9.9.2 Divestment Shire of Manjimup Aged and Community Care Services and Assets - Proposal to Seek Expressions of Interest

PROPONENT	Shire of Manjimup
OWNER	Shire of Manjimup
LOCATION / ADDRESS	Whole of Shire
WARD	Whole of Shire
ZONE	Various
DIRECTORATE	Community Services
FILE REFERENCE	F250041
LEGISLATION	*Local Government Act 1995* *Land Administration Act 1997*
AUTHOR	Gail Ipsen Cutts (Director Community Services)
DATE OF REPORT	7 August 2025
DECLARATION OF INTEREST	Nil

BACKGROUND

At the Ordinary Meeting of Council held 11 July 2024, Council resolved to request the Chief Executive Officer to prepare and present a Project Plan by December 2024, detailing the financial, resource, schedule, scope, and stakeholder considerations associated with the potential divestment of the Shire's aged and community care services and assets.

Further clarification on the intent and scope of the divestment was provided at the Councillor Informal Briefing Session on 7 November 2024, where it was confirmed that the Project Plan should focus specifically on the following services and assets:

- MHCC Service – Home and community care and disability support currently delivered by the Shire.

- Wellness and Respite Community Centre – Located at 1A Edwards Street, Manjimup.

- Moonya Aged Care Home – Located on Ipsen Street, Manjimup (leased to Baptistcare).

- Vacant land at Hospital Avenue – Reserve 53687, designated for future development of a Residential Aged Care Facility.

The *Project Plan for the Consideration of Divestment of Aged and Community Care Services and Assets* was formally endorsed by Council at its Ordinary Meeting held on 25 February 2025.

In accordance with the Project Plan, a comprehensive review document has been prepared to support informed decision-making by Council on the proposed divestment. The draft report titled *Aged Care Services Review and Considerations for Divestment – Shire of Manjimup* was presented to Councillors at Concept Forums held on 15 July 2025 and 30 July 2025.

The purpose of this report is to ratify the direction provided by Councillors to the Chief Executive Officer in relation to the divestment proposal, and to progress the next steps in seeking Expressions of Interest (EOI).

PUBLIC CONSULTATION UNDERTAKEN

Nil.

COMMENT

The Shire of Manjimup currently provides aged and community care services through the Manjimup Home and Community Care (MHCC) service and holds management over several related assets, including the Wellness and Respite Community Centre and sites designated for residential aged care. The MHCC service supports around 400 clients across the Shire of Manjimup and surrounding region and operates with a dedicated facility and staff.

However, the aged care sector is undergoing unprecedented change. Federal reforms, particularly the rollout of the Support at Home Program in November 2025, along with funding model changes, regulatory complexity, and growing demand, have increased risks and costs for local government providers. In Western Australia there is a growing trend for local governments to be less operational in the delivery of aged care services.

This report to Council evaluates the risks, challenges, and future obligations associated with maintaining aged care service delivery and investigates the feasibility of divestment. It proposes seeking EOI's from suitably qualified and experienced providers to take-over aged care services and associated assets, with the goal of delivering sustainable, quality services for the community into the future.

Key Findings are outlined as follows:

1. Strategic Drivers for Review

- The Shire is experiencing increasing community demand for aged care services amidst a rapidly ageing population.
- Upcoming national aged care reforms introduce complex compliance and funding changes, increasing operational risk.
- Many local governments have already divested aged care services due to escalating financial, workforce, and regulatory burdens.

- Council has resolved to assess divestment opportunities in line with its strategic planning and community responsibilities.

2. Scope of Divestment

The review includes the following services and assets:

- MHCC Service – Home and community care and disability support delivered by the Shire.
- Wellness and Respite Community Centre – 1A Edwards Street, Manjimup.
- Moonya Aged Care Home – Ipsen Street, Manjimup (leased to Baptistcare).
- Vacant land on Hospital Avenue – Reserve 53687 for future Residential Aged Care Facility (RACF).

3. Sector Challenges and Reforms

- Federal Reforms: Introduction of the Support at Home program (from November 2025) replaces CHSP and HCP schemes, creating a new consumer-directed, outcomes-focused model.
- Funding Changes: Shift from block funding (advance) to payments in arrears has created cash flow pressures and increased administrative burden.
- Workforce Shortages: Recruitment and retention are ongoing challenges, especially in regional WA.
- Mission Creep Risk: Aged care delivery is beyond the traditional role of local governments, placing strain on Shire resources and staff.

4. Financial Overview

- MHCC operates with a $3 million annual budget and has historically returned a small operational surplus (5-15%), which is set-aside in Shire Reserves for future purposes.
- Disability services are cost-neutral but require significant resources for a small client base.
- Reserve accounts for MHCC total approximately $2.16 million, set aside for asset management, employee entitlements and future purposes.
- Governance and internal support costs from other Shire departments amount to $203,000 p.a., reflecting the resource intensity of maintaining MHCC.

5. Asset Valuations

Independent asset valuations have been undertaken for each of the listed locations. Given the commercial nature of these valuations, the figures have not been included in this report, but include:

- Wellness and Respite Centre.
- Moonya Aged Care Facility.

- Hospital Avenue Lot – Vacant land.

6. Risks to the Shire

- Exposure to increased regulatory, financial, legal, and workforce risks.
- Anticipated future costs related to compliance, digital systems, workforce training, and governance under new aged care legislation.
- Heightened reputational risk if services are disrupted or fall below new compliance thresholds.
- Pressure to subsidise services from general municipal revenue if grant funding fails to keep pace with costs.

7. Benefits of Divestment

- Allows a specialised provider to expand services and invest in infrastructure (including a new RACF).
- Aligns service delivery with best practice models in aged care.
- Reduces the Shire's exposure to non-core operational and regulatory risks.
- Frees Shire resources to focus on core strategic functions.
- Ensures continuity and quality of care through a fit-for-purpose provider.

8. Drawbacks of Divestment

- Potential loss of local control and tailored community-specific service design.
- Risk that a commercial provider may reduce less profitable services or centralise roles outside the community.
- Transitional uncertainty for clients and staff, which must be carefully managed.
- Possible reduced employment opportunities for local support staff if roles are restructured.

9. Staffing and Human Resource Implications

- MHCC employs 38 staff, most of whom work part-time or casual.
- Communications with staff continue in an open and transparent manner.
- Divestment will require transfer or redeployment arrangements and potentially redundancy planning.
- Workforce transition should be supported through industrial relations advice and change management planning.

10. Recommendations and Next Steps

1. Proceed with an EOI Process to test market interest from experienced aged care providers.
2. Ensure strong continuity of care principles, requiring EOI applicants to demonstrate:
    - Community-based delivery
    - Staff retention and local employment commitment

- Capacity to invest in new aged care infrastructure

3. Undertake stakeholder engagement, including with clients, carers, staff, and community.
4. Develop a clear divestment roadmap, including timelines, legal frameworks, and transition support.
5. Continue due diligence with legal, financial, and commercial advisors throughout the EOI and negotiation phases.

Conclusion

The Shire of Manjimup is at a strategic crossroad in the provision of aged and community care services. The draft review of Aged Care Services and Assets supports proceeding with an EOI process as a prudent step to explore divestment opportunities, mitigate organisational risks, and deliver improved outcomes for the community through a specialist provider. Maintaining control over key outcomes—such as continuity of care, service accessibility, and local workforce retention—must guide the Shire's engagement with prospective providers.

STATUTORY ENVIRONMENT

Section 3.58 of the *Local Government Act 1995* deals with the requirements for divesting (sale, lease) Shire land. Leasing of Crown land requires the approval of the Minister for Lands in accord with section 18 of the *Land Administration Act 1997*.

POLICY / STRATEGIC IMPLICATIONS

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

Our Community:

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

Our Local Government:

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

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

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

ORGANISATIONAL RISK MANAGEMENT

Organisational risks in the aged and community care environment include:

- Exposure to increased regulatory, financial, legal, and workforce risks.
- Anticipated future costs related to compliance, digital systems, workforce training, and governance under new aged care legislation.
- Heightened reputational risk if services are disrupted or fall below new compliance thresholds.
- Pressure to subsidise services from general municipal revenue if grant funding fails to keep pace with costs.

FINANCIAL IMPLICATIONS

Council has allocated $45,000 to undertake the scope of works as outlined in the Project Plan.

Matters of financial consideration are:

- MHCC operates with a $3 million annual budget and has historically returned a small operational surplus (5-15%).
- Disability services are cost-neutral but require significant resources for a small client base.
- Reserve accounts for MHCC total approximately $2.16 million, set aside for asset replacement and employee entitlements.
- Governance and internal support costs from other Shire departments amount to $203,000 p.a., reflecting the resource intensity of maintaining MHCC.

SUSTAINABILITY

Environmental: Nil.

Economic: The Project Plan includes the undertaking of a comprehensive financial analysis to determine the financial implications of potential divestment.

Social: Potential divestment and the investigation thereof may have impact on the clients, employees and the broader community.

VOTING REQUIREMENTS: SIMPLE MAJORITY

OFFICER RECOMMENDATION

That Council:

1. **Direct the Chief Executive Officer to initiate an Expressions of Interest process seeking submissions from suitably qualified and experienced Aged Care Providers for the potential divestment of the following Shire of Manjimup aged and community care services and assets:**

   1.1 Moonya Lodge Baptist Care Nursing Home location, Ipsen Street, Manjimup.
   1.2 Residential Aged Care Site, 32 Hospital Avenue, Manjimup (Reserve 53687, Lot 505)
   1.3 Wellness and Respite Community Centre, 1A Edwards Street, Manjimup (Reserve 15224, Lot 201 and Reserve 22916, Lot 473) Part of the land – Footprint of the existing premises only including existing gardens, carpark and compound.
   1.4 Manjimup Home and Community Care Aged and NDIS Services.

2. **Require the Expressions of Interest process to embed strong continuity of care principles, with applicants to clearly demonstrate their capacity and commitment to:**

   2.1 Deliver community-based services tailored to the Manjimup region.

   2.2 Retain existing staff and maintain local employment opportunities.

   2.3 Invest in aged care infrastructure to meet current and future community needs.

3. **Direct the Chief Executive Officer to provide a further report to Council at the conclusion of the Expressions of Interest process, including:**

   3.1 A completed due diligence report relating to the Shire's

portfolio of aged and community care services, assets and resources.

3.2 The outcomes of the Expressions of Interest process, including appraisal of the lodged Expressions of Interest.

3.3 Recommended next steps for Council consideration.

Ordinary Meeting

COUNCIL RESOLUTION

MOVED: Cr Darin SECONDED: Cr De Campo

29720

That Council:

1. **Direct the Chief Executive Officer to initiate an Expressions of Interest process seeking submissions from suitably qualified and experienced Aged Care Providers for the potential divestment of the following Shire of Manjimup aged and community care services and assets:**

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2. **Require the Expressions of Interest process to embed strong continuity of care principles, with applicants to clearly demonstrate their capacity and commitment to:**

   2.1 Deliver community-based services tailored to the Manjimup region.

   2.2 Retain existing staff and maintain local employment opportunities.

   2.3 Invest in aged care infrastructure to meet current and future community needs.

2.4 Monitor and seek community engagement through the establishment of a community advisory board, or the like, to ensure community needs are monitored and understood.

3. Direct the Chief Executive Officer to provide a further report to Council at the conclusion of the Expressions of Interest process, including:

3.1 A completed due diligence report relating to the Shire's portfolio of aged and community care services, assets and resources.

3.2 The outcomes of the Expressions of Interest process, including appraisal of the lodged Expressions of Interest.

3.3 Recommended next steps for Council consideration.

CARRIED: 9/0

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

Against: Nil.