community and Leisure Facilities**

<table>
<thead>
<tr>
<th>Reference No &amp; Subject:</th>
<th>CLF-015/11 Waikiki Community and Family Centre, Warnbro Community and Family Centre and Westerly Family Centre Combined Leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>File No:</td>
<td>CPR/489, CPR/490 and CPR/491</td>
</tr>
<tr>
<td>Proponent/s:</td>
<td>Department for Communities</td>
</tr>
<tr>
<td>Author:</td>
<td>Ms Renee Sinclair-Deane, Acting Coordinator of Community Facilities</td>
</tr>
<tr>
<td>Other Contributors:</td>
<td></td>
</tr>
<tr>
<td>Date of Committee Meeting:</td>
<td>12 September 2011</td>
</tr>
<tr>
<td>Previously before Council:</td>
<td></td>
</tr>
<tr>
<td>Disclosure of Interest:</td>
<td></td>
</tr>
<tr>
<td>Nature of Council’s Role in this Matter:</td>
<td>Executive Function</td>
</tr>
<tr>
<td>Site:</td>
<td>Waikiki Community and Family Centre</td>
</tr>
<tr>
<td></td>
<td>Warnbro Community and Family Centre</td>
</tr>
<tr>
<td></td>
<td>Westerly Family Centre</td>
</tr>
<tr>
<td>Lot Area:</td>
<td>Waikiki Community and Family Centre, part of reserve 3438418, Lot 4104 Rand Avenue, Waikiki</td>
</tr>
<tr>
<td></td>
<td>Warnbro Community and Family Centre, Lot 3089 Corner of Bristol Street and Moreton Crescent, Warnbro</td>
</tr>
<tr>
<td></td>
<td>Westerly Family Centre, Lot 446 Westerly Way, Cooloongup</td>
</tr>
<tr>
<td>Attachments:</td>
<td></td>
</tr>
<tr>
<td>Maps/Diagrams:</td>
<td>1. Waikiki Community and Family Centre (aerial)</td>
</tr>
<tr>
<td></td>
<td>2. Waikiki Community and Family Centre (street view)</td>
</tr>
<tr>
<td></td>
<td>3. Warnbro Community and Family Centre (aerial)</td>
</tr>
<tr>
<td></td>
<td>4. Warnbro Community and Family Centre (street view)</td>
</tr>
<tr>
<td></td>
<td>5. Westerly Family Centre (aerial)</td>
</tr>
<tr>
<td></td>
<td>6. Westerly Family Centre (street view)</td>
</tr>
</tbody>
</table>
1. **Purpose of Report**

To seek approval to enter into leases with the Department for Communities for:

1. The Waikiki Community and Family Centre, Lot 4104 Rand Avenue, Waikiki
2. Warnbro Community and Family Centre, Lot 3089 Corner of Bristol and Moreton Crescent, Warnbro
3. Westerly Family Centre, Lot 446 Westerly Way, Cooloongup

2. **Background**

The Department for Communities (the lessee) have held lease agreements with the City of Rockingham (the lessor) for Lot 4104 Rand Avenue, Waikiki, Lot 3089 Corner of Bristol Street and Moreton Crescent, Warnbro and Lot 446 Westerly Way, Cooloongup for the purpose of three (3) Family Centres for a period of twenty one (21) years commencing in June 1990 and terminating on 30 June 2011.

3. **Details**

The most recent lease expired in June 2011 and has been extended on a monthly basis as per Section 4.2 of the original lease agreement, which relates to the holding over of the lease after expiry. The Department for Communities have expressed their interest to enter into new leases for all three (3) Family Centres.

The Waikiki Community and Family Centre is situated on a 3761m² portion of Reserve 3438418 (Lot 4104), directly adjacent to Fantasy Park, with car park access via Rand Avenue and pedestrian access through the park area. The Centre is located opposite Charthouse Primary School and partially functions as an out of school hours, child care facility.

The brick and steel structure comprises of a Foyer, Centre Management Office, two (2) multifunctional activity rooms separated by bi-fold doors, meeting room, kitchen, toilets, and store rooms. To the rear of the facility there is a large patio and garden area, including playgrounds. The leasable space also includes the driveway and car park area to the North/West of the main building.

1. **Waikiki Community and Family Centre** (including the main building, patio, car park, driveway, garden and playground areas as marked below).
2. **Waikiki Community and Family Centre** (street view)

The Warnbro Community and Family Centre, which has a floor plan identical to the Waikiki Centre is situated on the 2000.3m², Lot 3089 Moreton Crescent, directly adjacent to park land, with pedestrian access via Moreton Crescent and through the park area and with car park access also via Moreton Crescent.

The brick and steel structure comprises of a foyer, centre management office, two (2) multifunctional activity rooms separated by bi-fold doors, two (2) meeting rooms, kitchen, toilets, and store rooms. To the rear of the facility are two (2) patios and garden area, including playgrounds, shed and a demountable building consisting of 2 offices, toilets and a meeting room. The leasable space also includes the car park area to the South of the main building.

3. **Warnbro Community and Family Centre** (including the main building, patio, car park, garden, playground areas and out buildings as marked below).
4. **Warnbro Community and Family Centre** (street view)

The Westerly Family Centre is situated on the 1400m² Lot 446 Westerly Way directly adjacent to park land and car park and pedestrian access via Westerly Way. The Centre is located directly adjacent to Cooloongup Primary School and partially functions as an out of school hours, child care facility.

The brick and steel structure comprises of a foyer, centre management office, two (2) multifunctional activity rooms separated by bi-fold doors, kitchen, toilets, and store rooms. To the rear of the facility are a patio, garden area and playground.

5. **Westerly Family Centre** (including the main building, patio, garden and playground area as marked below).
6. **Westerly Family Centre** (Street view)

4. **Implications to Consider**

   a. **Consultation with the Community**
      
      Nil

   b. **Consultation with Government Agencies**
      
      The lease requires written consent from the Minister for Lands.

   c. **Strategic**
      
      Community Plan
      
      This item addresses the Community’s Vision for the future and specifically the following Aspiration/s contained in the Community Plan 2011:-

      **Aspiration 7:** *Community facilities and services that are well utilised, accessible, and cost effective, and where appropriate, multifunctional.*

   d. **Policy**
      
      Nil

   e. **Financial**
      
      The Department for Communities is to be charged a rent of $110.00 per annum exclusive of GST.
      
      The Department for Communities will be responsible for all costs associated with preparing the lease documentation, rubbish collection land security levees, cleaning and general maintenance, phone, gas, electricity and water usage.

   f. **Legal and Statutory**
      
      Section 3.58 of the Local Government Act 1995 (the Act) refers to the disposal (including leases) of City property and covers the requirement to give public notice and the consideration of submissions in respect of proposals.
Regulation 30 of the Local Government (Functions and General) Regulations 1996 provides for the exemption to the requirement of Section 3.58 of the Act. Disposal of land to any department, agency or instrumentality of the Crown in right of the State or Commonwealth is included within this exemption. As the Department for Communities is a government department, the lease is exempt from the provisions of section 3.58 of the Act.

5. Comments

The Department for Communities have leased and managed the three (3) facilities for the past twenty one (21) years and provide affordable and accessible space for activities such as playgroups, dance, music, and martial arts classes, craft, hobby, religious and social groups. The facilities are available for private bookings such as children’s birthday parties, meetings and permanent office space for community service providers such as Clan WA and Interworks. All three (3) Centres also provide outside of school hours child care.

The Centres are often booked to capacity during peak booking hours (6am-11am and 3pm-9pm) and occasionally act as overflow facilities for City managed Community Facilities.

The provision of a five (5) year lease agreement with a five (5) year option to renew will ensure that the Department for Communities have the facilities to continue to provide a broad range of programs, services and activities for the benefit of the local community.

6. Voting Requirements

Simple majority

7. Officer Recommendation

That Council:

1. ENTER into a new lease agreement with the Department for Communities for the Waikiki Community and Family Centre, Lot 4104 Rand Avenue, Waikiki for a period of five (5) years with the option to renew for a further five (5) years by mutual agreement for a rent of $110.00 per annum.

2. ENTER into a new lease agreement with the Department for Communities for the Warnbro Community and Family Centre, Lot 3089 Corner of Bristol Street and Moreton Crescent, Warnbro for a period of five (5) years with the option to renew for a further 5 years by mutual agreement for a rent of $110.00 per annum.

3. ENTER into a new lease agreement with the Department for Communities for the Westerly Family Centre, Lot 446 Westerly Way, Cooloongup for a period of five (5) years with the option to renew for a further five (5) years by mutual agreement for a rent of $110.00 per annum.

8. Committee Recommendation

That Council:

1. ENTER into a new lease agreement with the Department for Communities for the Waikiki Community and Family Centre, Lot 4104 Rand Avenue, Waikiki for a period of five (5) years with the option to renew for a further five (5) years by mutual agreement for a rent of $110.00 per annum.

2. ENTER into a new lease agreement with the Department for Communities for the Warnbro Community and Family Centre, Lot 3089 Corner of Bristol Street and Moreton Crescent, Warnbro for a period of five (5) years with the option to renew for a further 5 years by mutual agreement for a rent of $110.00 per annum.

3. ENTER into a new lease agreement with the Department for Communities for the Westerly Family Centre, Lot 446 Westerly Way, Cooloongup for a period of five (5) years with the
option to renew for a further five (5) years by mutual agreement for a rent of $110.00 per annum.

Committee Voting - 4/0

9. **The Committee’s Reason for Varying the Officer’s Recommendation**

Not applicable

10. **Implications of the Changes to the Officer’s Recommendation**

Not applicable
<table>
<thead>
<tr>
<th></th>
<th><strong>Reports of Councillors</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nil</td>
</tr>
<tr>
<td></td>
<td><strong>Addendum Agenda</strong></td>
</tr>
<tr>
<td></td>
<td>Nil</td>
</tr>
<tr>
<td></td>
<td><strong>Motions of which Previous Notice has been Given</strong></td>
</tr>
<tr>
<td></td>
<td>Nil</td>
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<tr>
<td></td>
<td><strong>Notices of Motion for Consideration at the Following Meeting</strong></td>
</tr>
<tr>
<td></td>
<td>Nil</td>
</tr>
<tr>
<td></td>
<td><strong>Urgent Business Approved by the Person Presiding or by Decision of the Committee</strong></td>
</tr>
<tr>
<td></td>
<td>Nil</td>
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<td></td>
<td><strong>Matters Behind Closed Doors</strong></td>
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<td></td>
<td>Nil</td>
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<tr>
<td></td>
<td><strong>Date and Time of Next Meeting</strong></td>
</tr>
<tr>
<td></td>
<td>The next Community Development Standing Committee Meeting will be held on <strong>Tuesday 18 October 2011</strong> in the Council Boardroom, Council Administration Building, Civic Boulevard, Rockingham. The meeting will commence at 4:00pm.</td>
</tr>
<tr>
<td></td>
<td><strong>Closure</strong></td>
</tr>
<tr>
<td></td>
<td>There being no further business, the Chairman thanked those persons present for attending the Community Development Standing Committee meeting, and declared the meeting closed at 4:35pm.</td>
</tr>
<tr>
<td></td>
<td><strong>Attachments</strong></td>
</tr>
<tr>
<td></td>
<td>Nil</td>
</tr>
</tbody>
</table>