



BUSINESS CASE

FOR

CEACA SENIORS HOUSING PROJECT HOUSING PROGRAM

Stage 2

\$19,986,439

Central East Aged Care Alliance



R01078-11 / A5110603

Version 2 April 2015

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Glossary of terms

In the context of this document:

Agency means a Western Australian State Government agency.

Applicant means the Organisation or Agency preparing a Business Case requesting Royalties for Regions funding for a project.

Business Case means the information prepared by the Applicant demonstrating the merits of the Project and substantiating the case for funding the Project.

Deliverables means the expected outputs and outcomes from the project.

Department means the Department of Regional Development.

CEACA Central East Aged Care Alliance is an incorporated organisation of 11 Wheatbelt Shires.

Independent Living Unit (ILU) means a unit or villa style dwelling within a group housing development that includes mobility modifications suited to seniors but is not staffed on a full time basis.

Industry Participation Plan means a clear statement of the project proponent's commitment to The Building Local Industry Policy and an indication of how local industry participation will be maximised.

Innovation is the implementation of a new or significantly improved product (good or service) process, new marketing method or a new organisational method in business practices, or external relations¹.

Leveraged Funding is the additional cash funding obtained for the Project from other sources.

Option means a feasible, alternative delivery mechanism to the Project which was considered by the applicant when preparing the Business Case Proposal.

Organisation means an incorporated entity that is not an Agency. An organisation may be a not-for-profit entity, government trading enterprise or local government.

Project means the specific activities, works or services proposed in the Business Case for which Royalties for Regions funding is being sought.

Project Outcome means the intended impact that is expected as a result of undertaking the Project.

Project Output means the tangible end product(s) of the Project. For example, an infrastructure asset or the services delivered.

Royalties for Regions means the Western Australian State Government's Royalties for Regions program.

Stakeholder means a party with an interest in or who is affected by the Project.

Sustainability refers to the financial viability of a project and the means of support to the project beyond the life of Royalties for Regions funding for this project.

¹ Organisation for Economic Cooperation and Development and Development Statistical Office of the European Communities (2005 Third Edition) Oslo Manual Guidelines for collecting and interpreting innovation data, 3rd edition, OECD and European Commission, Paris.

1. EXECUTIVE SUMMARY

Overview

The Central East Aged Care Alliance (CEACA) is a partnership of eleven Wheatbelt Shires formed in 2012 and formalised as an Incorporated Association in mid-2015. CEACA has the purpose of capturing economic benefit in the Wheatbelt by providing older people with the necessary services and infrastructure to remain living in their community of interest. CEACA's key area of activity is in the provision of appropriate housing options and public infrastructure that meets the needs of seniors.

CEACA has formulated a staged 6 year program to construct 187 Independent Living Units (ILUs) to address market failure to meet increasing demand for age appropriate accommodation and services. The program is aligned with the objectives of the Western Australian Government's Ageing in the Bush Initiative.

Housing will be developed in accordance with the recommendation of the Central East Aged Care Report, the Wheatbelt Aged Support and Care Solution Report and the State Wide Ageing in the Bush Report, with all houses:

- Developed in clusters that are centrally located near key services and facilities including health centres, shops and community services;
- Built to contemporary universal friendly design. All housing will meet the Platinum level requirements of the Liveable Housing Design Requirements (http://livablehousingaustralia.org.au/library/help/Livable_Housing_Design_Guidelines_Web1.pdf);
- Built to feature Dementia Enabling Environment Principles (<http://www.enablingenvironments.com.au/principles/>); and
- Be connected to the Town CBD (or Main Street) by age friendly pathways.

This Business Case is for a Stage 2 project to undertake construction of 75 houses and land assembly and servicing of 21 lots with a project value of **\$23,329,439**. Royalties for Regions funding of **\$19,986,439** is sought to assist in delivering this project.

The remaining 14% of costs will be met via:

- Land contribution, cash and in-kind contributions from Shires (\$1.73M); and
- Reinvestment of \$1.61M sale proceeds from a sales program that will deliver more effective leveraging of the Royalties funding investment.

Benefits

During construction the project will:

- Drive innovative across community solutions through governance structures which ensure reform in investment and leveraging, project management and service delivery;
- Deliver efficiencies that will enable the scope of the projects to be extended to add value and achieve significant investment multipliers;
- Address market failure in land development, construction and management of seniors housing;
- Create jobs in both the construction and support industries; and
- Increase economic activity through flow-on benefits to downstream and upstream suppliers, with an estimated economic benefit of \$50M.

In the longer term the project will result in:

- Increased levels of expenditure in the local economies as a result of retention of elderly residents;
- Increased value to the community through ongoing voluntary contribution of seniors;
- Decreased costs for the health system through the provision of appropriate housing and improved social engagement;

- Growth of the emerging aged care industry and resultant employment opportunities within the sector (1.6 employees for every person over 85);
- Generate efficiency in the delivery of housing and support service efficiencies as a result of clustered unit development and economies of scale;
- The delivery of affordable community housing options to address widespread identified need across the Sub-Region;
- Seniors remaining within their communities, 'Ageing in Place' with associated benefits including maintenance of family and community support networks, social and economic participation and volunteerism;
- An asset base and cashflow which can enable future self-funded development by CEACA; and
- Economic and population growth as outlined in the Wheatbelt Regional Investment Blueprint.

Research shows that enabling seniors to remain living independently in a familiar environment enhances their well-being, health outcomes and community participation². A cost benefit analysis of the Stage 2 CEACA project found the project had a positive Net Present Value arising from local spend by the retained population, volunteering and civic participation, and health savings arising from appropriate housing³. It is estimated the project will generate 71 full-time, on-site construction jobs in the construction phase and an increase in economic activity of around \$50 million⁴. The pipeline of work for local contractors and suppliers will enable them to invest in their businesses and workforce with further ripple effects for the local economy.

Project Status

CEACA has commenced work on a Stage 1 Land Assembly project funded by Royalties for Regions through the Growing our South Initiative.

The proposed sites for both the Stage 1 and 2 projects have been identified and evaluated to confirm suitability for the project. The majority are owned by Shires and zoned appropriately for the works and will be contributed by the Shires. The value of contributed land is estimated at \$773,000⁵. For site with tenure issues, the process of acquiring the land is well advanced. Funding for construction of housing will only flow to Shires that have met land assembly requirements.

Shires have completed other works in the respective towns to improve accessibility between the sites and local services and have undertaken other age friendly planning and infrastructure investment for the works.

Whilst CEACA is a new organisation, the member Shires all have experience in delivering projects of this scale and type and have capacity to manage project risks. Project planning completed to date provides a sound foundation for project commencement which will be further enhanced by the appointment of an expert project manager. Cashflow modelling demonstrates that with conservative occupancy and rent rates, the dwellings will be self-sustaining and generate an operational surplus. CEACA could use the equity in the assets and cash surpluses to service loans for future development, effectively leveraging the value generated by this propose project.

² World Health Organisation Active Ageing Policy Framework.

³ CEACA Seniors Housing Project: Six Year Housing Program – Stage 2 Economic Evaluation, RPS, 2015 (Discount rates of 7% applied)

⁴ Economic Evaluation, RPS, 2015 for proposed program of 88 dwellings. Estimates have been reduced by 20% to reflect the smaller program now proposed.

⁵ Based on advice from Landgate and Valuers for approximately 50% of sites and market comparisons for the balance of sites. Where no advice is available a conservative value of \$5,000 per ILU for a serviced site is applied.

Conclusion

The CEACA Seniors Housing Project delivers a cost effective solution ensuring seniors in the Wheatbelt can age in place, and sets the foundations for the continued growth of the aged services industry. The funding investment will stimulate more than \$50M in economic activity, create a regionally held asset base and generate annual cashflow from rent of more than \$330,000. The regional model championed by CEACA will provide a sustainable platform for ongoing development and management of housing stock. It will add benefit to other Government aged care policies and initiatives, both State and Commonwealth. The program is an opportunity for all levels of Government to partner to deliver contemporary and cost effective services to older residents across the sub region.

2. PROJECT SCOPE AND EVALUATION

2.1. Project Purpose

The purpose of the Stage 2 CEACA Seniors Housing Project is to deliver 75 aged appropriate houses that will deliver the following outcomes.

- Retention of older people in rural communities through the provision of appropriate and affordable housing options.
- Economic and employment growth via the construction and management of assets and provision of aged care services.
- Creation of an asset base and cash flow that can be leveraged for the ongoing growth of community housing in the region.
- Efficient delivery of health and support services to the ageing community.

The purpose and outcomes are aligned with the objectives of Royalties for Regions funding and the Ageing in the Bush Initiative. This project will also deliver key recommendations of the CEACA Integrated Aged Care Solution/s Report (Verso, 2012) and address market failure to meet this need.

In a broader context, the project will enhance the Wheatbelt's growing reputation as a region of excellence for age friendly communities, demonstrate an effective and appropriate model for ageing in community in rural WA and deliver foundational infrastructure to grow the emerging aged care industry.

Housing will be developed in accordance with the recommendation of the Central East Aged Care Report, the Wheatbelt Aged Support and Care Solution Report and the State Wide Ageing in the Bush Report, with all houses:

- Developed in clusters that are centrally located near key services and facilities including health centres, shops and community services;
- Built to contemporary universal friendly design. All housing will meet the Platinum level requirements of the Liveable Housing Design Requirements (http://livablehousingaustralia.org.au/library/help/Livable_Housing_Design_Guidelines_Web1.pdf);
- Built to feature Dementia Enabling Environment Principles (<http://www.enablingenvironments.com.au/principles/>); and
- Be connected to the Town CBD (or Main Street) by age friendly pathways.

2.2. Royalties for Regions Funding Amount

CEACA is seeking Royalties for Regions funding of **\$19,986,439** for the staged construction of 75 universally designed ILUs and 21 serviced lots across the Central East Wheatbelt region over a three year period. The project has a total value of **\$23,329,439**.

The project budget is summarised in Table 1 below.

Table 1: Project Budget

	Program 1		Program 2		Total Budget		
	<u>July 17 – June 19</u>		<u>July 18 – June 20</u>				
Site Servicing Dwellings	21	\$ 533,520	0	\$0	21	\$533,520	
	40	\$ 9,776,000	35	\$ 8,896,160	75	\$18,672,160	
Sub total		\$ 10,309,520		\$8,896,160		\$19,205,680	82.3%
Professional fees (7.5%)		\$ 773,214		\$667,212		\$ 1,440,426	
Project Management (2%)		\$ 206,190		\$177,923		\$384,114	
Project admin (0.4%)		\$ 41,238		\$35,584		\$76,822	
Contingency (7%)		\$ 721,666		\$622,731		\$1,344,397	
Land Value (Shires)		\$1,156,000		\$-		\$773,000	3.3%
Shire In Kind Contrib'n		\$ 105,000		\$-		\$105,000	0.5%
Total Project Value		\$12,051,828		\$10,399,611		\$23,329,439	
Total Cost						\$22,451,439	
Less leveraging:							
Shire Contrib'n – Sites	21	\$ 105,000	0	-		\$ 105,000	0.5%
Shire Contrib'n - Dwellings	39	\$ 390,000	36	\$ 360,000		\$ 750,000	3.2%
Sales Income after costs			7	\$ 1,610,000		\$ 1,610,000	6.9%
R4R Funding Component		\$11,546,828		\$ 8,439,611		\$19,986,439	85.7%

2.3. Project Description

The Central East Wheatbelt region covers an expansive area in central Western Australia, bordering the Midwest and Goldfields Esperance regions. It is home to just over 10,000 people across many small agricultural and mining communities. The CEACA Seniors Housing Project includes housing development and site works across all eleven Shires within the sub-region.

To deliver on identified need, the overall CEACA Seniors Housing project is to construct 187 Independent Living Units (ILUs) in the 11 Shires. The units will be constructed in clustered developments on land that is well located in terms of access to health care and other local services to enable efficiencies in the provision of services to residents and ensure residents are able to live as independently as possible.

CEACA has secured Stage 1 funding for land assembly and servicing of an initial 54 lots. This funding proposal is for a Stage 2 project to construct 75 houses and service an additional 21 lots.

Table 2 sets out the current and proposed dwelling numbers for each locality. Further information about the sites is provided at Table 3 in the following page. Figure 1 provides a

graphical representation of these numbers against current projected demand (Refer to Table 4 for basis for calculation of demand).

Table 2 Dwellings by Shire

	Current dwellings	Proposed Dwellings
Bruce Rock	19	9
Kellerberrin	18	14
Koorda	6	5
Merredin	29	28
Mt Marshall	6	3
Mukinbudin	9	4
Nungarin	6	2
Trayning/ Kununoppin	11	2
Westonia	7	2
Wyalkatchem	16	4
Yilgarn	12	2
TOTALS	139	75

Figure 1: Supply and demand by Shire

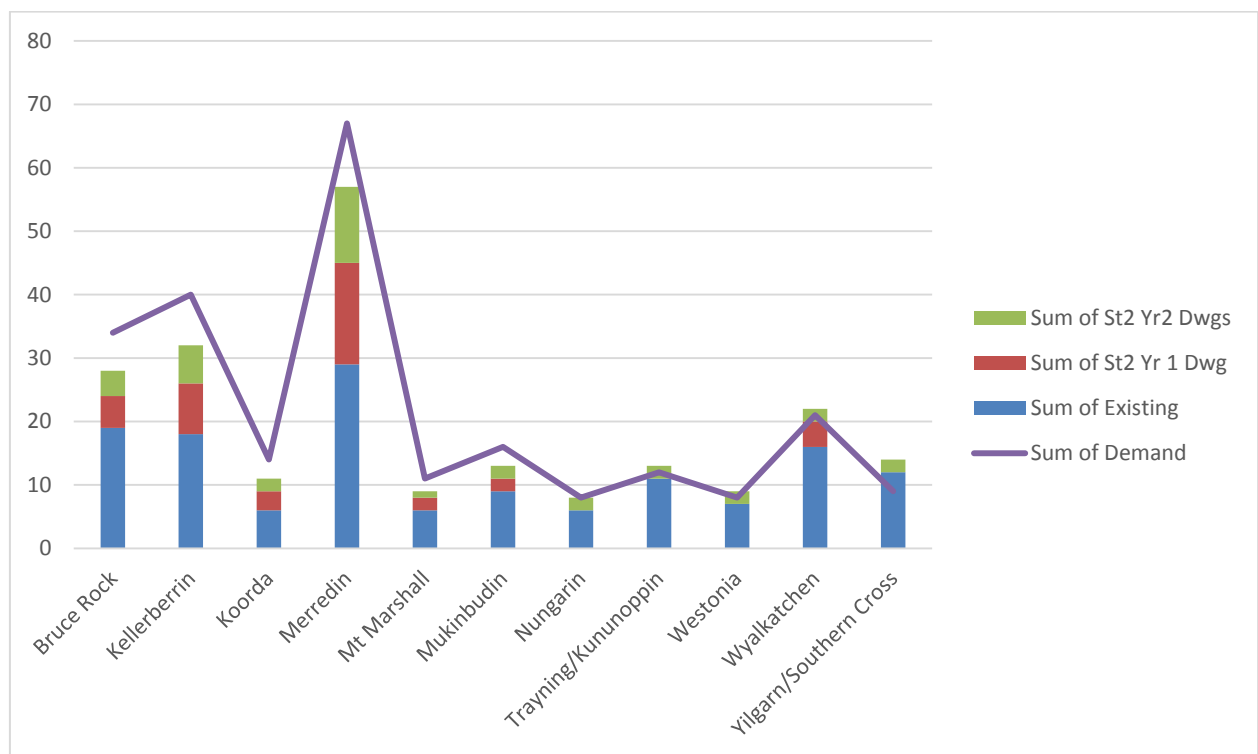


Table 3: Overview Of Sites And Work Scopes

Site	Area	Servicing / work scope	Land assembly		Housing		
			Total Site capacity	Sites Created Stage 1	Sites Created Stage 2	Stage 2 Program 1	Stage 2 Program 2
			138	54	21	40	35
BRUCE ROCK							
Lots 26 and 27 Butcher Street	2024	Fully serviced post 2016. Requires subdivision and lot connections.	5	5		5	
Lots 56 and 57 Butcher Street	2024	Power & water, Requires subdivision and site servicing including interim onsite wastewater	5	3	1		4
KELLERBERRIN							
Lot 1&31, No 49-53 Hammond Street	10826	Fully serviced. Requires subdivision, internal reticulation of services and lot connections.	26	8	6	8	6
KOORDA							
Lot 120-122, 4-10 Greenham Street	3036	Fully serviced. Requires subdivision and lot connections.	7	4	1	3	2
MERREDIN							
Part Lot 165, No. 22 Coronation Street	7000	Fully serviced. Requires subdivision, internal reticulation of services and lot connections.	28	16	12	16	12
MT MARSHALL							
Lot 170, No.2 Collins St Bencubbin	2006	Power & water, Requires subdivision, lot connections and onsite wastewater.	4	2	0	2	
Lot300-304, No.1-9 Askew St, Beacon	4028	Power & water, Requires subdivision, lot connections and onsite wastewater	2		1		1

Table 3: Overview Of Sites And Work Scopes

Site	Area	Servicing / work scope	Land assembly		Housing	
			Total Site capacity	Sites Created Stage 1	Sites Created Stage 2	Stage 2 Program 1
MUKINBUDIN						
Rear of Lots 27 and 29 Maddock Street	1500	Fully serviced	4	2		2
Lot 22 Maddock Street	775	Fully serviced	2	2		2
NUNGARIN						
Lot 214 , No. 23 & Lot 217, No. 25 Second Ave	3000	Power & water Requires onsite wastewater	6	2		2
TRAYNING / KUNUNOPPIN						
158 – 165 Lamond St (adjoining at rear)	8114	Not serviced	11	2		2
WESTONIA						
20 Quartz Street	10069	Power & water Requires onsite wastewater	16	2		2
WYALKATCHEM						
298 Wilson Street	8459	Fully serviced	20	4	4	
YILGARN / SOUTHERN CROSS						
Lot 250-252 & Lot 650 Antares St.	6070	Fully serviced	12	2		2

2.4. Background

CEACA

The Central East Aged Care Alliance (CEACA) is a partnership of eleven Wheatbelt Shires formed in 2012. The CEACA members are: Bruce Rock, Kellerberrin, Koorda Merredin, Mt Marshall, Mukinbudin, Nungarin, Trayning, Westonia, Wyalkatchem and Yilgarn. The partnership was formalised as an Incorporated Association in mid-2015, with an elected Executive and an Executive Officer.

CEACA has the purpose of capturing economic benefit in the Wheatbelt by providing older people with the necessary services and infrastructure to remain living in their community of interest. CEACA's key area of activity is in the provision of appropriate housing options and public infrastructure that meets the needs of seniors. It also has the potential in the future to provide health and home support services to residents within its communities.

CEACA is a collective of highly experienced leaders and administrators. Each member Shire has delivered significant projects utilising project management methodology. The scope of this project requires that inherent risks be managed through the procurement of an experienced project manager, under contract provisions.

This structure is strongly supported by the Wheatbelt Development Commission to achieve collective, efficient and effective delivery of priority projects across local government boundaries. It is supported because of the shared commitment to priority projects and the economies of scale that will be achieved in project construction, management and ongoing servicing.

Central East Wheatbelt Aged Support and Care Regional Solutions Report

In November 2012 CEACA released the Central East Wheatbelt Aged Support and Care Regional Solutions Report (Verso Consulting Pty Ltd). The Verso Report identified the factors causing older Wheatbelt residents to relocate from their community of choice and identified strategies to assist people to age well in their community, with consequential health and well-being benefits for individuals and financial and social benefits for the broader community.

The Verso Report found that, whilst many older Wheatbelt residents express a strong desire to remain living in their homes as they age, factors such as the condition and location of dwellings, the mobility or mental acuity of residents and logistics of providing services to a dispersed client group are proving a barrier to ageing in place. The report also demonstrated a shortage of appropriate housing options to meet current and projected needs. As a result older residents increasingly have to relocate from their community of choice to access the services and infrastructure they require to meet their aged care needs.

The loss of senior residents impacts on the well-being and viability of communities and puts unnecessary pressure on high cost residential care options. Senior citizens bring substantial volunteering value. The presence of senior citizens also brings opportunities for employment in sectors directly servicing the unique needs of the aged and for the general needs the aged share with the rest of the population: healthcare, retail, recreation etc. Senior citizens also attract some care funding which further enhances these economic outcomes.

The Aged Support and Care Regional Solutions Report outlines four inter-dependent strategies to achieve ageing in place in the Central East Wheatbelt, namely:

- Age friendly communities
- Older Persons Housing
- Community Aged Care
- Residential Aged Care

The proposed Land Assembly and Servicing Project and CEACA Seniors Housing Project respond directly to the Older Persons Housing Strategy, which aims to develop appropriate housing options for older people in each Shire.

Following release of the Verso Report, CEACA has undertaken local needs analysis and defined demand for approximately 187 ILUs throughout the central eastern Wheatbelt over the next 6 years informed by current housing stock levels and population predictions.

Needs Analysis

As of the 2011 ABS Census, the population of the major towns in the Central Eastern Wheatbelt was 9,864 persons with the total population of the area being just over 10,000. Of these, 1,009 were over the age of 70, and 2,645 were over 55. The proportion of the towns' populations over the age of 55 (26.8%) is higher than the WA State average of 24%. Further, more than 40% of the population is aged over 45 years. This equates to 3,000 people over 55 and 4,000 aged over 45. It is projected that over the next 15 years the median age will increase, with population projections indicating that by 2027, 48.4% of the Wheatbelt population will be aged over 55 years compared to 29.2% across WA as a whole (Central East Wheatbelt Aged Care Needs Study 2012).

Table 4 summarises population and projected demand data for each Shire.

Table 4 Population and Disadvantage

Town	Pop	Aged over 55	Aged over 70	Projected Demand ¹	SEIFA Rating ²	Seniors Dependency Rating ³
Bruce Rock	974	335	124	34	96	28.5
Kellerberrin	1,181	395	177	40	124	38.4
Koorda	437	136	54	14	87	44.4
Merredin	3,282	673	264	67	83	20.4
Mt Marshall	486	106	29	11	20	16.6
Mukinbudin	490	159	63	16	44	29.7
Nungarin	230	80	29	8	100	20.4
Trayning	348	115	42	12	119	36.3
Westonia	277	81	31	8	81	21
Wyalkatchem	523	212	102	21	116	41.2
Yilgarn	1,636	353	94	9	65	13.4
Totals	9,864	2,645	1,009	240		

Notes

1. Projected Demand is conservatively calculated as 10% of population aged over 55 at the 2011 Census.
2. SEIFA Rating is a comparative score of socio-economic disadvantage across WA by LGA. Under the SEIFA scoring system 1 is the least disadvantaged and 139 the most disadvantaged. The data above demonstrates that 8 of the 11 Shires are amongst the 50% most disadvantaged Shires in the State and 3 are in the top quintile of disadvantage.
3. Seniors Dependency Ratio is a measure of seniors aged 65+ as a proportion of the working aged population aged 15-64. The lower the number the more working age population per senior resident, by way of comparison Perth has a senior's dependency ration of 17.1.

Given the need to accurately determine demand to ensure the investment in housing is warranted, demand was analysed using various data sets. The census figures, as shown above, are a very conservative model. They indicate current demand of 240, 90% of which would be met by this program and current stock.

By comparison, analysis of WA Tomorrow population figures for 2011 and current housing stock analysis indicate a current shortfall of 184 dwellings across the 11 Shires. This assumes 17% of the population is over 70, 20% of those require appropriate housing and that there will be 1.5 over 70 years of age living in each home.

Finally, data about the quantity, condition and vacancy of current stock and current waitlists has been obtained from each Shire as a third method for measuring demand. Across the 11 Shires there are 139 existing ILUs with a vacancy rate of 3.6% and 180 households on waitlists. Whilst not all of the waitlisted households have an immediate housing need, and some will be housed as vacancies arise in current stock, the waitlist data does provide evidence to support the demand calculations and the dwelling numbers proposed in this Business Case.

It is also noted that in some localities the waitlists may understate demand as people do not sign-up when there is very limited availability of dwellings and people who hope to buy appropriate housing have not signed up on the current rental waitlists.

Current Status

CEACA has developed a staged strategy to deliver the required housing. The Shires have identified suitable land for development of the housing and are acquiring the land where it was not already held in ownership by the Shire.

CEACA successfully secured \$2.075M in Stage 1 funding under the Royalties for Regions Growing our South initiative. This funding is for the land assembly and servicing of 54 lots for construction of ILUs. CEACA has commenced the delivery of this project. CEACA has conducted a tender process and appointed a Project Manager and Engineer to undertake this project.

CEACA has established the organisational capacity to deliver the Stage 2 project to construct 75 houses and service an additional 21 lots and is seeking funding for that project.

2.5. Policy and Strategic Framework

2.5.1. Alignment to the Royalties for Regions Policy Objectives

Building capacity in regional communities

The construction of clustered seniors housing will facilitate greater efficiency in health and home support services in the region. Improved viability of service providers will assist to retain professional and skilled workers who are providing services regionally and generate opportunities for local residents to acquire new skills in these areas. In addition, providing options for seniors will improve options for families to relocate to, and remain living in, regional communities which can build capacity across a range of social and economic indicators.

It is estimated the program will deliver 71 construction jobs and approximately 90 other jobs in related industries such as design, engineering and manufacturing. The direct economic value of the capital investment is estimated at \$50M. This will have the effect of building the capacity of the local economy⁶.

CEACA as an entity deliberately established to deliver economy and scale and efficient governance by holistically addressing a priority issue across its 11 member Shires. This strategic approach sets a strong foundation for ongoing co-operative delivery of priority projects for this sub-region. It is a governance structure strongly supported by the Wheatbelt

⁶ Economic Evaluation, RPS 2015 for proposed program of 88 dwellings. Estimates have been reduced by 20% to reflect the smaller program now proposed.

Development Commission to address the need for stronger collaboration and investment across the 43 Wheatbelt local governments.

Retaining benefits in regional communities

Seniors bring many intrinsic benefits to regional communities, including being the keepers of oral history, willing volunteers, consumer of services and providing family and social “glue”. When seniors have to move away their families often follow which means a loss of families and skilled workers, with the myriad of benefits they contribute to communities. The economic benefit of local spend, volunteering and health cost savings derived from retaining seniors is estimated to have an NPV of \$24M⁷.

The project will also retain the benefit of living within an established social network for the individuals involved. Social isolation is considered one of the biggest health risks to older adults with the World Health Organisation finding that “social isolation and exclusion are associated with increased rates of premature death and poorer chances of survival after a heart attack”⁸. Creating clustered ILUs will allow ageing residents to remain in their home towns, living amongst other community members and retaining strong social ties to their family, friends and other support networks.

Conversely, the community impacts of the project not proceeding include the potential for de-population, rising service costs, poorer health outcomes for the region’s residents and less volunteerism⁹.

Improving services to regional communities

Retention of the ageing population will support efficient delivery and growth of health and other support services. The proposed cluster model of development will enable efficient and effective service delivery by support providers. This will improve services to residents of the ILUs, other seniors living in their homes and other members of the community who require health care and home support services.

Retaining older people also sustains the delivery of a broad range of community and government services which would otherwise decline as the population declines.

Attaining sustainability

Increasing the number of people living in a community will naturally increase the demand for goods and services. The project will also retain and attract services and skills, such as professional staff, construction workers, health care workers and support staff. All of this contributes toward building a more sustainable community and a greater capacity to retain and increase the local population. The broader community benefits both socially and economically from having these skills and services in the community.

The regional model adopted in this project also ensures sustainability of housing management and housing supply as demonstrated in the Business Case. Briefly: ‘critical mass’ procurement drives down purchasing price; ‘critical mass’ management creates governance efficiencies; and ‘critical mass’ service delivery leads to more sustainable business models for service providers.

⁷ Economic Evaluation, RPS 2015

⁸ WHO (2003), Social Determinants of Health: The Solid Facts Second Edition, World Health Organisation, Denmark

⁹ Economic Evaluation, RPS 2015

Expanding opportunity

The project expands opportunities via economic investment and fostering an effective model for delivery of health and support services. The project will build a platform for further investment in aged care services and additional dwellings and may attract other providers to the region. Growth in the construction and aged care industries will expand opportunities for builders, suppliers, building industry professionals and young people seeking training opportunities. It is estimated the construction phase alone will engage more than 161 people in construction and related industries such as design, engineering and manufacturing.

Growing prosperity

The direct economic value of the capital investment is estimated at \$50M (RPS, 2015), the assets will have a market value in excess of \$18M and the annual turn-over will be in excess of \$330,000. This economic activity will grow the prosperity of workers, businesses and economies.

Retaining residents with strong local ties and attracting a new workforce will naturally increase the demand for goods and services on an ongoing basis. Local businesses will feel the benefit and contribute to creating a positive business community which, in turn, can inspire new start-ups and create an attractive environment for established businesses to move into the towns.

2.5.2. Alignment to Related Strategic Imperatives

Western Australian Regional Development Trust (WARDT)

The CEACA Seniors Housing Project is directly aligned with the WARDT theme of retaining aged populations in the country. It will also contribute to the theme of regional and rural human capacity building: further investment in job-creating activities.

Wheatbelt Blueprint (Wheatbelt Development Commission)

The CEACA Seniors Housing Project is aligned with the Vision outlined in the Blueprint, particularly the *Liveable Communities* element:

Diverse, safe, healthy and resilient communities where services and infrastructure reflect the needs and aspirations of residents.

Specifically, the *Liveable Communities* element includes the following target outcomes.

- Aged care infrastructure and services enable residents to age in place;
- Communities across the Wheatbelt provide aged care services through a cluster housing model by 2020; and
- The Wheatbelt Aged Care industry achieves considerable growth and is renowned for its quality of service.

The Blueprint also has an objective of achieving Local Government collaboration which is met by this proposal.

Ageing in the Bush

The State-wide Ageing in the Bush Initiative is being managed by the Wheatbelt Development Commission (WDC) on behalf of the Regional Development Council. The Ageing in The Bush project is based on the methodology and objectives of the CEACA Seniors Housing Project, which informs this proposal. The Ageing in the Bush Initiative aims to identify impediments and opportunities for ageing in communities across regional areas and formulate aged care models for regional WA that enable residents to remain in their communities for as long as possible.

This proposal is clearly aligned with the objectives and recommendations of the Ageing in the Bush project.

Australian Government: Living Longer Living Better

The Australian Government Living Longer Living Better initiative is designed to provide seniors with more choices and improve access to services that enable older Australians to live more active and financially secure lives and to maintain independence and reduce isolation and disengagement. The program includes services for older people in regional and remote areas.

The proposed CEACA Seniors Housing Project is consistent with this objective.

Central East Sub-Regional Economic Strategy (Wheatbelt Development Commission)

The Central East Sub-Regional Economic Strategy provides economic analysis and evidence based guidance to assist with investment and decision making in terms of economic and population growth at the sub-regional level. The Strategy identifies the development of population servicing (including aged care services) as one of three key economic opportunities for the Central East Wheatbelt. CEACA’s work towards delivering suitable housing, incorporating modern design concepts such as ‘universal design’ and ‘cluster housing’ are recognised as an important component in growing this sector. The Strategy identifies “*the development of additional independent living units (ILU’s) to support the aged care requirements in line with the Central East Aged Care Report*” as a key sub-regional economic development action.

Local Government Strategy and Policy

Shire / Document	Relevant objectives
Shire of Bruce Rock: <i>Community Strategic Plan 2013-2023</i>	<p>Accessible infrastructure and services meeting changing community needs:</p> <p>Determine service requirements and delivery options in the areas of children, youth, families and seniors</p> <p>Participate in local and regional aged care accommodation options</p> <p>Appropriate and complementary health, recreation and community services e.g. Senior Citizens Centre, Bruce Rock Memorial Hospital and Allied Health Services, Men’s Shed.</p>
Shire of Kellerberrin: <i>Strategic Plan</i>	Economic issues, such as employment, population retention and growth and improving the local economy are key factors that concern the sustainable development of our community.
Shire of Koorda Strategic Community Plan 2013	S2.2 Facilitate provision of services for aged persons and people with disabilities.
Shire of Merredin: Aged Accommodation Strategy, March 2010	<p>Improve the availability and choice in housing for older people by diversifying the existing housing stock.</p> <p>Improve the current and future availability of home support and community care services to enable older people to live in their own homes as they age.</p>
Shire of Merredin: Corporate Business Plan 2013-2017	<p>Aged Care – new independent living units to be constructed across the region with State and Commonwealth funding.</p> <p>Develop partnerships to better align resources in delivering the community’s vision.</p>

Shire of Mount Marshall Strategic Community Plan 2013	Advocate and lobby for appropriate and accessible health services throughout the Shire. Facilitate provision of infrastructure for aged persons and people with disabilities.
Shire of Trayning Strategic Community Plan 2013	Facilitate provision of services for aged persons and people with disabilities.
Shire of Westonia Strategic Community Plan for the Future 2013	Participate in local and regional aged care accommodation projects, selecting best practice for the Shire, coupled with appropriate and complimentary health, recreation and community services.
Shire of Wyalkatchem 2023 Strategic Community Plan	Outcome 1.3: 'Create an aged friendly environment that supports our ageing population and ensures they are able to remain in the community as long as possible.' Accommodation for the aged is a priority for investment; this investment will add to social cohesiveness and economic sustainability with increased demand for support services which will complement and increase the likelihood of retaining existing health services, such as general practitioner and hospital.
Shire of Yilgarn Community Strategic Plan 2013-2023	Secure funding from either State or Commonwealth Government to ensure aged care facilities with funding support from government and private organisations that provides low, medium and high care for the aged, (incorporating programs for ageing in place) that has long term funding and community support.

2.6. Project Deliverables

Outputs (What is being delivered? What will be physically done?)				Performance Measure (What are you measuring?)	Performance Measure method (How are you measuring it?)
21 lots and 75 ILUs delivered as per Schedule 1 below				<ol style="list-style-type: none"> No. of dwellings constructed, rented and sold annually Dwellings are fit for purpose and comply with Liveable Housing Standard 	<ol style="list-style-type: none"> Provision of building completion reports for each completed dwellings Project reporting – alignment with agreed project program Certification of units to Liveable Housing Standard
<i>Town</i>	<i>Lots</i>	<i>ILUs</i>			
Bruce Rock	1	9			
Kellerberrin	6	14			
Koorda	1	5			
Merredin	11	28			
Mt Marshall - Bencubbin	0	3			
Mukinbudin	2	4			
Nungarin	0	2			
Trayning - Kununoppin	0	2			
Westonia	0	2			
Wyalkatchem	0	4			
Southern Cross - Yilgarn	0	2			
Apprenticeships and training opportunities for young people in region				<p>Construction phase: At least 1 apprentice / 1 trainee engaged under the program each year</p> <p>Operational phase: At least 1 apprentice / 1 trainee</p>	Employment records from CEACA and project contractors
Asset base that enables debt funding of future growth				Value of asset base at completion.	On completion valuations of properties

	Outcomes (What benefits will be gained from what you will do?)	Performance Measure (What are you measuring? See Appendix 1)	Performance Measure method (How are you measuring it?)	RfR Outcomes (How do your outcomes align with the RfR Policy Objectives)
	Reduce demand for appropriate seniors housing	50% reduction in wait lists for seniors housing	Review Shire waiting lists and DOH demand data Review of occupancy data for dwellings	Building capacity in regional communities Improving services to regional communities
	Housing meets the needs of ageing people	Housing is designed in accordance with the Liveable Housing guidelines. Housing is located such that shopping and medical services are accessible to residents	Assessment of houses against Liveable Housing criteria Tenant interviews	Improving services to regional communities Attaining sustainability
	Retain older people and their families in the community	At least 80% of dwellings are occupied by residents of the region and/or their relatives.	Demographic analysis / interviews of households.	Retaining benefits in regional communities Attaining sustainability
	Facilitate growth of aged care services industry	Increased employment in provision of aged care support services	Employment Data	Building capacity in regional communities Expanding opportunity Growing prosperity
	Local employment and economic investment	Target of minimum 50% of project budget paid to businesses with offices and staff in the Wheatbelt. Jobs generated by ongoing aged care and property management services	Accounting of project costs by supplier.	Building capacity in regional communities Retaining benefits in regional communities Attaining sustainability Expanding opportunity Growing prosperity
	Build housing and project management capacity of regional organisations	CEACA has in-house capacity to manage houses and projects by Year 5 of the project	Review of organisations against Community Housing guidelines OR organisation achieves accreditation under WA regulatory system	Building capacity in regional communities Retaining benefits in regional communities Attaining sustainability Expanding opportunity Growing prosperity

2.7. Stakeholder Engagement

Extensive consultation has been undertaken with the CEACA members, as listed below, with elected members, management and officers.

- Shire of Bruce Rock
- Shire of Kellerberrin
- Shire of Koorda
- Shire of Merredin
- Shire of Mount Marshall
- Shire of Mukinbudin
- Shire of Nungarin
- Shire of Trayning
- Shire of Westonia
- Shire of Wyalkatchem
- Shire of Yilgarn

Consultation was also undertaken with the Wheatbelt Development Commission and Regional Development Australia Wheatbelt.

In turn the members, and their consultants, have consulted extensively with residents of the Shires, service providers and other community stakeholders. The outcomes of this consultation are documented in a needs analysis prepared for each Shire.

In addition CEACA has engaged with the following external stakeholders.

- Department of Regional Development
- Department of Housing
- Elected representatives, State and Commonwealth Governments
- Building contractors
- Access Housing and other Housing NFPs
- Local building material suppliers
- Aged Care Service Providers
- Water Corporation
- Western Power

There will be ongoing consultation across this breadth of stakeholders during the planning and delivery of the project. In addition there is likely to be consultation with the following agencies.

- WA Country Health Services
- Department of Lands
- Landcorp
- Australian Department of Social Services (Ageing)

Letters of support from various stakeholders are included at Attachment 3 including local representatives, health providers, aged care providers and community service organisations.

2.8. Critical Assumptions

Principal Assumptions

The CEACA Integrated Aged Care Solution/s Report outlines the following assumptions which have informed this project proposal.

- The 70+ cohort in this sub-region is growing at a faster rate than the State average.
- People have the right to choose where they age, including the right to age in their own homes.
- There is insufficient housing that meets the needs of seniors, including people living with dementia, across the Wheatbelt. As a result many seniors leave the region as their health and/or mobility deteriorates.
- A functional aged care system reduces avoidable and costly hospitalisation of older people.

- The social and physical inclusion of older people in rural communities will add to individual wellbeing and community sustainability.
- Sustainable rural/remote aged care models can be adapted for the Wheatbelt.
- Working collectively, under the CEACA Inc. structure, 11 local governments can deliver and manage this project far more efficiently and effectively than them undertaking the task individually.

Market and Demand Assumptions

- There is unmet and growing demand for appropriate and affordable housing options for older residents of rural communities, including demand for both rental and home ownership options. This is a “given” and is supported by published quantitative and qualitative research, as well as demographic data and local surveys.
- The market is unable to deliver affordable options to meet this demand because the market value is less than the cost of supply. This assumption is supported by analysis of project feasibilities as well as a review of current market activity and data.
- Approximately 10% of units will be sold to the market over the life of the project which will retire some debt and better leverage funding.

Project Modelling Assumptions

- Shires will be able to supply suitable land for the projects. This assumption has been tested and proven for the scope proposed in this Business Case.
- Costs and revenue have been indexed at 2% annually, based on current and forecast inflation rates and market conditions.
- Maintenance provisions and operational costs are included in the financial modelling based on data provided by Access Housing and regionally adjusted.
- Units are designed and built using value for money materials which achieve longevity of the buildings and reduced operational costs, including energy and water efficiency and solar passive design.
- Units will be designed to meet the mobility needs of ageing residents.
- Occupancy rates are modelled at 97%, which allows time to repair and reallocate units between tenants.

Project Delivery Assumptions

- There is capacity in the region to undertake the construction works. Preliminary discussions with builders support this.
- CEACA Inc will engage a Project Manager to deliver the project.
- Project planning for construction will identify and mitigate risks

Stakeholder Assumptions

- Shires will provide a level of in-kind support to facilitate the expedient delivery of the project, including facilitating or brokering land supply and assistance with approvals.
- Support providers can provide in home assistance and health care to assist residents to remain living in the community.

Management and Operational Assumptions

- CEACA Inc will provide regional management support for the ILUs.
- Access Housing will provide consulting services to CEACA Inc to build systems and capacity in this regard and achieve regulatory compliance.

- In allocating properties, priority will be given to residents of the community, Shire and region, residents wanting to return and to the older relatives of families / households in the community.
- Rents will be calculated so as to not exceed 30% of household income.
- CEACA Inc will ensure that assets are maintained and sufficient funds are retained for long term maintenance requirements.
- Shire rates and charges will be not be payable for ILUs unless agreed otherwise.

2.9. Economic and Financial Analyses

During construction the project will:

- Drive innovative, across community solutions through governance structures which ensure reform in investment and leveraging, project management and service delivery;
- Deliver efficiencies that will enable the scope of the projects to be extended to add value and achieve significant investment multipliers;
- Address market failure in land development, construction and management;
- Create jobs in both the construction and support industries; and
- Increase economic activity through flow-on benefits to downstream and upstream suppliers.

In the longer term the project will result in:

- Increased levels of expenditure in the local economies as a result of retention of elderly residents;
- Increased value to the community through ongoing voluntary contribution of seniors;
- Decreased costs for the health system through the provision of appropriate housing and improved social engagement;
- Growth of the emerging aged care industry and resultant employment opportunities within the sector (1.6 employees for every person over 85);
- Housing and support service efficiencies delivered as a result of clustered unit development;
- The delivery of affordable community housing to address widespread identified need across the Sub-Region;
- Seniors remaining within their communities, 'Ageing in Place' with associated benefits including maintenance of family and community support networks, social and economic participation and volunteerism; and
- Economic and population growth as outlined in the Wheatbelt Regional Investment Blueprint.

Summary of Economic Benefits

The CEACA Seniors Housing Project will generate significant short term and long-term economic benefits for the region and Western Australia. Table 5 provides a high level summary of key outcomes and benefits. Supporting detail is provided in the following sections and at Attachment 4.

Table 5: Summary of Economic Benefits

Outcome	Benefit	Delivered Value
Drive growth of the emerging aged care service industry	Employment generation	<p>The Wheatbelt's ageing population, strong community amenity, high levels of liveability and safety (Living in the Regions Report 2013) and high levels of volunteering all serve as regional strengths on which to grow the aged care service industries.</p> <p>It is estimated that 1.6 employees are needed for every person over 85 (Wheatbelt Aged Support and Care Report 2014). Each of these employment opportunities has broader economic impact due to retention of workers and local spend.</p>
	Attract / de-risk private sector investment	<p>Provision of services to seniors within regional markets often rests with government and the NFP sector. The private sector is reluctant to participate until such time as demand and the market matures. The provision of ILUs in the Central East Wheatbelt region is expected to confirm demand and provide a pilot for future private sector and social enterprise investment in aged housing across the region.</p> <p>Further, the proposed business model for the project is expected to enable investment in future housing developments in the region, providing a further round of benefits to the region. A 20% operational surplus would enable the development of a further 10 ILUs over the assessment period.</p>
Assist seniors to remain living independently in their community	Reduction of health care costs	<p>The provision of appropriate aged accommodation is expected to lead to reduced accidents and overall better health for occupants¹⁰. The project's ability to reduce falls and accidents among the elderly is estimated to generate to health cost savings of at least \$31,200 per annum¹¹.</p> <p>Studies have also illustrated the value of increased social interaction as a result of age appropriate housing which translates into reduced mental and physical health deterioration¹². Increased social interaction by lone person households within an ILU environment delivered by the project would support health cost savings in the order of \$70,900 per annum¹⁰.</p> <p>Without appropriate housing for seniors in regional areas the responsibility for providing care and services will be borne by hospitals and other higher cost health care models, and/or demand for nursing home beds will increase in regional cities and the Perth metropolitan area.</p>
	Local spending on goods and services by seniors	<p>It is projected that, in 2015 Dollars, the population retained in the communities will spend \$1.2m per year locally on goods and services. This level of expenditure is expected to support current and future business</p>

¹⁰ NSW Government (2011), An economic evaluation of community and residential aged care falls prevention strategies in NSW, Centre for Health Economics Research and Evaluation, Sydney

¹¹ Economic Evaluation, RPS, 2015

¹² McCrindle (2012) The McCrindle Baynes Villages Census Report 2011, McCrindle, Sydney

Outcome	Benefit	Delivered Value
		operations and directly and indirectly support 10 full-time equivalent positions in the region ¹³ .
	Social capital via volunteering, informal child care and etc.	The project is expected to support the retention of elderly volunteers within the region that volunteer over 152 hours per annum. The value of social and civic participation due to the retention of elderly residents has been estimated at \$191,920 per annum on average ¹⁴ . Seniors also make a significant contribution to community wellbeing, cohesion and quality of life which are particularly relevant to rural and regional contexts.
Attract and retain families and skilled workers in communities	Direct and indirect benefits generated by employment, spending, business investment and the like	Living near friends and family is one of the top three factors influencing where to live ¹⁵ . The provision of age appropriate housing to support the retention of older residents is therefore likely to encourage family and friends to also stay in the region. This will provide further indirect economic benefits arising from the employment, spend, volunteering and business investment. Seniors who are forced to move away from their towns will also take with them the job opportunities of future carers and their families. The contribution of these families will be lost as well.
Construction phase employment and supply	Shire / small business investment in business development and training to meet 5 years demand for goods and services.	The construction of the project is expected to support an average of 71 full-time, on-site construction jobs. The industry norm is that for every on-site construction job, there is an incremental job from a related service provider off-site therefore the project is modelled to support a total average full-time employment of 161 over the construction phase. The project construction phase will also have considerable flow-on benefits to downstream and upstream suppliers resulting in an expected increase in economic activity during the construction phase of around \$50 million. ¹⁶
Economies of scale from regional approach	Utilise buying power to achieve better value for money	The benefit of buying power has not been quantified for this project, however a conservative estimate is that it may deliver savings of 2-3%, which equates to 2-3 additional dwellings.

¹³ Economic Evaluation RPS, 2015, for proposed program of 88 dwellings. Estimates have been reduced by 20% to reflect the smaller program now proposed.

¹⁴ Economic Evaluation RPS, 2015 for proposed program of 88 dwellings. Estimates have been reduced by 20% to reflect the smaller program now proposed.

¹⁵ DoP (2013) The Housing We'd Choose: A Study for Perth and Peel, Department of Planning, Perth

¹⁶ Economic Evaluation, RPS, 2015, for proposed program of 88 dwellings. Estimates have been reduced by 20% to reflect the smaller program now proposed.

Cost Benefit Analysis

The economic value and cost benefit of the CEACA Seniors Housing Program has been modelled in two independent studies as listed below.

- Economic Evaluation of a Stage 2 Project comprising 88 dwellings and 67 lots (RPS, 2015). This scope has been reduced as a result of the due diligence process, however the findings of the evaluation still broadly apply. Where numbers are cited directly they have been reduced by 20% as a conservative reflection of the reduce program.
- Cost Benefit Analysis of the entire 6 Year, 187 Dwelling Program (Keston Technologies, 2015).

Both studies found that the CEACA Housing Program would generate net economic returns.

Economic Evaluation of the Stage 2 Project (RPS, 2015)

The RPS evaluation estimated that, at a 7% discount rate, the construction of 88 dwellings project will generate net additional economic benefits in the order of \$2.6 million, which equates to a Benefit Cost Ratio of 1.1¹⁷. This assessment took into account:

- Benefits from Capital Expenditure: Employment and flow on benefits directly associated with the investment.
- Operational Phase Benefits: Local spend by retained residents; Social and civic participation (volunteering); and Health cost savings.

The present value of capital expenditure (employment and flow on from capital investment) for the project, at three discount rates, is illustrated at Figure 2.

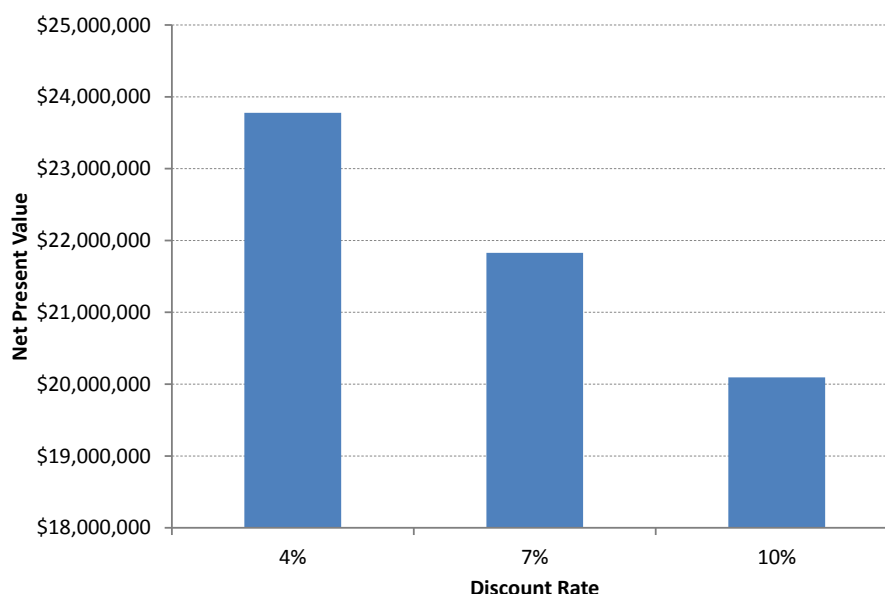


Figure 2 Capital Costs, Cost Benefit Assessment

Figure 3 illustrates the net present value of the expected economic impact of the operational phase, with the most significant being retained expenditure in the region. The analysis excludes economic benefits that could not be reliably monetised (e.g. housing and support service efficiencies) and indirect costs and benefits obtained through multiplier effects.

¹⁷ Economic Evaluation, RPS, 2015. The cost benefit analysis framework is in accordance with Department of Treasury's Strategic Asset Management Framework (SAMF) guidelines. The analysis excludes economic benefits that could not be reliably monetised (e.g. efficiency savings) or were not considered to be direct effects from the project. Indirect costs and benefits would include those costs and benefits obtained through multiplier effects.

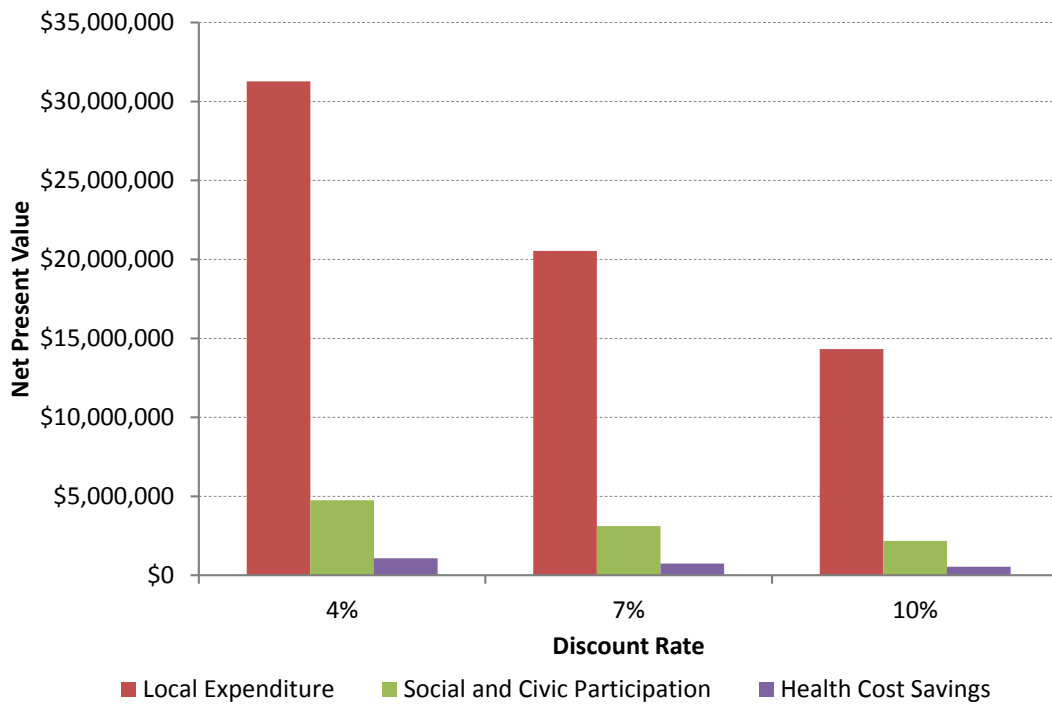


Figure 3 Economic Impacts, Benefit Assessment

RPS monetised the incremental benefits and capital costs in net present value (NPV) terms using the discount rates and calculated the ratio to which incremental net benefits exceed (or undershoot) incremental costs. The results indicate that the project is expected to generate economic returns at discount rates of 4 and 7%.

Table 6 Cost Benefit Analysis Results (\$m)

	4%	7%	10%
PV Costs (\$ millions)	\$23.8	\$21.8	\$20.1
PV Benefits (\$ millions)	\$37.1	\$24.4	\$17.0
NPV (\$ millions)	\$13.3	\$2.6	-\$3.1
BCR	1.6	1.1	0.8

(Note this table has not been amended for the reduced project value, but the BCR can be extrapolated).

Cost Benefit Analysis of the 6 Year Program (Keston Technologies, 2015).

Keston Technologies' Cost-Benefit Analysis for the proposed 6-year Project took into account:

- The benefits to the local economy from retaining seniors that would otherwise not remain in the Eastern Wheatbelt region in terms of the economic value of volunteering;
- The benefits to the local economy from retaining seniors in the Eastern Wheatbelt region and their associated spending on goods and services; and
- Indirect benefits through the 'ripple' effect.

(The Report for this analysis is provided at Attachment 4.)

The assessment found that the total 6 year program of 187 dwellings had a positive NPV and a Benefit Cost Ratio of 1.46.

Value of Volunteering

Unpaid work, which includes caring and community activities as well as more formal volunteer work, is essential to our social structure. The work done by volunteers in the

human services industry in the mid-1990s was estimated to be the equivalent of 50,000 full-time workers and the ABS estimated that the gross value of all volunteering in 1997 was \$41 billion. The figure is equivalent to the amount the government spent on all aged care services in that year¹⁸.

A 2003 study by de Vaus et al. estimated that Australians aged over 65 years contribute almost \$39 billion per year in unpaid caring and voluntary work, and that if those aged 55-64 are included, then this contribution increases to \$74.5 billion per annum¹⁹. The Keston Cost Benefit Analysis applies the methodology in de Vaus et al. to the Central East Wheatbelt towns to estimate the economic value of volunteering in 2015 projected to 2020. The findings are summarised at Table 7 below.

Table 7 Estimates of Annual Value of Volunteer Work, by those aged 55+ in the towns (\$k, 2015)²⁰

	2015	2016	2017	2018	2019	2020
Bruce Rock	543	570	598	628	659	692
Kellerberrin	586	615	646	678	712	747
Koorda	220	231	242	254	267	280
Merredin	740	777	815	856	899	944
Mt Marshall	250	263	276	290	304	319
Mukinbudin	282	296	311	327	343	360
Nungarin	173	181	190	200	210	220
Trayning	166	174	183	192	202	212
Westonia	111	116	122	128	135	141
Wyalkatchem	344	362	380	399	418	439
Yilgarn	368	386	405	426	447	469
Total	5,796	5,986	6,186	6,395	6,615	6,846

Value of Ageing Well

Healthy and active ageing involves three components – health, participation and security²¹. This requires inclusive communities that foster and value the participation of all people, “age friendly environments”, and positive attitudes and behaviours that prevent disease and promote well-being²². Health and access to appropriate, safe housing are therefore key determinants of the extent to which seniors realise their personal and economic potential and contribute to civic life.

Value of Employment

Although the participation rates in the workforce for people over 55 have significantly increased over recent years, recent estimates of the opportunity cost of not utilising the skills and experience of elderly Australians are of the order \$10.8 billion a year. The move

¹⁸ http://www.tai.org.au/documents/dp_fulltext/DP63.pdf

¹⁹ Economic Implications of an Ageing Australia The Productivity Commission, Submission from The Australasian Centre on Ageing, The University of Queensland, September 2004, p.4

²⁰ "PSS and CSS Long Term Cost Report", 1999, 2002, 2003, 2005, 2008 and 2001, <http://www.finance.gov.au/superannuation/pss-and-css-scheme-costs.html>

²¹ World Health Organisation Active Ageing Policy Framework

²² Response to the final report of the Social Housing Taskforce, Council on the Ageing WA Inc., 2009

away from physically demanding work opens up more opportunities for older workers and fills in sectors depleted by the movement of more mobile workers²³. In addition to seniors working for longer and contributing to the economy through taxes and directly purchasing local produce and services, more carers and other senior-orientated staff moving into rural towns would also bring much needed wealth.

2.9.1. Benefits of the Financial Model

Regionalised Program

The CEACA model is specifically designed to leverage regional investment and coordinate Shire resources, assets and buying power, which would otherwise be utilised in a more ad-hoc and less cost efficient way. The order of funding, and scale of the works program, will sustain a consistent flow of construction work in the region over the 3-year project period which is estimated to generate 161 jobs²⁴. This enables viable growth of local businesses and the employment of apprentices and trainees, which further leverages the capital investment for economic development. It is projected the program will increase the economy by \$50M²⁵.

Asset Sales

The financial model includes a sales component that will over time achieve stronger leveraging from the funding and reducing the capital funding component for the total program need, whilst also enabling housing choice and creating mixed tenure developments. Stakeholder consultation has demonstrated demand for options for owner occupiers.

The sales model has been previously supported for Royalties for Regions funding for the South West Ageing in Place Project, initially in Boyanup and Dardanup. Net sales proceeds are retained in the program and directly re-invested in the construction of additional housing. A conservative target of 20% of Program 1 dwellings is proposed with a projected net income of \$1.61M. This has the effect of reducing the capital funding requirement by approximately \$20,000 per dwelling. Sales will be to eligible owner occupiers who are ineligible for subsidised rental dwellings but have a need for appropriate accommodation. Delivery of the projected dwelling numbers in Program 2 is contingent on this sales budget being realised, which is an incentive for CEACA to drive this outcome.

In the Wheatbelt, the model is constrained by the disparity between cost value of the new dwellings and market value. This disparity limits the capital that can be generated via sales of dwellings and is the cause of the market failure to deliver seniors housing. Lease for Life models are under investigation as an alternative to freehold sales with the view they may deliver a better capital return for CEACA in the long term. However there are a number of tenure and management issues requiring resolution for this model to be implemented and so market sales are proposed at this time. These will be resolved prior to signing of financial agreements.

Self-Sufficiency

In the longer term the project generates stable rental income which is sufficient to maintain housing stock, provide professional housing management services and service small development loans, which could be leveraged against the asset base. The management capacity of CEACA can also be utilised to manage existing housing stock across the region

²³ <http://www.propertyobserver.com.au/residential/housing-needs-urgent-shakeup-and-older-workers-need-more-flexibility-report/2011121352819>

²⁴ CEACA Seniors Housing 6 Year Program Stage 2 Project Economic Evaluation, RPS 2015 for proposed program of 88 dwellings. Estimates have been reduced by 20% to reflect the smaller program now proposed.

²⁵ CEACA Seniors Housing 6 Year Program Stage 2 Project Economic Evaluation, RPS 2015 for proposed program of 88 dwellings. Estimates have been reduced by 20% to reflect the smaller program now proposed.

which is currently managed by individual Shires and is often unsustainable at that scale. This could in turn generate further cashflow which can be used to fund more growth.

The financial viability of rent and management is discussed further at Section 2.13.3.

2.10. Assessment of Options

Option	Description	Outcomes
1. Market to respond (Do Nothing)	No investment by any level of Government in seniors housing in the Wheatbelt. Assume demand will be met by market.	Private investment unlikely because of low/negative returns Ongoing depopulation and loss of economic benefit Poor quality of life due to inappropriate accommodation / social isolation
2. Business As Usual (Do Little)	Ongoing ad-hoc, small development by individual Shires when funds are available. No market investment. No master planning to optimise outcomes.	Minimal increase in supply Ongoing depopulation and loss of economic benefit Inefficiency in construction, management and delivery of health/support services Poor quality of life due to inappropriate accommodation / social isolation
3. Uncoordinated funding	Each Shire seeks funding to meet demand and pursues projects in an uncoordinated manner. Shires effectively compete for funds.	Inefficiency in both construction and management (higher cost program) Limited economic development Funds may not be allocated according to need
4. Coordinated regional program – small start	Funding is allocated on a regional basis aligned with demand for an initial project to meet current demand. Services are purchased efficiently.	Supply aligned with demand Efficiencies achieved by regional coordination of delivery and management Build regional capacity in construction and management Better coordination with health/support services
5. Coordinated regional program – 6 year strategy	The 6 year program is funded on a regional basis aligned with need.	Project planning and critical mass maximise efficiency of funding Efficiencies achieved by regional coordination of delivery and management Long term investment in growth of regional construction and management Better coordination with health/support services

		Future demand not verified Efficacy of regional model not proven
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The costs and risks of doing-nothing or delaying the project were explored by RPS. They found that it would have the following economic impacts.

- **Population:** Outmigration of older residents would have implications for the viability of existing and planned community and private sector investments and may translate into increased emigration by family members as well.
- **Health Care Costs:** Retaining population improves the viability of health care and other services. A lack of appropriate accommodation will increase the risk of accidents and mental stress within many local areas in the region with resultant costs of the health care sector.
- **Community Involvement and Volunteerism:** Vital civic and volunteer services which rely on participation from elderly residents will be unable to deliver the services they currently provide.

2.11. Recommended Option

The Recommended Option is the Option 4 – “Coordinated regional program – Small start” as it is the most cost effective model to meet need. As demonstrated in this business case the project is matched with current demand, will achieve efficiencies through regional coordination of delivery and management and coordination of health care and support services, and will build regional capacity in construction and management. The model is an appropriate scale for commencement of the regional governance structure, providing Government with evidence of the performance of this structure prior to committing further funds.

As outlined above, Options 1-3 will not meet need or deliver efficient outcomes for Government investment.

2.12. Funding Strategy

2.12.1. Total Budget

Item of Expenditure	Budget (\$)	Source of Funds	Quality of estimates (Where are your estimates sourced from and how are they suitably qualified?)	Has the Funding been Secured?
Project management	\$384,114	Royalties for Regions	Refer Attachment 5	This proposal
Professional fees	\$1,440,426	Royalties for Regions	Refer Attachment 5	This proposal
Land acquisition	\$773,000	Shires		
Land assembly and site servicing	\$428,520 \$210,000	Royalties for Regions Shires	Refer Attachment 5	This proposal Yes
Construction of dwellings	\$16,312,160 \$750,000	Royalties for Regions Shires	Refer Attachment 5	This proposal

Item of Expenditure	Budget (\$)	Source of Funds	Quality of estimates (Where are your estimates sourced from and how are they suitably qualified?)	Has the Funding been Secured?
	\$1,610,000	Sales Income		Yes
Project contingency	\$1,344,397 ²⁶	Royalties for Regions	Refer Attachment 5	This proposal
Project administration and compliance	\$76,822	Royalties for Regions	Refer Attachment 5	Yes
Total Budget	\$23,329,439			

The funding model comprises the following costs contributions.

- **Royalties for Region Funding** **85.7% Project Costs**
- **Shire Contributions** **7.4% Project Costs**
Estimated value of land and in-kind contributions made by the Shires.
- **Recirculation Sales revenue** **6.9% Project Costs**
Sales/leasehold revenue recirculated to reduce capital funding requirements.

The methodology for establishing the budget is described below. Supporting information is provided at Attachment 5. A summary of scope of works and cost assumptions for each site is included in the Project Summaries at Attachment 2.

Budget Methodology

The project budget has been prepared for CEACA by Access Housing, an affordable housing provider with experience in seniors housing in regional towns. Access Housing used available data from projects of a similar scope, as well as published data and industry advice to formulate the budget²⁷.

Data

High level cost assumptions for the entire program were initially prepared by reviewing costs of the following recent projects:

- Costed Masterplan for 26 ILUs in Kellerberrin (2014)
(Costings prepared by PDC Engineering, estimates attached at Attachment 5)
- Construction of 20 villas in Carey Park, Bunbury (2014)
(Budget attached at Attachment 5)
- Construction of 2 dwellings in Merredin by the Shire of Merredin
- Construction of 2 dwellings in Yilgarn (2013), on a subdivision undertaken by the Shire of Yilgarn (2008)
- Current quote for supply and install of relocatable dwellings.

²⁶ The contingency sum is informed by industry practice. Value management practices will be used to manage the budget however if there are unforeseen over-runs the Member Shires would meet this via additional contributions.

²⁷ Whilst the budget formulation process has been prudent and conservative and is informed by real project budgets and including a number of contingencies, Access Housing note this is a budget for funding purpose and may not be interpreted as a firm estimate or a quotation for the works.

Site Works Budget

For the Stage 1 project a scope of works was prepared for each site based on site visits, desktop review and Shire advice. The scope of works also took into account the size of lots and ultimate development capacity of the land. Each scope of works was rated as High, Medium and Low to enable budgeting.

A benchmark cost for a site requiring a medium level of works, including onsite wastewater was derived from similar projects completed in the Wheatbelt and other regional areas in the past 3 years. The benchmark cost included subdivision and internal roads and reticulation of a service for a large site with all main services provided to the boundary. Additional provisions for known risks, fees and other costs were added to the total budget. Indicative costs for the Low and High scope were set at 75% and 130% respectively, informed by the variance in scope against the Benchmark.

For this project the benchmark figures were reduced by 25% to reflect the following considerations:

- A 7% contingency is included in the overall budget and so can be deducted from the benchmark;
- Major site works and headworks will be completed in Stage 1;
- Sites to be developed in Stage 2 are generally smaller and simpler; and
- the Shires are contributing in-kind resources.

Housing Budget

Budgets for housing were also informed by recent projects in the Wheatbelt and other regional areas, with further advice from a supplier of relocatable homes. Further information was obtained from two tenders that closed in Quarter 1 2016 which enabled the budget to be reviewed against current market pricing. The budget assumes some benefits from economies of scale in delivering the proposed quantum of houses and assumes modular homes will be used in more remote locations.

All budgets are escalated by 4% per annum and include a 7% contingency.

2.12.2. Royalties for Regions Funding Amount

Item of Expenditure	2017/2018 (\$)	2018/2019(\$)	2019/2020	Total
Project management	\$128,038	\$128,038	\$128,038	\$ 384,114
Professional fees	\$576,170	\$576,170	\$288,085	\$1,440,426
Land assembly and site servicing	\$342,816	\$85,704		\$ 428,520
Construction Program 1	\$3,750,400	\$5,625,600		\$ 9,376,000
Construction Program 2		\$2,774,464	\$4,161,696	\$ 6,936,160
Contingency	\$25,607	\$25,607	\$25,607	\$ 76,822
Project administration and compliance	\$201,660	\$672,199	\$470,539	\$1,344,398
Total	\$5,024,691	\$9,887,782	\$5,073,965	\$19,986,439

2.12.3. Sustainability and Ongoing Viability

In evaluating this program, CEACA has considered a number of aspects of sustainability and viability which are each discussed below.

1. Recurrent costs associated with the land assembly component;
2. Viability of the housing stock;
3. Potential for sales or lease program; and
4. Long term demand for stock.

1. Land Assembly

Ongoing costs after the land has been assembled and serviced and prior to development include mowing, weed and pest control, dust control, fire management and insurances. These minor costs will be borne by the respective Shires / land owners within recurrent operational budgets / maintenance programs. This will form part of a project agreement to be executed by the respective Shire and CEACA prior to allocation of funds for site servicing or dwelling construction.

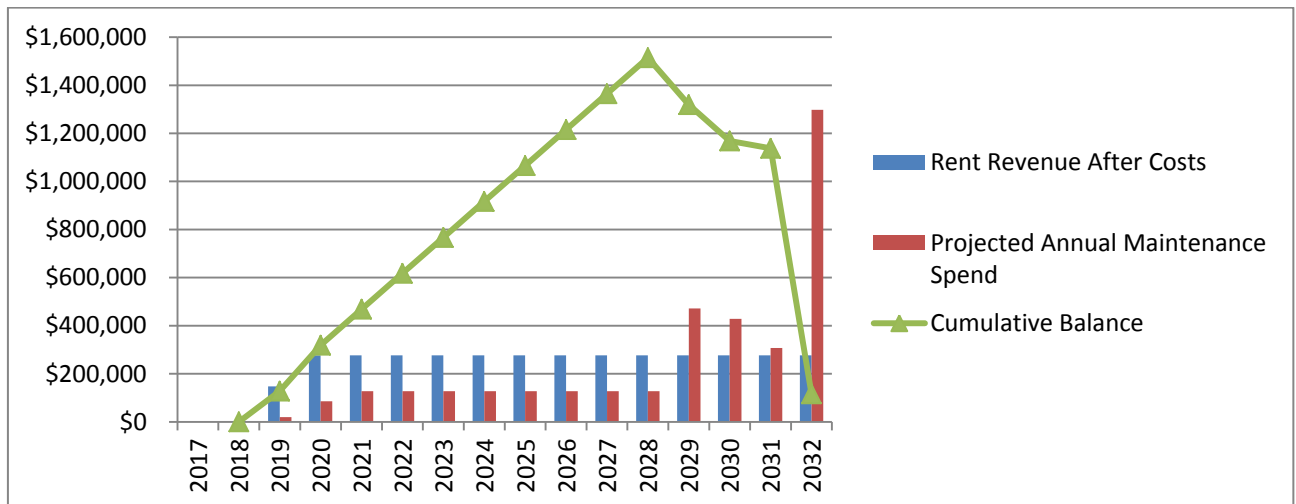
2. Viability of Housing Stock

Access Housing has prepared a Preliminary Asset Management Plan demonstrating the long term viability of the stock, including a long term maintenance budget cashflow. The model includes the following assumptions and data.

- 75 houses completed by 2020 as per this Business Case. The model does not include income or maintenance costs for any other dwellings which could further improve viability.
- CEACA members advise rents for ILUs across the region range from \$80 - \$120 per week and are set without consideration of income levels. For the purposes of this budget a flat rent of \$100 was used however it is noted that this is relatively low and CEACA could adopt an income based rent policy to improve rental incomes without causing financial hardship²⁸.
- A 15 year budget forecast was developed by projecting annual costs for cyclical, reactive and planned maintenance. This budget is informed by data collected by Access Housing over many years and published data. It is noted that some maintenance cycles are longer than those suggested in asset management frameworks, however in the experience of Access Housing the intervals are a realistic balance between tenant expectations and long term viability. The budget assumes some recurrent maintenance will be undertaken by the Shires or community groups at no cost.
- The following provisions are made for operational costs
 - 20% administration and insurances;
 - 4% common area maintenance; and
 - 5% bad debt and vacancies.
- The 15 year cash flow is presented at Figure iii. It demonstrates that whilst a surplus is made in early years this is required for long term maintenance costs. With prudent management and or rent review it may be possible to also generate a surplus to service loan for future growth.
- Importantly the figures demonstrate why this project will not be undertaken by the market and why funding assistance is required as the surplus would not be sufficient to cover interest on finance for the projects, which would be in excess of \$14,000 per dwelling per annum.

²⁸ The Department of Housing prescribes that community housing rents can be charged at up to 25% of income for people on very low incomes (bottom quintile) and 30% of income for people on low incomes (second quintile). Tenants may also be eligible for Commonwealth Rental Assistance. For pensioners this translates to between \$86/week for a very low income single person to \$196/week for a couple on the pension. Median rents are in a range of \$140-160/week.

Figure 4: 15 Year Maintenance Cashflow



Note: All income and costs are in 2015 dollars; Provisions exclude tenant damage and insurable items

Currently each member of CEACA manages a small pool of housing stock. Often the CEO also wears the hat of housing manager and the Shire Engineer acts as project manager for the build program. This approach is not an effective use of time and resources and arguably does not deliver a best practice housing management service. CEACA intends over time to deliver these services via a regional model. This approach delivers a number of benefits which are likely to further enhance sustainability of the model, as summarised below.

- Improved pricing due to increased buying power;
- More efficient management and administration due to the creation of specialised housing management roles across the region;
- Ability to deliver planned maintenance via regional service contracts; and
- Potential to raise finance for future growth against the asset value of the portfolio.

3. Potential for Sales or Lease Program

There is anecdotal and statistical evidence that some older residents have the financial capacity to own, rather than rent, their homes. Consideration has therefore been given to the option to sell a number of the dwellings. This has the advantage of recirculating funding for future capital investment, therefore reducing the total quantum of government funding required.

In preparing this budget it was assumed 7 dwellings would be sold and a conservative sale price was used to set the budgeted income from the sales. As discussed previously, the net proceeds from all sales would be reinvested in new supply. Therefore the outcomes of the Program 2 is contingent on receipt of the budgeted sales revenue, hence the target income will drive the actual number of dwelling disposed via sale or lease. If there are additional sales in the future these would be directly reinvested by CEACA in construction of new houses to increase supply.

Given the low value of dwellings in n the Wheatbelt 'Lease for Life' (LfL) models will be investigated as an alternative sales vehicle which reduces the cost to buyers and enables CEACA/Shires to retain a financial interest in the property and realise long term market gains²⁹. However there are tenure complexities associated with Lease for Life sales in a rental development which may preclude this option.

²⁹ Under Lease for Life arrangements, the purchaser enters into a lease with the Operator which essentially gives them control of the dwelling until they no longer want or need it. When the unit is vacated, the lease is re-sold the Operator at 70-90% of the original lease value. The vacated Unit is refurbished by the Shire/Village operator and re-

4. Ongoing Demand for Housing Stock

As previously demonstrated the proposed program of 75 houses is aligned with current demand, and is likely to fall a little short of meeting that demand.

Looking forward, it is important to ensure that demand matches supply so that dwellings do not sit vacant. CEACA's Policy Framework will address this with policies that ensure:

- demand is demonstrated prior to commencement of construction;
- In communities where population projections indicate there could be declining demand in the longer term, the design of the housing will ensure it can either be relocated or 're-purposed' to worker or tourism accommodation.

2.13. Project Timeframe and Key Milestones

Main Activities / Milestone	Milestone Dates		Responsibility
	Program 1 Jul17 – Jun 19	Program 2 Jul18 – Jun 20	
Project planning and procurement	Month 0 - 4		Program Manager and CEACA
Detailed site investigations including soil testing and cadastral and feature survey	Month 3-4	Month 12-13	Program Manager and Consultants
Master planning and engineering design of services and infrastructure	Month 3 – 6	Month 12-14	Program Manager and Consultants
Housing design	Month 3 - 6	Month 13-15	
Siteworks approvals and permits as required	Month 4 – 7	Month 14-17	Consultants and Shires
Development approvals	Month 6 – 9	Month 16-19	
Forward works by Shires	Month 6 – 8	Month 16-18	Shires
Letting of works packages	Month 6 – 8	Month 16-18	Program Manager and Consultants
Site works	Month 7 -14	Month 17 -24	Program Manager, Shires and Contractors
Letting of housing contracts	Month 7-9	Month 17-19	
Building Permit	Month 10	Month 20	

leased at the new market value. (The lease agreement stipulates the rights and obligations of lessor and a method for calculating the value at end of the lease. The lease takes into account the length of lease and works required to return the unit to a leasable condition.)

The Operator retains ownership of the 'Village' land, central facilities and the land on which the Unit is constructed. Dwelling owners pay a strata levy or management fee to cover these costs.

Main Activities / Milestone	Milestone Dates		Responsibility
	Program1	Program 2	
	Jul17 – Jun 19	Jul18 – Jun 20	
Construction	Month 11-24	Month 21-36	

The above is a guide only and is subject to advice from consultants and contractors and market conditions.

2.14. Risk Analysis

A detailed risk analysis has been completed for the Stages 1 and 2 Projects. It is provided at Attachment 6. Although the works themselves are not complex, the Stage 2 Project is assessed as having a High Risk profile, due to its value and size. Project controls, including management arrangements and contingencies are aligned with the risk profiles.

Overview of Critical Risks

The risk framework assigns the following management response to risks.

Risk Level	Level of Management Oversight	Reporting to
Critical	Executive	Funding Partners
High	Project Director	Executive
Medium	Contract / project manager	Project Director
Low	Delegated contractors and staff	Contract / project manager

Critical and high risk items and associated controls are summarised at Table 8 below.

Table 8: High and Critical Risks

Risk	Rating	Consequences	Management Priorities
Inability to find contractor with capacity to deliver project scope and budget	HIGH	<ul style="list-style-type: none"> Unable to deliver the project within time and budget 	<ul style="list-style-type: none"> Promote project when funding is confirmed to generate interest amongst contractors Consult with industry to ensure building typologies and project scheduling align with industry capacity Undertake pre selection process to enable contractors to building capacity ahead of works.
Project management plan and contract underestimates project scope		<ul style="list-style-type: none"> Unable to deliver the project within time and budget may affect deliverables, reputations, contracts and funding arrangements 	<ul style="list-style-type: none"> Engage experienced project manager Review scope and external impacts regularly via project control group and stakeholders Effective program review and reporting

Risk	Rating	Consequences	Management Priorities
Payment approval and release arrangements delays payments to CEACA / Shires or suppliers and cause cash flow issues	HIGH	<ul style="list-style-type: none"> • Cashflow issues / breach of debt covenants • May have significant impact on small businesses and subcontractors • Reputation risk, including media • Contractual breach 	<ul style="list-style-type: none"> • Negotiate appropriate processes for approval and release of payments
Program delays and cost over-runs due to locality Unforeseen program delays impact reputation, funding and costs	HIGH	<ul style="list-style-type: none"> • Delays in program and cost, may affect deliverables, reputations, contracts and funding arrangements 	<ul style="list-style-type: none"> • Robust Schedule Management Plan with inclusion of adequate contingencies for delays (slack) and stockpiling of materials to avoid delivery delays • Ongoing review of achieved and required deliverable and milestone • Establish action plans to address potential delay issues
Safe Design obligations not met resulting in Occupational Safety and Health risk during construction or occupation Fatality or significant injury to maintenance staff or tenant	HIGH	<ul style="list-style-type: none"> • Can result in fatality or significant illness • Reputation, financial and legal/compliance consequences 	<ul style="list-style-type: none"> • Ensure consultants undertake thorough Safe design review • Ensure builders and contractors have and follow Occupational Safety and Health plans and procedures • Maintain appropriate Public Liability and Workers Compensation insurances
Poor design or construction creates maintenance liability	HIGH	<ul style="list-style-type: none"> • Applies Stage 2 project due to number of dwellings • Shires incur unfunded maintenance liability which results in unsafe property, deterioration of properties or necessitates sale of properties 	<ul style="list-style-type: none"> • Tight controls of specification • Thorough inspections • Defects period
Target income for sales is not met	HIGH	<ul style="list-style-type: none"> • Fewer houses will be built 	<ul style="list-style-type: none"> • Investigate Lease for Life • Develop marketing strategy for sales/lease program

2.15. Local Content

The CEACA Seniors Housing Project will provide excellent opportunities for local contractors, suppliers and services to win long term contracts and invest in their business. The project also provides opportunities for Shires to deploy and upskill their workforces and to share skills and resources. The duration of the project may provide opportunities for new employment and training, and support investment in new equipment and skill development.

Preparation of tender packages will give consideration to maximising opportunities for local businesses to bid for and deliver the works, balanced with transparent and competitive processes, value for money and timeliness. Preferential scoring will be provided to tenders that include benefits for local economy and employment.

2.16. Aboriginal Participation

The project does not specifically target the needs of Aboriginal people. However Aboriginal people will be eligible for employment opportunities and housing outcomes that will arise from the project.

2.17. State Funded Infrastructure and Apprenticeship Participation

It is envisaged that traineeships and apprenticeships will form part of the larger housing program, both during the construction and operational phases of the project. CEACA will look to achieve this through the tender requirements for the project and through traineeships to be offered by member Shires.

3. IMPLEMENTATION STRATEGY

3.1. Communication Plan

The proposed communications plan is summarised in Table 9 below.

Table 9 Communications Plan

Target Market	Message	Method
Seniors, their families and their support workers	Affordable, appropriate housing options are being developed in your community. Register your interest.	<ul style="list-style-type: none"> • Signage on sites • Advertising and editorial in local media • Shire websites, notice boards etc • Support providers and other word of mouth networking • Real estate marketing
Shire community of interest and local stakeholders	State and Local Governments are jointly funding affordable, appropriate housing options for seniors in your community.	<ul style="list-style-type: none"> • Signage on sites • Advertising and editorial in local media • Shire websites, notice boards etc • “Soil turning” launch • Project openings and plaques on projects
Contractors and suppliers	The 6 year building program will provide opportunities for local businesses.	<ul style="list-style-type: none"> • Advertising and editorial in local media • Shire websites, notice boards etc • Chamber of Commerce, Business groups and word of mouth networking • Tenders website
Regional community of interest and stakeholders	Wheatbelt Shires and the State Government are working together to retain seniors in our communities	<ul style="list-style-type: none"> • Advertising and editorial in regional and statewide media • Shire, WDC and Wheatbelt RDA websites

All advertising and media materials prepared by CEACA and Project Manager will be provided to the Department of Regional Development and other CEACA members for review prior to being published in any format.

3.2. Project Management

CEACA proposes to engage an experienced Project Manager to deliver the project. The Project Manager will have responsibility for liaison with CEACA and individual Shires, consultants and contractors. The project manager will appoint specialist consultants to prepare designs and documentation for all works in accordance with agreed briefs and specifications. In the construction phase, the Project Manager will work closely with Shire engineers and works supervisors to undertake close daily supervision of works in progress. Specialist consultants

and engineers will also be required to attend site to undertake specialist inspections as required.

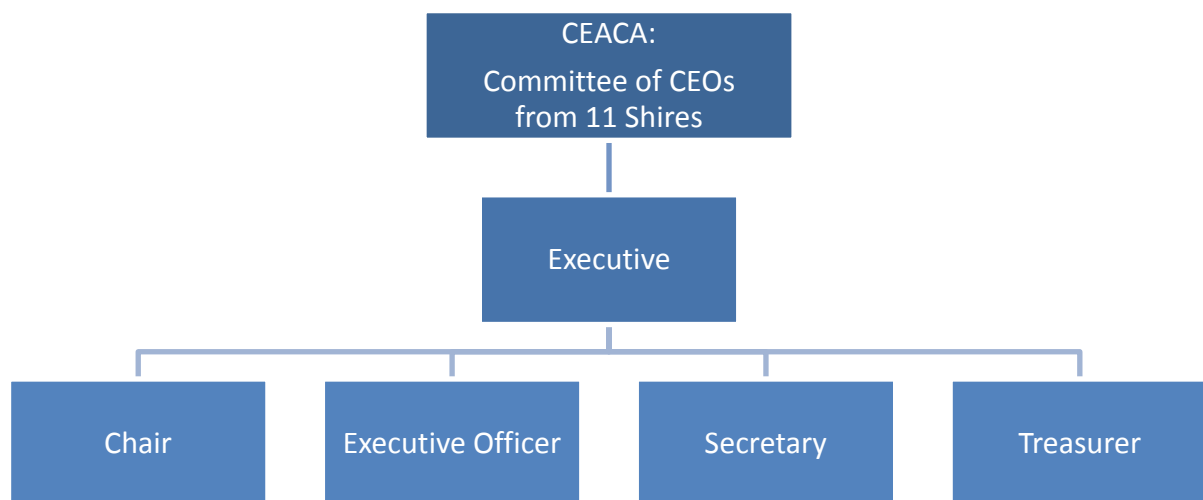
The Project Manager will be procured under the Procurement Policy.

CEACA has been working with Access Housing Australia Ltd in the development of the funding, governance and management frameworks that will underpin the program. The two organisations are in negotiations regarding an MOU to formalise this partnership and it is assumed Access Housing will have an ongoing Program Management and advice role. Access Housing is a not for profit housing provider that has successfully managed development projects in Perth, Peel and the South West, including Royalties for Regions projects. However if Access Housing wish to undertake a Project Management role for the project this will be via a competitive procurement process.

3.3. Project Governance

CEACA determined that an incorporated entity is the appropriate governance mechanism for the delivery and management of its seniors' housing project. To this end CEACA was established as an incorporated association in mid-2015, with an elected Executive, comprising of a Chair, Treasurer and Secretary. An Executive Officer has been appointed to assist the Executive.

The graphic below depicts the governance structure adopted.



CEACA will provide project overview and guidance via a Project Control Group, which will include the Wheatbelt Development Commission. CEACA's Executive will act as the Project Steering Group, assisted by its Executive Officer. The Project Manager shall report to this group on a monthly basis on the following matters:

- Progress against program;
- Risks and issues arising, and resolution of these;
- Performance of consultants and contractors;
- Communications and Marketing;
- Expenditure; and
- Compliance.

3.4. Procurement Strategy

Policy Framework

CEACA has adopted a Procurement Plan for this project which aligns with the accountability, transparency and compliance requirements of the *Local Government Act 1995*. It is attached at Attachment 8.

The Policy requires staff to act ethically and with integrity when administering procurement processes. It includes the following principles:

- Full accountability for efficient, effective and proper expenditure of public monies based on achieving value for money;
- Compliance with relevant legislation, regulations, and the Shire of Merredin's policies and Code of Conduct;
- Competitive basis where all potential suppliers are treated impartially, honestly and consistently;
- Transparent, free from bias and fully documented;
- Conflicts of interest are identified, disclosed and appropriately managed; and
- Information treated as commercial-in-confidence.

The Policy nominates Value for Money as an overarching principle, and defines the parameters on which this is to be evaluated, placing an emphasis on compliance with the purchasing specification rather than obtaining the lowest price, particularly taking into account user requirements, quality standards, sustainability, life cycle costing and service benchmarks. Request for tenders or quotations will be supported by a performance brief and scope of works and wherever possible works will be packaged up to maximise economies of scale. Evaluation of tenders will take into account local employment and economic outcomes as well as the capacity of the contractor, proposed timeframe, method and price.

The Procurement Plan will ensure that:

- Quotations are obtained for all goods and services delivered under this project;
- Tenders and quotes will be obtained and evaluated on a transparent and value for money basis;
- Proposals that retain benefits in the local economy will be encouraged;
- Budgetary planning and monitoring will be maintained; and
- Delivery of quality services can be enforced.

3.5. Supporting Documents

- Attachment 1 - Performance Areas for Royalties for Regions
- Attachment 2 - Summary of Towns, Sites and Scope of Works
- Attachment 3 - Letters of Support
- Attachment 4 - RPS Economic Evaluations and Keston Technologies Cost Benefit Analysis
- Attachment 5 - Project Budget and Supporting Information
- Attachment 6 - Risk Management Plan
- Attachment 7 - Evidence of CEACA Incorporation and Capacity
- Attachment 8 - Procurement Plan
- Attachment 9 - Draft Strategic Asset Management Plan

4. SIGNING OF BUSINESS CASE

4.1 Sign-off

[Please ensure that this Business Case has been signed off by the author (the individual that has structured the Business Case) and by the CEO or DG of your organisation (ensure you delete the title that is not applicable)]

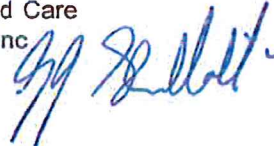
The Business Case is submitted by the Central East Aged Care Alliance Inc as the sponsoring organisation.

I confirm that the information contained in this Business Case is true and correct.


Business Case
Author Signed

Chair, Central
East Aged Care
Alliance Inc

Signed



Completed by

Approved by

Position General Manager
Property Assets, Access
Housing

Position Chair, Central East Aged
Care Alliance

Date 5-5-16

Date 3-5-2016

Attachment 1

Performance Areas for Measurement to Royalties for Regions Policy Objective Areas

Number	Project Specific Performance Measurement Areas	Link to RfR Policy Objective
1	Community Infrastructure	Building capacity in regional communities
2	Community Learning Initiatives	Building capacity in regional communities
3	Community Awareness Initiatives	Building capacity in regional communities
4	Community Capability Initiatives	Building capacity in regional communities
5	Community Capacity Initiatives	Building capacity in regional communities
6	Crime Prevention Initiatives	Retaining benefits in regional communities
7	Initiatives to Support Body, Mind and Soul	Retaining benefits in regional communities
8	Education and Training Initiatives	Retaining benefits in regional communities
9	Employment Initiatives	Retaining benefits in regional communities
10	Retention Initiatives - Workforce or Population	Retaining benefits in regional communities
11	Retention Initiatives - Services	Retaining benefits in regional communities
12	Cultural Diversity Initiatives	Retaining benefits in regional communities
13	Volunteering Initiatives	Retaining benefits in regional communities
14	Community Communication Initiatives	Retaining benefits in regional communities
15	Service Offering Initiatives	Improving services to regional communities
16	Service Quality Initiatives	Improving services to regional communities
17	Service Flexibility Initiatives	Improving services to regional communities
18	Access to Non-Specialised Service Initiatives	Improving services to regional communities
19	Disability Access Initiatives	Improving services to regional communities
20	Delivery of Government Services and Other Service	Attaining sustainability

Number	Project Specific Performance Measurement Areas	Link to RfR Policy Objective
	Initiatives	
21	Population Diversity Initiatives (education, culture, age, gender initiatives)	Attaining sustainability
22	Economic Investment Initiatives	Attaining sustainability
23	Environmental Initiatives	Attaining sustainability
24	Direct Employment Initiatives	Expanding opportunity
25	Skills Training Initiatives	Expanding opportunity
26	Business Creation Initiatives	Expanding opportunity
27	New Job Creation Initiatives	Expanding opportunity
28	Local Business Support Initiatives Aimed at Economic Development	Growing prosperity
29	Local Infrastructure Initiatives Aimed at Economic Development	Growing prosperity
30	Investment Initiatives	Growing prosperity

General performance areas for measurement that can be used for RfR projects

Number	Performance Measure
1	Contribution to Community Resources or Capacity
2	Contribution to Safer Community
3	Contribution to Improved Health and Well Being
4	Contribution to Availability and Retention of Workforce
5	Contribution to Community Cohesion
6	Impact on Diversity of Services
7	Contribution to Quality of Local Services
8	Impact on Access to Services
9	Contribution to Increased Accessibility for Underrepresented People
10	Contribution to Social Values and Satisfaction

11	Contribution to Economic Development
12	Impact on Labour Force Participation
13	Contribution to Aboriginal Participation
14	Contribution to Community Liveability
15	Financial Self Sustainability
16	Contribution to Local Community Sustainability and Diversity
17	Contribution to Retention of Population