

# **Active and Connected Retirement Community for over 55's**

## **Social Cultural and Economic Impact Assessment**

*A Social Cultural and Economic Impact Assessment is required for all Applications that seek to remove the concessional status of a Crown Lease. The Assessment is to be prepared in accordance with the Social Impact Assessment Guidelines*

*Components prepared for Mbark and Federal Golf Club by Tania Parkes Consulting*



## Version and revision control

Version	Date	Author	Reviewer	Approval	Date	Notes
0.1	15/02/18	RWS	TP	TP	16/02/18	Draft 1 for internal review
0.2	15/02/18	RWS	TP	AS, JR, BC, SE		Draft 1 (Sections 6, 8 to 12) for review by Mbark

### Disclaimer

This report has been prepared with due care by the consultants, who believe the contents to be fair and accurate. However, neither Tania Parkes Consulting nor individual authors of the Report accept any responsibility for any error or omission, nor for any application of its content

***The areas marked in yellow are prepared by Tania Parkes Consulting and form part of the overall Social Cultural and Economic Impact Assessment***

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## Purpose of this report

Tania Parkes Consulting has been engaged by the proponent of the Active and Connected Retirement Community for over 55's proposal at Federal Golf Club to prepare a *Social Cultural and Economic Impact Assessment* that is required for all Applications that seek to remove the concessional status of a Crown Lease. The Assessment is to be prepared in accordance with the *Social Impact Assessment Guidelines*<sup>1</sup> and the *Planning and Development Act 2007*.

This report addresses the Guidelines and the *Planning and Development Act 2007* and the Indicative Scope for a Planning Report document dated 7 February 2018 issued by the Environment, Planning and Sustainable Development Directorate (EPSDD).

In particular this report focuses on the impact assessment criteria referred to within the Scope for a Planning Report and discusses the suitability and capacity of the land for the proposed use/development from social, cultural and economic perspectives.

This report is supplemented by a Consultation Summary Report documenting stakeholder engagement and community consultation undertaken that should be read in conjunction to the assessment of social and economic impacts, and forms an Attachment to this report.

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<sup>1</sup> Social Impact Assessment Guidelines, ACT Planning and Land Authority, September 2011

## 6 Community Profile

The EPSDD Social Impact Assessment Guidelines require the Community Profile to consider the following indicators. The following discussion is structured to reflect these indicators:

- Local Environment
- Physical Infrastructure
- Social Demographics
- Social Infrastructure
- Labour Market
- Local Economy.

Where applicable, the analysis utilises the Australian Bureau of Statistics 2016 National Census Data and/or the most up to date information available at the date of preparing this report, to provide an overview of the dynamics and structure of the local and surrounding communities. Desk-top analysis and propriety data have also been used to integrate the data sets and provide a rounded community profile for the site and proposal within its operational context. Where appropriate and due to rounding, total percentages may be marginally more or less than 100%.

This Section defines the community social profile of the area surrounding the Federal Golf Club (the site) and in particular within an approximate 1.5 kilometre radius of the site. This area forms part of the District of Woden Valley (specifically the suburbs of Garran and Hughes); and part of the District of South Canberra (i.e. in particular Deakin and parts of Red Hill and Forrest). Although members of the community can access the site from all locations around the ACT and adjoining NSW areas as it is and always will be a public facility, it is considered that these suburbs and Districts are the closest direct beneficiaries of the envisioned redevelopment at the site and constitute the primary population base and area from which the site draws existing and future community activity.

The following map indicates the Federal site relative to the above suburbs.

**Figure 6.1 – Map indicating the site and surrounding suburbs within a 1.5 kilometre radius**

INSERT MAP [to be provided by CTP]

### 6.1 Local environment

#### 6.1.1 Population profile

The Federal Golf Club site is held under a concessional Crown Lease, and is located to the south of Red Hill within the Woden Valley statistical district, and sits between the suburbs of Garran and Hughes. Geographically the location of the site is generally equidistant to these suburbs, however the Red Hill Nature Reserve is a geographic divide particularly between the site and Deakin, Forrest and Red Hill.

To determine the population profile of the area surrounding the Federal Golf Club site we have considered the five closest surrounding suburbs that have had a settled population since the 2016 Census; being Garran, Hughes, Deakin, Forrest and Red Hill<sup>2</sup>.

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<sup>2</sup> ABS 2016 Census of Population and Housing, General Community Profile results, catalogue No. 2001.0 for Garran, Hughes, Deakin, Forrest and Red Hill, released 2017

We have identified a range of statistical benchmarks that make up the various suburban measures for the census and have identified these for each of the five suburbs, aggregated the results and compared them to those of the whole ACT to determine variations based on location, and relevance to the Federal Golf Club site<sup>3</sup>.

The total population of the five suburbs from the 2016 census was 14,150 people which represented 3.57% of the then ACT population of 396,857 persons (note - currently estimated at 31 January 2018 at 403,468 persons), being as follows:

▪ Garran	3,497 population
▪ Hughes	2,990 population
▪ Deakin	2,878 population
▪ Forrest	1,615 population
▪ Red Hill	3,170 population

The five suburbs that are in proximity to the site are somewhat diverse reflecting the different socio economic profiles of the Woden Valley (Garran, Hughes) and South Canberra (Deakin, Forrest, Red Hill). We have grouped the various ABS and ACT Government statistics on the suburbs together in order that the group of suburbs can be more easily compared to the whole of the ACT. However the range and diversity of cultural and population statistics within the five selected suburbs is evidenced by examples as follows, based on 2016 census data:

- Suburb populations range from 1,610 (Forrest –prestigious homes on large blocks) to 3,497 (Garran – a broader mix of home types, block sizes and price ranges)
- There is significant age diversity within the five suburbs, with Forrest having the least number of young people (0-24 years) and Garran having the largest number of older residents (65 years and above), cohorts well placed to retire in place if this proposal progresses
- The median ages for these five suburbs range between 41 and 45 years, which is older than the ACT median age of 35 years
- People who only speak English at home range between 65% (Garran) and Hughes (80%)
- The levels of household income varies where 51% of Forrest residents and 38% of Garran residents have an income greater than \$3,000 gross per week; the ACT average is 28%
- Family compositions vary considerably amongst the five suburbs, with Forrest having the highest proportion of couples with no children (50%); and Garran having the highest proportion of couples with children (54%)
- Within the five suburbs the rate of employees driving to work ranges between 55% (Forrest) and Red Hill (66%), with Hughes being the suburb with the largest usage of public transport for work purposes (6%)
- Deakin has the highest outright ownership of dwellings (i.e. nil mortgage) at 43% and Garran the lowest at 35%, noting the overall ACT rate of 27%. Forrest has the highest level of residential rental at 35% (possibly because of the high presence of embassy tenancies); with Deakin the lowest at 24%, noting the overall ACT rate of 32%
- Red Hill has the highest incidence of dwellings with 4 or more bedrooms at 53% of all dwellings and Garran the lowest at 39%, noting the overall ACT rate of 36%
- The suburban full time labour force (15 years and over) is highest in Forrest at 68%, and lowest in Red Hill at 63%, compared with the ACT average of 63%. The unemployment rate in the five suburbs is highest in Red Hill (5.8% - historically there has been a large public

<sup>3</sup> ABS 2016 Census of Population and Housing, Time Series Profile for ACT – Catalogue No. 2003.0, released 2017

housing presence, a fact that is changing through urban infill redevelopment)) and lowest in Forrest at 2.4%, noting the overall ACT rate of 4.7%

- The most identifiable employment source in the five suburbs was central government administration and varied between 18% (Red Hill) and 24% (Forrest), noting that all five suburbs have this as the top response, as well as being the overall top ACT response at 18%. The next highest employment industry in the five suburbs was hospital work (not psychiatric) at an average of 7% (range between 4% and 15%) explained by the high provision of medical and allied services in the area. The second most popular employment industry in the whole of the ACT was also hospital work (not psychiatric) at 4%.
- 0.86% of the total five suburb population were Indigenous (i.e. Aboriginal or Torres Strait Islanders), relative to the ACT wide proportion being 1.63%.

## **6.2 Physical infrastructure**

As a planned city, the physical infrastructure servicing the Canberra community, especially in the established urban areas in which the site sits, is generally well developed. All common engineering, communications and utility services networks are in place and the subject land (and surrounding sites) are serviced. In the context of the current proposed development the site will require upgrades to some of the infrastructure that will service the proposed development.

The site is serviced by the closest three local shopping centres (i.e. Garran, Hughes and Deakin shopping centres), all of which were developed at the time of establishing these suburbs and are each considered 'Local Centres' in terms of the ACT's shopping centre hierarchy. The closest 'Group Centres' are at Curtin and Mawson, and the closest Town Centre is at Woden (i.e. Woden Plaza and associated development). The site has relatively close access to Yarra Glen, which is identified as a major connecting road linking South Canberra to the Woden Valley District.

Yarra Glen is also identified as a major public transport corridor in Transport for Canberra (2012) and is classified as part of the Frequent Public Transport Network. Action buses provide the primary form of public transport near the site with travel time to the Woden bus interchange approximately 15 minutes. Route 3 services the Woden Bus Interchange and the Garran and Hughes shops along Kitchener Street to the south of the site; and Kent street to the west of the site and provides access to the city and Belconnen. Route 720 also services the Garran and Hughes shops along Kitchener Street to the south of the site, and Kent Street to the west of the site, providing access to the city.

The proposed Active and Connected Retirement Community for over 55's will have its own bus and an electric share car for residents who do not have independent transport.

The ACT's commitment to Light Rail includes a second stage that when delivered will extend approximately 12 kilometres between the city and the Woden Town Centre. The current published route will pass along Yarra Glen (i.e. Adelaide Avenue route) where it is understood a stop will be located near the corner of Carruthers Street, which is approximately 2.3 kilometres from the location of the current site clubhouse. We understand that the ACT Government is intending to finalise contracts for project delivery during calendar 2018, with delivery to follow.

Land to the north of the site is the Red Hill Nature Reserve that includes the cafe and restaurant complex at the summit of Red Hill. The other land surrounding the site to the east, west and south is established residential development in the suburbs of Garran and Hughes. This development includes predominately freestanding single and two-level dwellings that is zoned 'RZ1 – Suburban Zone' that covers over 80% of all residential land in the ACT. Part of the land between the site and most of the Hughes RZ1 zoned land is an area of open space that is zoned 'PRZ1: Urban Open

Space'. The site itself is zoned 'PRZ2: Restricted Access Recreation Zone', that allows the current golf course and associated uses on site. Vehicular access to the site is via Gowrie Drive, the road accessing the Red Hill summit.

Within walking distance of the site are a range of reserves (predominately the Red Hill Nature Reserve), sports facilities, ovals and playgrounds.

### 6.3 Social demographics

The following census statistic comparison tables have been developed to provide an overview of the cultural makeup of the area near the Federal site. This provides a cultural cross section of data and information that allows comparison of the locality relative to the whole of the ACT's census results<sup>4</sup>.

- |   |  |
|---|--|
| ▪ Age trend and population growth   | ▪ Household income   |
| ▪ Selected median and average statistics  | ▪ Family composition   |
| ▪ Cultural Diversity (including language spoken, religion and indigenous profile) | ▪ Travelling to work   |
| ▪ Education   | ▪ Housing Profile (including dwelling tenure and number of bedrooms) |

The ACT Government's official short-term population projections are included in the ACT Population Projections 2017-2020<sup>5</sup>, and are based on data from the *Population by Age and Sex, Regions of Australia, 2015* by the Australian Bureau of Statistics (ABS)<sup>6</sup>, with assumptions on fertility, mortality and migration. The ACT projections for the whole of the ACT, five nearby suburbs and the regions of South Canberra and the Woden Valley are summarised in the following tables and figures.

#### 6.3.1 Age Trend and Population Growth

The recently released 2016 Census data has revealed that the ACT's total resident population had grown to 396,857, an increase of 11.1% from 357,222 people in 2011. This was the largest growth rate recorded for all of the Australian States and Territories. Gender diversity remained relatively balanced with 50.7 % of the population being female and 49.3 % being male. The typical 'Canberran' (according to the 2016 Census), is a 35-year-old woman with a mortgage on the three-bedroom home she shares with her husband and two children. Over time, the average age of the ACT's population is expected to increase.

Due to the Woden Valley being mostly fully developed, the district has not experienced significant population growth since the 2011 Census. The population of the Woden Valley district in 2011 was 31,992 and in 2016 was 34,760, an increase of 1,802 or 8.6%.

The ACT Government prepared an estimate of the ACT's population projections between 2017 and 2020 that was based on ABS data developed in 2015, and not on updated 2016 Census data. However the analysis is useful in considering the short term potential growth in the surrounding suburbs to the site. At that time the ACT Government forecast that around two thirds of the ACT's

<sup>4</sup> Sourced from 2016 Census of Population and Housing, General Community Profile results, catalogue No. 2001.0 for Garran, Hughes, Deakin, Forrest and Red Hill, released 2017; and 2016 Census of Population and Housing, Time Series Profile for ACT – Catalogue No. 2003.0, released 2017

<sup>5</sup> ACT Population Projections 2017 to 2020, March 2017 (ACT Government, Chief Minister, Treasury and Economic Development Directorate), various pages

<sup>6</sup> ABS Cat. No. 3235.0 - Population by Age and Sex, Regions of Australia, 2015 (18 August 2016)

forecast population growth would be through natural increase with the remainder through net migration. The highest overall population growth is expected to be in the 65 years and over age category, where the projected increase to 2020 is 15%, with this groups share of the total population to increase from 12% in 2016 to 13% in 2020.<sup>7</sup>

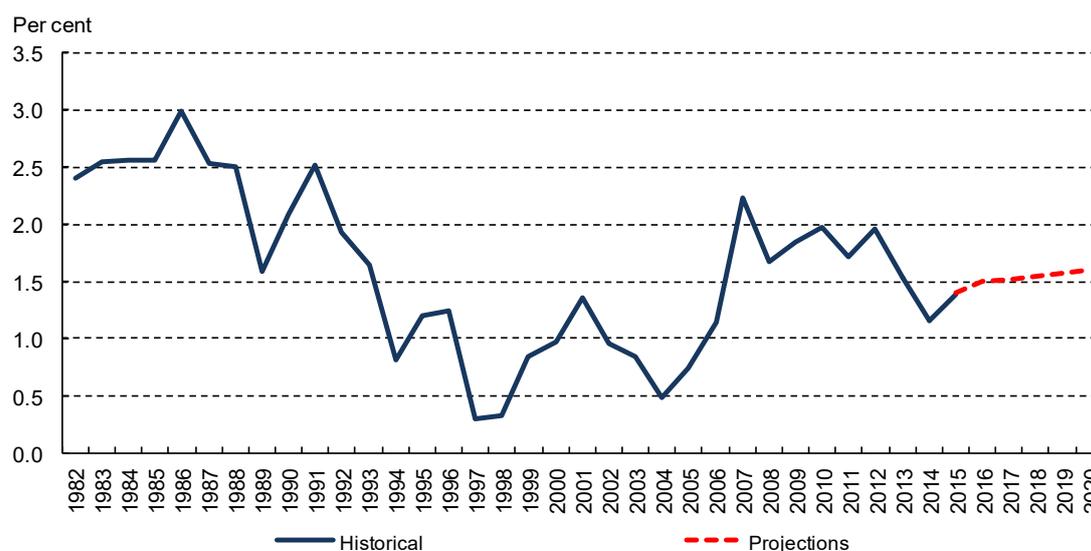
**Table 6.1 - ACT population projections and year on year growth rates 2017 to 2020**

Suburb / Region	2016 (estimate)	2017	2018	2019	2020
Garran	3,405	3,417 (+0.4%)	3,430 (+0.4%)	3,441 (+0.3%)	3,454 (+0.4%)
Hughes	2,990	2,968 (-0.7%)	2,947 (-0.7%)	2,922 (-0.8%)	2,893 (-1.0%)
Deakin	2,749	2,728 (-0.8%)	2,707 (-0.8%)	2,686 (-0.8%)	2,665 (-0.8%)
Forrest	1,643	1,655 (+0.7%)	1,667 (+0.7%)	1,678 (+0.7%)	1,689 (+0.7%)
Red Hill	3,279	3,257 (-0.7%)	3,240 (-0.5%)	3,224 (-0.5%)	3,210 (-0.4%)
Total 5 suburbs	14,066	14,025 (-0.3%)	13,991 (-0.2%)	13,951 (-0.3%)	13,911 (-0.3%)
Woden Valley region	34,446	34,475 (+0.1%)	34,510 (+0.1%)	34,535 (+0.1%)	34,551 (0.0%)
South Canberra region	26,426	26,698 (+1.0%)	26,996 (+1.1%)	27,301 (+1.1%)	27,618 (+1.2%)
Whole of ACT	396,551	402,549 (+1.5%)	408,780 (+1.5%)	415,221 (+1.6%)	421,839 (+1.6%)

Note-Estimate for 2016 based on data received prior to the 2016 census data being received

The surrounding suburbs have limited population growth potential and opportunities compared to newer suburbs e.g. Gungahlin, Molonglo and suburbs with substantial infill growth potential. The newer developing areas such as Gungahlin are expecting short term annual growth rates of greater than 4%. The identification and development of infill sites such as the subject site is an opportunity for Woden and South Canberra to increase regional populations. A graphical representation of historic and future estimated population growth in the ACT is represented in Figure 6.2.

**Figure 6.2 - Historical and Projected Population Growth for ACT, 1982 - 2020**

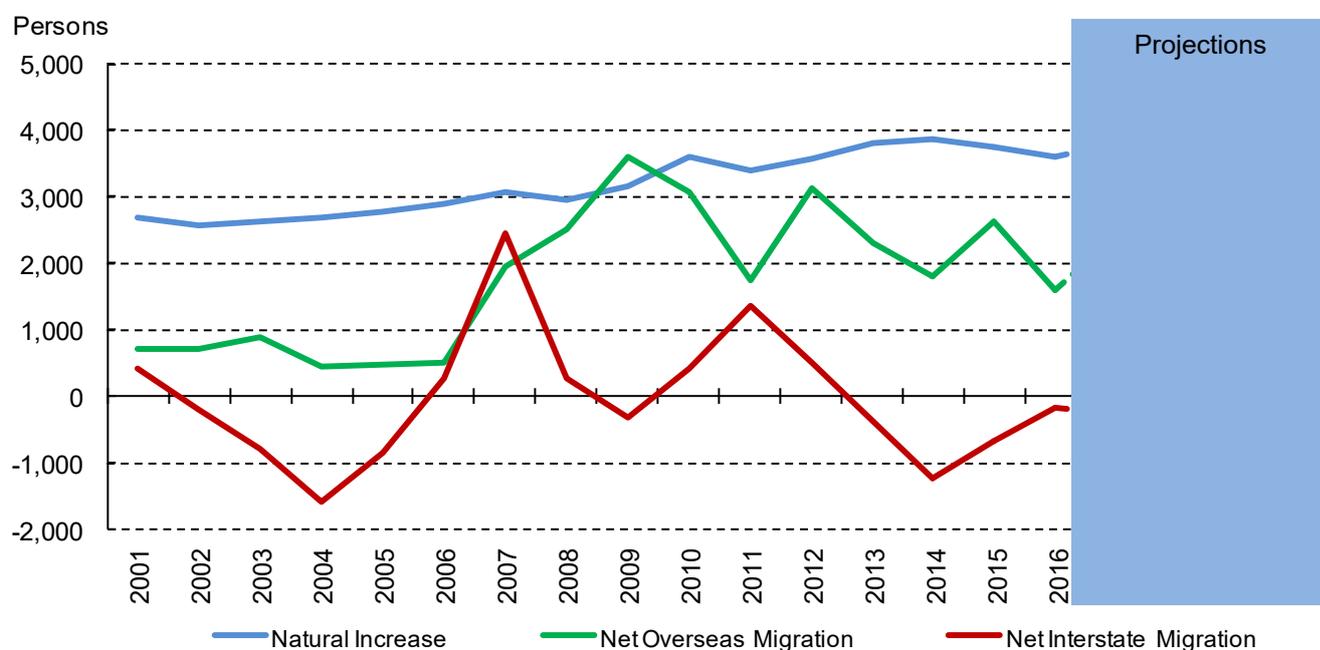


Source: ACT Population Projections 2017 to 2020, p 13, March 2017 (ACT Government, Chief Minister, Treasury and Economic Development Directorate), and ABS Cat. No. 3101.0

<sup>7</sup> ACT Population Projections 2017 to 2020, March 2017 (ACT Government, Chief Minister, Treasury and Economic Development Directorate), p 7

The above data can be further developed into population change through natural increase (the highest basis for increase), net overseas migration and net interstate migration as depicted in Figure 6.3<sup>8</sup>.

**Figure 6.3 - Population Growth by Component: Historical and Projections, 2001 – 2020**



**Table 6.2 - Age Trend from 2016 Census**

Age (years)	5 Suburbs Average (% total)	Whole of ACT (% total)
0 to 4	4.8%	6.7%
5 to 14	13.9%	12.0%
15 to 19	6.6%	6.2%
20 to 24	4.5%	7.9%
25 to 34	9.7%	16.6%
35 to 44	12.5%	14.7%
45 to 54	15.1%	12.8%
55 to 64	12.3%	10.4%
65 to 74	9.7%	7.4%
75 to 84	6.3%	3.6%
85 years and over	4.6%	1.6%

Comment - The largest age profile in the locality and also within the ACT is 45 to 54 years. Approximately 33% of the population in the 5 suburbs are in the age cohort that the proposed development at Federal is being predominately marketed towards (i.e. 55 years and above).

<sup>8</sup> ACT Population Projections 2017 to 2020, p 13, March 2017 (ACT Government, Chief Minister, Treasury and Economic Development Directorate) and ABS Cat. No. 3101.0

## 6.4 Selected median and average statistics

The following table highlights a range of datasets that provide further comparison between the five suburbs and the ACT. These datasets would not otherwise be included in the other information provided herein.

**Table 6.3 - Selected median and average statistics from 2016 Census**

Measure	5 Suburbs Average	Whole of ACT
Age (median years)	43	35
Personal income	\$1,289	\$1,000
Family income	\$3,404	\$2,445
Household income	\$2,628	\$2,070
Mortgage repayments (median \$ per month)	\$2,688	\$2,058
Rent (median \$ per week)	\$427	\$380
Average household size (persons)	2.5	2.5
Average cars per dwelling	Nil data by suburb	1.8

Comment - The above statistics provide a range of values in the immediate vicinity that can be readily compared to the whole of the ACT. There are some significant variations from the whole of ACT levels in datasets including median age, income levels and housing costs.

### 6.4.1 Cultural Diversity

**Tables 6.4 to 6.6 – Cultural Diversity**

**Table 6.4 - Language spoken**

Measure	5 Suburbs Average (% total)	Whole of ACT (% total)
English only spoken at home (% total)	74.5%	72.7%
Where a non-English language is spoken (% total)	22.2%	23.8%

**Table 6.5 - Religion**

Measure	5 Suburbs Average (% total)	Whole of ACT (% total)
Christian – various (% total)	54.1%	50.0%
No religion (% total)	34.3%	36.2%

**Table 6.6 – Indigenous Profile**

Measure	5 Suburbs Average (% total)	Whole of ACT (% total)
Indigenous persons	0.86%	1.63%

Comment – The cultural profile in the locality and also within the ACT is sufficiently similar to suggest that additional culturally based community services in the area are not likely to be needed as a consequence of the proposed development on the Federal site.

## 6.4.2 Education

**Table 6.7 – Education (% of the population being educated)**

Measure	5 Suburbs (% total in sector)	Whole of ACT (% total in sector)
Primary:		
Preschool	4.4%	4.5%
Government	15.5%	15.8%
Catholic	4.1%	6.2%
Other non-Government	7.0%	3.0%
Secondary:		
Government	9.0%	10.3%
Catholic	4.2%	4.8%
Other non-Government	11.8%	3.2%
Technical / further institutions:	3.3%	6.2%
University	18.3%	26.0%
Other or not stated	22.3%	19.9%

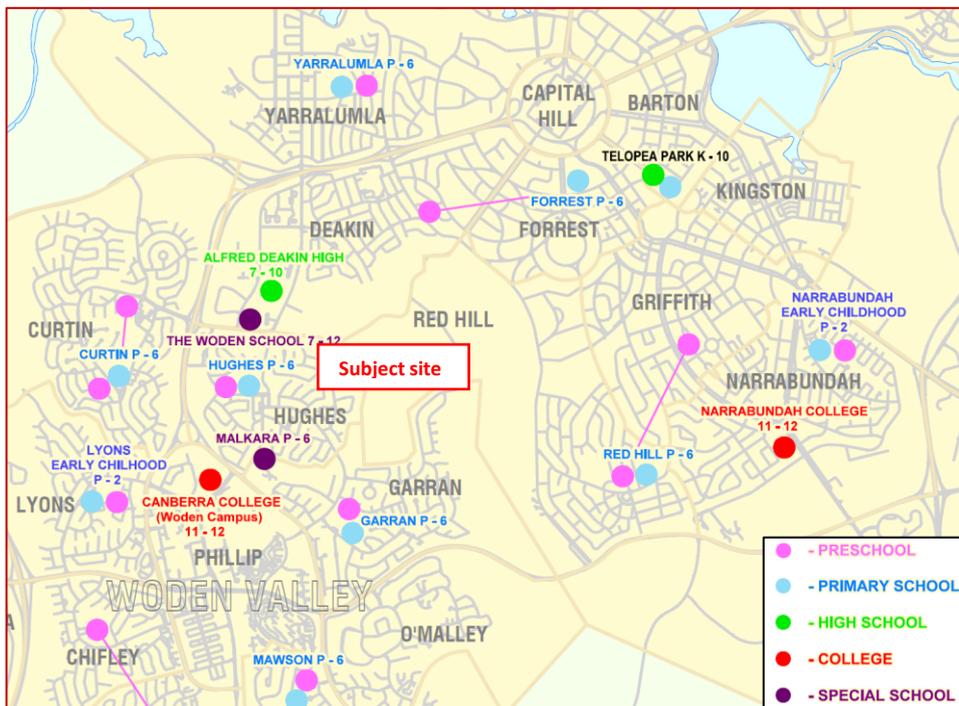
Comment – Of the local population being educated the two largest education cohorts are ACT Government primary education and university education, which is the same as the whole of the ACT. The lower level of university education in the five suburbs in comparison to the ACT may reflect the higher median age than the whole of the ACT (i.e. 43 versus 35 years).

We have not named the schools individually as they are not directly relevant to the retirement age cohort. However, the University of the Third Age (U3A) provides an extensive education program operating from the Hughes Community Centre.

A map indicating the location of the local government schools is as follows<sup>9</sup>.

<sup>9</sup> [https://www.education.act.gov.au/school\\_education/directory\\_of\\_schools](https://www.education.act.gov.au/school_education/directory_of_schools)

Figure 6.4 – Map of Local Government Schools



**6.4.3 Household Income**

Table 6.8 - Household Income

Measure	5 Suburbs Average	Whole of ACT (\$ per week) & % Total
Less than \$650 gross weekly income	10.1%	11.7%
More than \$3,000 gross weekly income	44.2%	28.4%

Comment – The above data indicates that the five suburbs, as an average have a significantly larger level of income than the wider ACT. This indicates that it is likely that a significant proportion of the local population has the capacity to fund independent retirement living options.

**6.4.4 Family Composition**

Table 6.9 - Family composition (%)

Measure	5 Suburbs Average %	Whole of ACT (total family units rounded)
Couple with no children	38.9%	37.7%
Couple with children	49.0%	47.1%
One parent family	11.3%	13.8%
Other family	0.8%	1.4%

Comment – The largest proportion in the locality and also within the ACT was a couple with children. Otherwise the datasets are relatively close in all four measure options to the whole of the ACT.

### 6.4.5 Travelling to Work

Table 6.10 - Travelling to work (% of workforce)

Measure	5 Suburbs Average (% total)	Whole of ACT (% total)
Car – as driver	60.3%	63.6%
Car – as passenger	6.0%	6.0%
Bus	4.5%	5.9%
Walking only	7.7%	4.5%
Work at home	5.9%	3.1%

### 6.4.6 Housing Profile

Table 6.11 – Dwelling Tenure (% occupied private dwellings)

Measure	5 Suburbs Average (% total)	Whole of ACT (total & %)
Owned outright	37.6%	27.0%
Owned with mortgage	29.1%	38.4%
Rented	29.4%	31.8%
Other/not stated	4.0%	2.8%

Table 6.12 – Percentage of occupied private dwellings with bedroom numbers

Measure	5 Suburbs Average (% total)	Whole of ACT (total & %)
None	0.4%	0.2%
1 bedroom	7.7%	7.1%
2 bedrooms	16.5%	14.9%
3 bedrooms	31.7%	39.7%
4 or more bedrooms	41.6%	36.1%

In terms of housing profile the major variation between the five suburbs and the whole of the ACT is the difference in outright dwelling ownership and ownership with a mortgage in place. In the five suburbs outright ownership is 10% greater than the whole of the ACT, with a similar measure difference where the five suburbs have a lower existing mortgage.

## 6.5 Social infrastructure

This section considers the other (existing) social infrastructure available to residents particularly in the Woden Valley and South Canberra districts. An inventory of the main educational facilities, health facilities, recreational and sporting facilities and clubs present in the districts is presented below.

The information demonstrates that all residents have access to the full range of cultural, educational, and sporting facilities which service the ACT. This includes the existing universities, libraries, museums, theatres, galleries, art spaces, stadiums and sport centres which are located across the Territory.

### **6.5.1 Educational facilities**

Refer to Section 6.4.2 above for a description of the education facilities located in the Woden Valley and South Canberra districts, together with a map indicating the location of ACT public schools in the vicinity of the site.

### **6.5.2 Medical facilities**

The immediate locality, close to the site has a highly developed and wide range of medical facilities.

The Calvary John James Hospital, Linda Perin Memorial Hospital, Canberra Private Hospital, all in Deakin; and the Canberra Hospital, National Capital Private and the Centenary Hospital, all in Garran are the major medical facilities within the region. Deakin West including a wide array of co-located medical professional suites. The Deakin office precinct (West Deakin area) is readily accessible from the whole of southern Canberra. The Equinox commercial complex in Kent Street includes a wide range of medical specialists and services. All local hospital and medical facilities have a wide range of medical services, personnel, administration and specialists. A recently opened Garran Medical Centre with a pharmacy is located at the Garran Shopping Centre.

There are further private medical, dental and medical based practices and facilities within the region generally co-located with suburban shopping centres.

### **6.5.3 Social facilities**

There is a wide variety of clubs within the surrounding five suburbs area. The Federal Golf Club is both a social and golf playing club with different levels of membership including social membership (i.e. non-playing). Other nearby clubs include the Canberra Southern Cross Club, Hellenic Club, Raiders at Woden, Mawson Club and a range of smaller clubs.

The five suburbs include a wide range of cafes, restaurants and other food and beverage services, many of which are associated with the various shopping centres including the Woden Town Centre.

### **6.5.4 Sports facilities**

There are many local and district sporting and recreation facilities within close proximity to the site, the Woden Valley, and South Canberra districts. These include the site itself, being one of only two Championship rated golf courses in the ACT with a wide range of membership categories from Junior through to a full 'Classic' membership. Locally there are large sports field complexes including the nearby Deakin sports fields (adjacent Yarra Glen) that are used for a variety of sports year round, various sports ovals and facilities, local parks and children's play areas. Additionally there are various local sports clubs, gymnasiums, swimming pools and other facilities. Stromlo Forest Park, which is a world-class, multi-use recreational sporting facility available to both recreational and professional users is located within relatively close proximity to the south.

Open space areas including mountains and bushland zoned reserves in the Woden Valley, South Canberra, Weston Creek and the Murrumbidgee River Corridor provide recreation and community access facilities for pursuits such as bushwalking, running, mountain biking, horse riding, bird watching, swimming, picnicking and the like. The closest of the reserves to the site is the Red Hill Nature Reserve, a 298 hectare reserve managed by the ACT Government located between the Woden Valley and South Canberra. The site abutts the southern side of the reserve particularly towards the northern section of the site.

### **6.5.5 Other facilities**

The locality benefits from a range of other national and local facilities which are situated within a 15 to 20-minute drive and are accessible by public transport. These include the National Arboretum, The Australian War Memorial, the National Museum, the Canberra Gallery and Museum, libraries, theatres and other quality facilities.

A range of community based social services are available in the subject locality. These include health and seniors clubs, advisory and support groups (such as COTA ACT based at the nearby Hughes Shopping Centre), financial planning assistance, and childcare. Community organisations such as churches and religious groups also offer support as a part of a broader community service and/or pastoral care.

This section of the report does not consider government social services, which are available to all ACT residents (notwithstanding qualifying criteria) and that are typically provided from centralised locations outside the subject region. Many of these services are based in the Woden Town Centre area.

## **6.6 Labour market and local economy**

### **6.6.1 Introductory comments on 2016 Census survey data**

The levels of income in the five surrounding suburbs, the types of employment and level of employment/unemployment indicate that most individuals and families in the area benefit from reasonable standards of living when compared to the average ACT individual and household incomes.

The local economy of the districts from the above figures is considered to be in a relatively strong position. The proportion of persons engaged in full time and part time employment is commensurate with the wider ACT, while unemployment is slightly lower than the ACT average.

The local economy is mainly based on white collar/tertiary industries, with a significant proportion of residents engaged in professional, managerial, medical, clerical and administrative, and defence activities. This reflects the industries accessible to or represented in the districts and within Canberra as a whole. Of note, the largest of the industries represented in employment figures, being central government administration, is relatively in-elastic and has to date, not shed significant numbers of jobs in response to economic conditions.

High levels of employment and good household income often relates to a need for supporting community services and an ability for households to generate disposable income that can be directed toward community demanded services, which could be included in any future re-development of the site. The increasing demand for goods and services from nearby developments such as the Yarralumla Brickworks and Molonglo Valley, is likely to further drive this context and place a higher demand on community services and facilities. In this regard, the proposal to remove the Concessional Status from parts of the Crown Lease is considered appropriate in that it will create the titling context in which the site can be developed with a modern and integrated community facility.

**Table 6.13 – Labour force involvement for 15 years and above**

Measure	5 Suburbs Average (% total)	Whole of ACT (total & %)
Worked full time	64.0%	63.5%
Worked part time	26.8%	26.4%
Employed away from work	5.1%	5.3%
Unemployed	4.1%	4.7%

The local suburbs labour force has a very close correlation to the whole of the ACT in terms of those who are working and those who are not employed.

**Table 6.14 – Occupation (% total)**

Measure	5 Suburbs Average (% total)	Whole of ACT (total & %)
Professionals	41.4%	30.5%
Clerical and administrative workers	22.1%	16.9%
Managers	13.7%	15.9%
Community and personal services workers	7.9%	10.5%
Technicians and trades workers	5.4%	9.6%
Sales workers	3.8%	6.8%
Labourers	2.2%	5.0%
Machinery operators and drivers	0.8%	2.3%

On average the five local suburbs has a strong predominance of professional, clerical and administrative employees (representing 63% of all persons employed), relative to the whole of the ACT where 47% work in the same areas.

**Table 6.15 – Industry of employment (top 5 responses %)**

Measure	5 Suburbs Average (% total)	Whole of ACT (total & %)
Central government administration	21.0%	18.4%
Hospitals (not psychiatric)	7.2%	3.9%
Defence	4.9%	0.7%
Computer system design and related services	3.4%	Not in top 5 responses
Cafes and restaurants	2.9%	Not in top 5 responses
Higher education	3.4%	1.5%
Accounting services	3.3%	Not in top 5 responses
Real estate services	4.0%	Not in top 5 responses
State government administration	Not in top 5 responses	1.5%

The largest employer industry for the five suburbs and the whole of the ACT is central government administration, with the second largest employer industry in the five suburbs being hospital work, which is not surprising given the large scale of medical facilities in the suburbs of Garran and Deakin.

### 6.6.2 ACT economy

The overall economic environment is dynamic and a key determinant in assessing whether developers and financiers will support a proposal and the timing of when they will commence. The local, regional, wider Australian and global economic positions are key issues for consideration when considering risk and confidence profiles of potential projects.

In the most recent CommSec 'State of the States' released in January 2018, the ACT was ranked in third place, behind NSW and Victoria. CommSec has developed an economic ranking system that includes economic growth, retail spending, business investment, unemployment, construction, population growth, housing finance and new dwelling starts. The ACT ranked first of all States and Territories in the housing finance category (up by 36.7% on the long-term average) and a stronger job market where annual employment growth is the strongest in almost a decade, and the second highest annual population growth rate<sup>10</sup>.

In the overall Australian context the regions with the strongest recent growth were Regional South Australia (6.6 per cent) and Regional Victoria (5.8%) which were boosted by strong agricultural production, Canberra (4.6%), Northern Territory (3.9%), Sydney (3.3%) and Melbourne (2.8%). Perth (minus 3.5 per cent), and Regional Western Australia (minus 1.4%) experienced a technical recession during 2016-17<sup>11</sup>.

Locally, Canberra's GDP growth tends to track the national average less closely than other capital cities. This is due to its small size and the fact that its largest industry, Public Administration, is less dependent on overall economic conditions. Cuts to the public service saw Canberra's GDP growth fall to just 0.8% in 2013-14, the lowest growth seen since 1996, the last time there were major cuts to the public service. Over the past three years economic activity has surged to 4.6% in 2016-17<sup>12</sup>. The ABS reported that the ACT had the highest gross household disposable income per capita in Australia in 2013-14.

The highest contribution to the ACT's GDP growth in 2016-17 was Professional Services (2.7%) and accounted for almost 60% of all growth. This has only occurred twice before. In 2016-17 Public Administration, Canberra's largest industry made no contribution to economic growth. The growth in Professional Services as a proportion of industry share in the Australian economy has grown from 7.3% in 1996-97 to 10.3% in 2016-17. In the same period Health Care increased from 6.8% to 10.8%<sup>13</sup>.

The following Table 6.16 outlines Canberra's/ACT's contribution to the National economy in terms of GDP and recent and longer term economic growth. The local economy's short term growth at 4.6% pa was the third fastest in Australia behind Regional South Australia and Regional Victoria. The ACT contributes 2.2% of Australia's GDP.

<sup>10</sup> State of the States, January 2018, CommSec

<sup>11</sup> Australian National Accounts: State Accounts. Cat No. 5220.0, and SGS Economics & Planning

<sup>12</sup> Economic Performance of Australia's Cities and Regions 2016-17, SGS Economics & Planning, p 29

<sup>13</sup> Ibid, p 30

Table 6.16 – Gross Domestic Product – Volume Measure by Region 2016-17<sup>14</sup>

Region	GDP (\$ million)	Annual Growth (2016-17)	Average Annual Growth (2006/07 to 2016/17)	Share of GDP (2016-17)
Australia	\$1,692,092	2.0%	2.6%	100%
Canberra	\$37,566	4.6%	3.2%	2.2%
Sydney	\$417,874	3.3%	2.7%	24.7%
Regional NSW	\$139,987	1.5%	1.6%	8.3%
Melbourne	\$324,925	2.8%	2.7%	19.2%
Regional Victoria	\$74,084	5.8%	1.3%	4.4%
Brisbane	\$157,501	1.4%	2.5%	9.3%
Regional QLD	\$151,208	2.2%	2.3%	8.9%
Adelaide	\$77,902	0.9%	1.7%	4.6%
Regional SA	\$23,889	6.6%	2.0%	1.4%
Perth	\$141,251	(3.5%)	3.5%	8.3%
Regional WA	\$91,901	(1.4%)	4.7%	5.4%
Tasmania	\$28,577	1.1%	1.5%	1.7%
Northern Territory	\$25,427	3.9%	3.4%	1.5%

With regard to the broader economy, Canberra and Australia appear to have been relatively well insulated from the full effects of global financial trends, including by Commonwealth Government activities.

The ACT is expected to remain economically stable for at least the short term. With a strong average disposable income and high level of employment for the male and female population, the district residents would be well serviced by this proposal. In addition, this data demonstrates that the community has the financial capacity to demand and utilise such facilities. The development of infrastructure proposals such as the Light Rail Stage 2 project is likely to result in increased development activity in relatively close proximity of the site, construction of new dwellings/densification of built forms and an increase in population and the need for social/community services in the locality of the site.

The latest economic indicators (released on 1 February 2018) for the ACT are summarised in the following table<sup>15</sup>.

<sup>14</sup> Australian National Accounts: State Accounts. Cat No. 5220.0, and SGS Economics & Planning

<sup>15</sup> <http://apps.treasury.act.gov.au/snapshot> (i.e. extracted information from this website)

Table 6.17 - Summary of key ACT economic indicators

Indicator	Unit	Frequency	Latest Period	Latest Estimate	Change from previous period	Through the Year <sup>4</sup>
<b>Economic Growth</b>						
Gross State Product <sup>(CVM)</sup>	\$m	Annual	2016-17	37,566	4.6%	n.a
<b>State Final Demand</b> <sup>Note 1 (CVM)</sup>						
Consumption						
— Government	\$m	Quarterly	Sep-17	5,073	-4.2%	-0.9%
— Households	\$m	Quarterly	Sep-17	4,456	-0.4%	2.6%
Investment						
— Public	\$m	Quarterly	Sep-17	959	13.2%	13.2%
— Private	\$m	Quarterly	Sep-17	1,232	0.2%	1.7%
<i>Total State Final Demand</i>	\$m	Quarterly	Sep-17	11,719	-1.0%	1.7%
<b>Retail Trade</b>						
Retail Trade <sup>Note 1</sup>	\$m	Monthly	Nov-17	485	1.2%	2.5%
<b>Labour Market and Labour Force</b> <sup>Note 3</sup>						
Job vacancies						
Public sector	'000	Quarterly	Nov-17	1.9	18.8%	35.7%
Private sector	'000	Quarterly	Nov-17	5.3	12.8%	23.3%
Total job vacancies	'000	Quarterly	Nov-17	7.2	16.1%	26.3%
Labour Force						
Employed persons	'000	Monthly	Dec-17	230.2	1.3	10.2
Unemployed persons	'000	Monthly	Dec-17	9.0	-0.2	0.4
Unemployment rate	%	Monthly	Dec-17	3.7	+0.1ppts	0.0ppts
Participation rate	%	Monthly	Dec-17	72.6	+0.3ppts	+2.2ppts
<b>Wages</b>						
Wage Price Index <sup>Note 2</sup>						
— Private sector	Index	Quarterly	Sep-17	125.4	0.7%	2.0%
— Public sector	Index	Quarterly	Sep-17	125.5	0.4%	1.9%
<i>Total Wage Price Index</i>	Index	Quarterly	Sep-17	125.5	0.5%	1.9%
<b>Prices</b>						
CPI — All Groups <sup>Note 2</sup>	Index	Quarterly	Dec-17	110.3	0.6%	2.2%
<b>Estimated Resident Population</b>						
Estimated Resident Population <sup>Note 2</sup>	Number	Quarterly	Jun-17	410,301	0.3%	1.7%
<b>Housing Market</b>						
Housing Finance for Owner Occupation <sup>Note 1</sup>						
— Dwellings financed	Number	Monthly	Nov-17	1,268	8.6%	26.9%
— Value of housing finance commitments	\$'000	Monthly	Nov-17	440	3.2%	15.9%
Building Approvals <sup>Note 3</sup>						
— Residential approvals	Number	Monthly	Dec-17	160	-35.0%	-61.5%
Building Activity <sup>Note 1</sup>						
— Dwelling unit commencements	Number	Quarterly	Sept-17	1,746	67.4%	101.2%
ACT Property Prices <sup>Note 1,5</sup>						
— Houses – Median price	\$	Monthly	Dec-17	700,000	10.2%	12.0%
— Units – Median price	\$	Monthly	Dec-17	459,950	-3.0%	2.3%
— <i>Total residential – Median price</i>	\$	Monthly	Dec-17	542,000	-1.5%	0.4%

Notes: 1) Seasonally adjusted; 2) Original data; 3) Trend data 4) Through the Year. Change from corresponding period of previous year 5) Sales transactions collected by ACT Government. 'CMV' = Chain Volume Measure

### 6.6.3 Commentary on selected key ACT economic indicators

A summary of current comments derived specifically from ACT Treasury in respect to selected ACT indicators that have relevance to the Project are summarised as follows<sup>16</sup>. Note that we have of necessity paraphrased and varied original comments to suit the purposes of this report.

#### 6.6.3.1 Gross State Product

- In 2014-15, In 2016-17, real GSP increased by 4.6%, the highest growth rate of any jurisdiction in Australia. This follows upwardly revised growth of 3.9% in 2015-16 and is well above the 10 year average growth rate of 3.2 per cent. It is 1.35% above the 2017-18 Budget estimated outcome for 2016-17 of 3.25%, reflecting a sustained expansion of the ACT's economy
- Professional, Scientific and Technical Services grew by 34.6% in 2016-17, contributing 2.7% of the 4.6% growth in the ACT's real GSP. Health Care and Social Assistance grew by 7.1%, contributing 0.7% to growth. Construction was up 6.3%, contributing 0.4% to growth. Information, Media and Telecommunications grew by 11.4%, contributing 0.4% to growth. Detracting 0.1% from growth was Manufacturing, which contracted by 7.1%
- Nominal *Gross Household Disposable Income* per capita in the ACT grew by 4.5% to reach \$91,627. This is the highest outcome in Australia and 93.0% above the Australian average.

#### 6.6.3.2 State Final Demand

- Economic activity in the ACT, as measured by State Final Demand, decreased by 1.0% in the September quarter 2017, following a 1.0% increase in the June Quarter 2017
- Economic activity in the September quarter 2017 increased in all jurisdictions except the ACT (down 1.0%) and Tasmania (down 0.8%). New South Wales recorded the strongest growth (up 1.0%), followed by Western Australia and the Northern Territory (both up 0.9%), Victoria (up 0.4%), and Queensland and South Australia (both up 0.2%)
- The fall in the ACT's State Final Demand in the September quarter 2017 was driven by falls in general government and household consumption, partially offset by increases in public and private investment
- A 13.2% increase in public investment contributed 0.9% to ACT State Final Demand in the September quarter 2017. Of the increase in investment, National Government investment rose by 20.9%, contributing 0.9%. ACT Government investment fell by 14.9% and detracted 0.4%. Private investment rose slightly by 0.2%, with a very small contribution to the ACT's State Final Demand in the September quarter 2017.

#### 6.6.3.3 Retail trade

- In November 2017, the increase in ACT retail trade (up 1.2%) was primarily driven by the Household goods sector. Household goods (up 6.2%) contributed 1.2% to overall growth. This was followed by Food retailing (up 0.4%), which contributed 0.2% to overall growth. Other retailing (up 0.6%) contributed 0.1% to overall growth.
- The ACT's results in Household goods and Other retailing are broadly consistent with the national results. The ACT's Department stores sector (down 3.5%) detracted 0.2% from overall growth in November 2017, at a time of increased consumer activity.
- ACT retail trade has been positive for 41 consecutive months. The 'through the year' result (up 2.5%) was driven by Household goods (up 8.8%), which contributed 1.6% to overall growth. The through the year growth was partly offset by Food retailing (down 2.0%), which detracted 0.9% from overall growth.

<sup>16</sup> <http://apps.treasury.act.gov.au/snapshot>

#### 6.6.3.4 Labour force

- The unemployment rate decreased 0.1% to 3.7% in December 2017 and remained the lowest of all jurisdictions. Through the year to December 2017, the unemployment rate was unchanged
- In December 2017, employment increased by 1,300 persons (0.6%) to 230,200. Through the year to December 2017, employment increased by 10,200 persons (4.6%)
- The participation rate in December 2017 increased by 0.3% to 72.6%. This remains the second highest participation rate of all jurisdictions. Through the year to December 2017, the participation rate increased by 2.2%

#### 6.6.3.5 Residential property market

- In December 2017, the ACT median house price increased by 10.2% to \$700,000. The monthly result, though, may have been affected by increased volatility due to lower turnover in December 2017. The number of houses transacted (259) is low compared to the usual level of 367 transactions a month, as measured by the five year average.
- The ACT median unit price decreased by 3.0% in December 2017 to \$459,950. With units accounting for 59% of all transactions, the monthly decrease in the overall property median price (down 1.5%) was driven by units.
- Over the past 5 years, the median house price increased by 34.1% in nominal terms. Over the same period, the median unit price increased by 5.7% in nominal terms.
- Table 6.18 indicates the property price and turnover data as at December 2017 by ACT District<sup>17</sup>.

**Table 6.18 - ACT Property Prices and Turnover by District, Original Data, Month of December 2017**

District	Houses			Units		
	Median Price (\$)	Average Price (\$)	Turnover	Median Price (\$)	Average Price (\$)	Turnover
Woden	895,000	931,033	15	505,000	511,068	14
South Canberra	1,342,500	1,553,333	12	522,500	650,995	22
Belconnen	573,500	615,250	56	437,000	439,448	80
Gungahlin	745,000	738,000	50	439,500	486,092	32
Molonglo Valley	887,500	805,786	7	452,500	448,939	61
North Canberra	940,000	940,094	33	545,000	618,523	114
Tuggeranong	615,000	623,778	71	405,000	398,306	41
Weston Creek	700,000	727,967	15	481,000	533,600	5

#### 6.6.3.6 Building approvals

- Residential – As at December 2017 the monthly result of a decrease of 35.0% (trend terms) in the number of residential building approvals is the largest fall of any State and Territory, and the fifth consecutive month of declining building approvals. The low building approvals number in December 2017 was mainly driven by units. Unit approvals numbered 74 in the month, all of which were townhouses. The five year average level for unit approvals is 282 units per month. House approvals numbered 75 in the month, compared to the five year average of 109 per month (in original terms).
- Non-residential - In December 2017, there were 37 non-residential building approvals (original terms). This is mainly comprised of \$5.5 million worth of office buildings, and \$2.0 million worth of education buildings. Non-residential building approval data are markedly

<sup>17</sup> ACT Residential Property Market, December 2017, issued 29 January 2018 ACT Government. Source ACT Government and Access Canberra

volatile reflecting the lumpy nature of non-residential building approvals, especially in a small jurisdiction.

#### 6.6.4 Australian economic growth forecasts

The Reserve Bank of Australia (RBA) releases a range of key economic forecasts for the current period until the end of calendar 2019. The most recent forecasts were released in their RBA Statement of Monetary Policy, November 2017<sup>18</sup>. Key RBA forecast economic data that may impact the ACT is as follows:

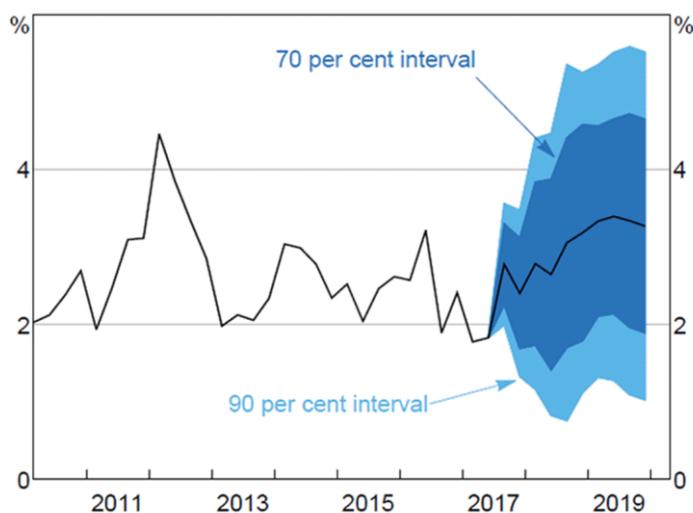
- GDP growth
- Unemployment rate
- Inflation

Regarding the level of interest rates the RBA advised in December 2017 that “The low level of interest rates is continuing to support the Australian economy. Taking account of the available information, the Board judged that holding the stance of monetary policy unchanged at this meeting would be consistent with sustainable growth in the economy and achieving the inflation target over time.”<sup>19</sup>.

#### GDP growth forecast

GDP growth should strengthen over the rest of the forecast period as the drag from mining investment comes to an end and public demand and non-mining business investment continue to support growth. Although economic growth is forecast to be above potential before 2019, it is expected to take some time for the economy to encounter broad-based capacity constraints. The RBA’s short term forecast to the end of 2019 follows<sup>20</sup>.

Figure 6.5 – Reserve Bank of Australia - Australian Annual GDP growth forecast to 2019



Note – Confidence intervals reflect RBA forecast errors since 1993

<sup>18</sup> <https://www.rba.gov.au/publications/smp/2017/nov/>

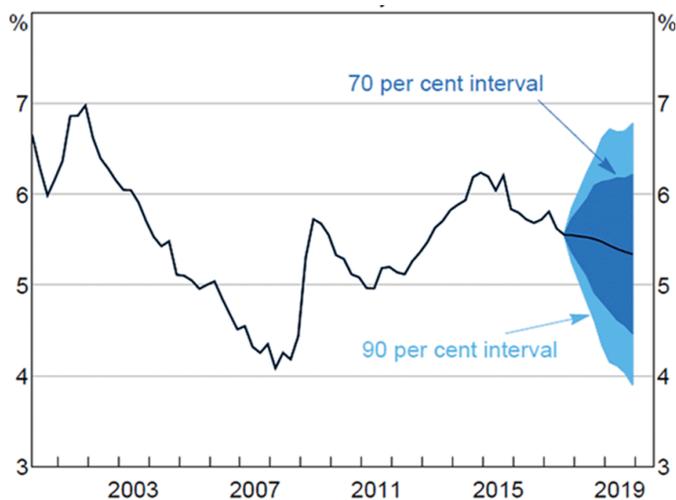
<sup>19</sup> Extract, Statement by Philip Lowe, Governor: Monetary Policy Decision No. 20017-25, 5 December 2017

<sup>20</sup> <https://www.rba.gov.au/publications/smp/2017/nov/>

### Unemployment rate forecast

Employment is expected to grow a little faster than the working-age population over the rest of the forecast period, as GDP growth picks up. Consistent with this, the unemployment rate is expected to decline to around 5.25% by the end of 2019. Average hours worked are expected to increase a little and this should see broader measures of spare capacity, such as the under employment rate, decline as well. The participation rate, which has risen quite sharply over the past year, is expected to increase a little further as better labour market conditions encourage those who are marginally attached to the labour market to enter and older workers to delay retirement. This is expected to offset any small downward effect of ageing on the participation rate. The RBA's short term forecast to the end of 2019 follows<sup>21</sup>.

**Figure 6.6 – Reserve Bank of Australia Quarterly Unemployment forecast to 2019**



Note – Confidence intervals reflect RBA forecast errors since 1993

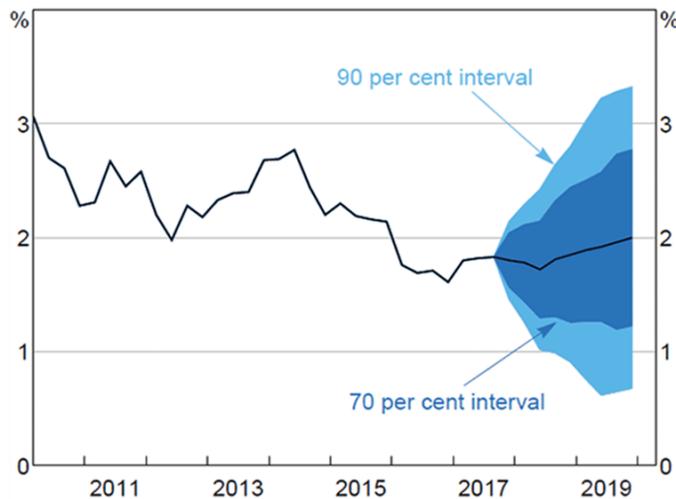
### Inflation forecast

Underlying inflation is expected to remain steady at around 1.75% until early 2019, before increasing to 2%. Headline inflation is also expected to increase gradually, but to around 2.25%. The near-term forecast is underpinned by a gradual pick-up in underlying price pressures. This is offset by the impact of the reweighting of the CPI, which will only gradually be incorporated into the year-ended inflation rate over the next four quarters. The RBA's short term forecast to the end of 2019 follows<sup>22</sup>.

<sup>21</sup> Ibid

<sup>22</sup> Ibid

**Figure 6.7 – Reserve Bank of Australia - Annual Trimmed Mean Inflation forecast to 2019**



Note – Confidence intervals reflect RBA forecast errors since 1993

### **6.7 Summary of Existing Community Conditions**

The local environment, physical infrastructure, social demographics, social infrastructure, labour market and the local economy have been discussed above. The information provides an insight into the characteristics of the main communal facilities and demographic context in which the site is located. The local real estate market and the retirement village industry will be discussed in Sections, 5, 8 and 9.

Key conclusions from the above analysis include:

- The ACT region and the combined five surrounding suburbs to the site is comprised of an established and mature residential and commercial/community use context akin to an established urban environment, with opportunities for limited infill development
- The region is well-appointed and provided for in terms of well established physical infrastructure some of which is noted to be dated in terms of condition, quality and capacity. In general the surrounding area benefits from a good road network, public transport options and engineering and services utilities commensurate with the form of development in the area. This facilitates the ease of movement for current and future residents to access services, retail, recreational and employment opportunities
- The region exhibits a residential context that comprises primarily of low density family housing. There is a growing market of medium and higher density housing in Canberra, and this is acknowledged in much of the ACT Government's policy planning
- The five surrounding suburbs to the site provide a strong base of community and recreational services that will cater for a growing need for such services as may be required by future populations. The proposed development of the Federal site with a modern and integrated Over 55's community facility with improved clubhouse facilities will cater to this on-going demand
- The labour force is generally strong, with the vast proportion of the workforce employed. Unemployment is low although relatively recent Federal Government job cuts undermined confidence in the Canberra market and associated reduced spending may continue if this policy continues

- The vast majority of the workforce is employed by the tertiary sector, and in particular employed by government and/or organisations supporting government activity. Employment levels since the election is likely to have changed due to Government policy, especially in the Woden Valley and South Canberra districts. Opportunities to grow the employment market in sectors outside Government can mitigate impacts of similar policies in the future
- The ACT has a high gross household income per capita, which is reflective of the continued performance of the local economy and high employment levels. Median weekly incomes are relatively high, which is reflective of the tertiary nature of the workforce. The community appears to have adequate disposable income to utilise a facility such as what is intended to be developed on the site
- Planning policy changes and infrastructure development proposals in the vicinity of the site is likely to result in increases in density, new dwelling formation and population increase which in turn will increase the demand for community facilities to support the population.

## 7 Maximum development potential

### 7.1 Development Potential at Full Implementation

### 7.2 Future Maximum Development Potential of the Site: Lease, Master Plan and/or Territory Plan Variation

## 8 Residential real estate market

This review of the real estate market is focussed on the residential real estate market, as the proposal is a residential based form of development. In order to give context of the local Canberra residential market it is important to provide a national oversight in order to appreciate Canberra's position relative to other interstate markets.

### 8.1 National residential market

The residential real estate market is most often measured in terms of the performance of the house and unit markets over time. There is significant data available from various sources that is updated on a monthly and quarterly basis to determine market movements and trends. Given the various sources of data it is invariable that there are differences in the timing, treatment of data and basis of reporting. For instance some groups report prices on average pricing and others on median pricing. We note the differences in the data included in Sections 6.6.2 and 6.6.3.5 of this report, where the data in these sections was compiled from ACT Government sources.

**Table 8.1 – Quarterly stratified residential median prices<sup>23</sup>**

City	Dec 2017	Sept 2017	Dec 2016	QOQ%	YOY%
<b>Detached House Prices</b>					
Sydney	\$1,179,519	\$1,173,741	\$1,133,852	0.5%	4.0%
Melbourne	\$903,859	\$875,819	\$812,398	3.2%	11.3%
Brisbane	\$548,918	\$552,398	\$546,972	(0.6%)	0.4%
Adelaide	\$522,815	\$518,037	\$505,000	0.9%	3.5%
Perth	\$557,567	\$554,875	\$571,864	0.5%	(2.5%)
<i>Canberra</i>	<i>\$753,516</i>	<i>\$717,302</i>	<i>\$694,850</i>	<i>5.0%</i>	<i>8.4%</i>
Hobart	\$443,521	\$403,201	\$378,088	10.0%	17.3%
Darwin	\$565,696	\$580,951	\$610,668	(2.6%)	(7.4%)
National	\$813,024	\$802,123	\$773,993	1.4%	5.0%
<b>Unit Prices</b>					
Sydney	\$736,879	\$739,741	\$724,308	(0.4%)	1.7%
Melbourne	\$506,079	\$492,170	\$468,692	2.8%	8.0%
Brisbane	\$385,955	\$394,639	\$404,338	(2.2%)	(4.5%)
Adelaide	\$315,794	\$320,825	\$309,517	(1.6%)	2.0%
Perth	\$369,402	\$365,708	\$375,969	1.0%	(1.7%)
<i>Canberra</i>	<i>\$426,124</i>	<i>\$425,650</i>	<i>\$424,417</i>	<i>0.1%</i>	<i>0.4%</i>
Hobart	\$318,467	\$321,056	\$278,817	(0.8%)	14.2%
Darwin	\$395,279	\$361,583	\$459,805	9.3%	(14.0%)
National	\$557,794	\$555,943	\$545,116	0.3%	2.3%

Note – 'QOQ%' is the price movement on a quarter to quarter basis; and 'YOY%' is the price movement on a year on year basis

Observations in respect to the movement in residential prices include:

- Nationally house and unit prices improved both quarterly and annually
- A general 'cooling' in prices on the eastern seaboard particularly in the unit market
- There is general market sentiment that residential unit market will soften in terms of prices, approvals and commencements in the short-term. JLL Research has reported in January 2018 that the construction of new apartments across the eastern seaboard fell by approximately 10,000 units to 39,760 over the July to December 2017 period, with most of

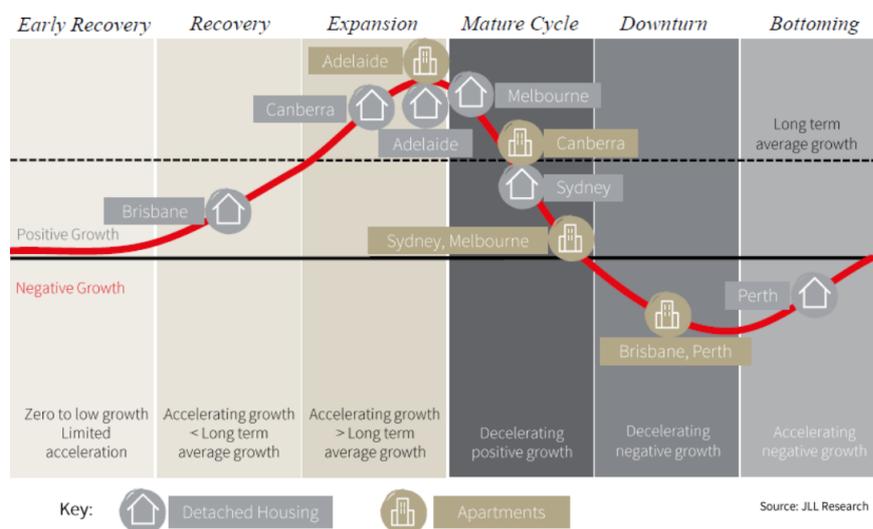
<sup>23</sup> Domain House Price Report, December 2017; <https://www.domain.com.au/product/domain-house-price-report-december-2017/>

the decline occurring in the third quarter. This is in part due to lower levels of interest from foreign buyers<sup>24</sup>

- House prices rose in the final three months of 2017 except in Brisbane and Darwin
- Sydney apartment prices fell in the December quarter to their lowest price in a year, and trended their second quarter of decline in a row
- Sydney detached house prices gained 0.5% in the December 2017 quarter, and 4% in the previous year
- Brisbane unit prices fell to a four year low (March 2014 at \$376,579)
- Canberra and Melbourne house and unit prices were the only two markets that improved both quarterly and annually over the previous quarter and year.

The following graphic in Figure 8.2 was developed by JLL Research as at the 3rd quarter 2017. It illustrates the market sentiment of detached housing and units for each major market. The graphic indicates that the Canberra market for detached housing is in growth or 'expansion' mode, and that the market for units is 'matured' (i.e. decelerating positive capital growth, however is in a better market position in the overall cycle than Sydney, Melbourne, Brisbane and Perth<sup>25</sup>).

**Figure 8.1 – Australian Residential Property Market: Capital Value Cycle**



## 8.2 Canberra residential real estate market commentary

The following comments have been primarily sourced through JLL Research<sup>26</sup>.

Canberra's detached housing market is potentially approaching a cyclical peak (refer graphic in Figure 8.1) with price growth above the long-term average. Increases in the supply of units appear to indicate that the market is in a 'mature' phase of the market with pricing having moderated. Housing approvals have decreased overall, however there is a higher concentration of approvals in greenfield North Canberra and Tuggeranong locations.

Annual sales volumes to late 2017 have increased by around 2.4% over the previous year, however the volume of unit sales had fallen by about 12% in the same period. Sales volumes have been

<sup>24</sup> Australian Financial Review article 31 January 2018, p 35

<sup>25</sup> JLL Canberra Residential Report, JLL Research, released November 2017, p 1

<sup>26</sup> Ibid, p 1 to 8

highest in the city, North Canberra and Belconnen districts where the majority of new developments have occurred.

The current position with regard to residential approval and commencements is mixed. As at December 2017 overall residential development approvals have fallen to 160 approvals, being a 35% drop from the previous month, and a fall of 61.5% from December 2016. For the September 2017 quarter dwelling unit commencements of 1,746 increased 67.4% from the previous quarter, and 101.2% from September 2016. The overall apartment supply may peak in the short-term during 2019.

### **8.3 Aged care land sales activity**

We are aware of three sales in the ACT of land that can be utilised for aged care have occurred in 2016 and 2017. These are summarised as follows<sup>27</sup>:

- Narrabundah - (Block 45 Section 100) sold by the then LDA by tender to LendLease for \$10.8 million in May 2017. A maximum yield of 100 units is allowed. Land area is 37,442 sq metres. The sale represents \$108,000 per unit or \$288 per sq metre land. It is understood that the final DA yield is to be less than 100 units (i.e. 90+ units), and therefore the actual yield to sale price is likely to be greater than \$108,000
- Monash - (Block 7 Section 52) sold by the then LDA by tender to Goodwin Aged Care for \$8.25 million in May 2017. A maximum yield of 120 units is allowed. Land area is 39,864 sq metres. The sale represents \$68,750 per unit or \$207 per sq metre land.
- Higgins - (Block 6 Section 11) sold by the then LDA to Baitly Pty Ltd for \$6.106 million in April 2016. A maximum yield of 100 units is allowed. Land area is 40,425 sq metres. Represents \$61,060 per unit site or \$151 per sq metre land.

The above sales indicate that there has been recent strong sales activity for appropriately zoned aged care land parcels, and that the market value for such parcels has increased over the period of the above sales.

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<sup>27</sup> Suburban Land Agency sales activity report, <http://suburbanland.act.gov.au/en/sales-results>

## 9 Retirement village industry

### 9.1 Industry overview

Retirement villages are defined as aged-care accommodation facilities for independent residents or residents that only require low levels of care.

Retirement villages differ from many of the facilities in the Aged Care Residential Services industry, such as nursing homes, which primarily provide higher levels of care. Residents that live in retirement villages are typically independent and often live in retirement villages because they are seeking security and a community environment. Many, but not all retirement villages provide additional services for residents, including meal preparation, laundry and cleaning services.

The share of the population in Australia aged 70 and over has increased over the past five years, creating a larger potential market for industry players. National industry revenue is expected to grow at a compound annual rate of 9.0% over the five years through 2017-18, to reach \$4.3 billion. Ongoing growth in the population aged 70 and over is set to contribute to an 8.1% rise in revenue in 2017-18. The industry is forecast to grow at an even faster rate over the next five years than during the previous five-year period. The Retirement Villages industry is in the growth stage of its economic life cycle. Australia has one of the world's fastest growing ageing populations, underpinned by the baby boomer generation. The number of residents that live in retirement villages is expected to approach 200,000 in 2017-18, up from less than 160,000 in 2011-12. This growth is likely to continue at an even faster rate over the next five years.<sup>28</sup>

'Industry Value Added' (IVA) is used to measure an industry's contribution to the overall economy. IVA in the retirement village sector is forecast to grow at a compound annual rate of 7.9% over the 10 years through 2022-23. The industry is therefore expected to significantly outperform annualised real GDP growth of a forecast 2.5% over the same period.

Australia's ageing population is set to underpin significant demand growth, and new and existing operators are likely to establish retirement village facilities to ensure that supply meets demand. Industry revenue is forecast to increase at an annualised 9.5% over the five years through 2022-23, to reach \$6.7 billion<sup>29</sup>. The industry's demand base is almost exclusively consumers aged 65 and over who are retired. As a result, an ageing population increases demand for industry services<sup>30</sup>. The number of industry establishments in a state is generally reflective of that state's share of population. However, there is some variance in certain states based on median age and density of population.

The Australian Government Department of Health undertook analysis of the stocktake of operational aged care places as at June 2017, broken down by numbers in residential care, home care and restorative care. The following Table 9.1 summarises the stocktake numbers<sup>31</sup>. The ACT total of all aged care places represented 1.24% of the total Australian stocktake; and 0.65% of the total ACT population.

<sup>28</sup> IBISWorld Industry Report OD5534, Retirement Villages in Australia, August 2017, p 10

<sup>29</sup> Ibid, p 7

<sup>30</sup> Ibid, p 12

<sup>31</sup> Australian Government Department of Health, [https://www.gen-agedcaredata.gov.au/Resources/Access-data/2017/October/Stocktake\\_data\\_30\\_June\\_2017](https://www.gen-agedcaredata.gov.au/Resources/Access-data/2017/October/Stocktake_data_30_June_2017)

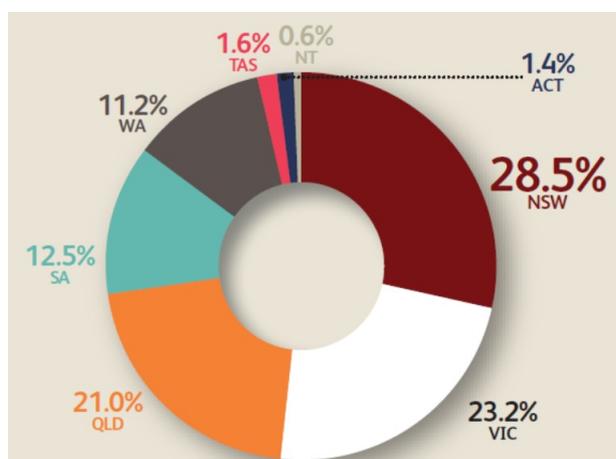
**Table 9.1 – Total Operational Aged Care Places by State/Territory as at 30 June 2017**

State / Territory	Residential care <sup>1</sup>	Home care <sup>2</sup>	Total residential & home care	Total restorative care <sup>3</sup>	Grand total
ACT	2,538	0	2,538	68	2,606
Victoria	53,695	88	53,783	1,100	54,883
Queensland	37,106	149	37,255	825	38,080
Western Australia	16,580	167	16,747	435	17,182
South Australia	18,649	78	18,727	367	19,094
Tasmania	5,031	70	5,101	119	5,220
Northern Territory	686	180	866	39	905
Australia	204,335	872	205,207	4,419	209,626

Notes:

1. Residential care includes flexible residential care places in the: Multi-Purpose Service (MPS) Program, Aged Care Innovative Pool Program and the National Aboriginal and Torres Strait Islander Flexible Aged Care Program
2. Home care - following the Increasing Choices changes on 27 February 2017, places for the Home Care Packages Program are now assigned to consumers and not to services
3. Restorative care - includes places in the Transition Care Program and the Short-Term Restorative Care Program

A breakdown of the percentage of retirement villages by State and Territory is graphically represented as follows<sup>32</sup>. It is noted that the ACT represents 1.4% of the total number of retirement villages in Australia. The ACT's percentage of the total estimated Australian population as at June 2017 was 1.67%, indicating a relatively close alignment<sup>33</sup>. Put another way, 1.4% of the current ACT population represents 344,000 people, indicating a supply shortfall in the number of retirement villages in the ACT.

**Figure 9.1 - Percentage of retirement villages by State and Territory**

A breakdown of the aged care facilities located in the five surrounding suburbs within a 1.5 kilometre radius of the Federal site (i.e. within the suburbs Garran, Hughes, Deakin, Forrest and Red Hill) follows in Table 9.2<sup>34</sup>.

<sup>32</sup> Ibid, p 3

<sup>33</sup> <http://apps.treasury.act.gov.au/snapshot> (i.e. extracted information from this website)

<sup>34</sup> [https://www.gen-agedcaredata.gov.au/Resources/Access-data/2017/October/Stocktake\\_data\\_30\\_June\\_2017](https://www.gen-agedcaredata.gov.au/Resources/Access-data/2017/October/Stocktake_data_30_June_2017); and various sources including operators websites and DA proposal for Block 13 Section 49 Deakin

**Table 9.2 – Aged care facilities within 1.5 kilometre radius**

Name	Operator	Address	Number of Places/units
St Andrews Village Hostel	Presbyterian Church (ACT) Property Trust	95 Groom Street, Hughes	176 places
Ozanam Residential Aged Care Facility	Southern Cross Care (NSW & ACT)	7 Boake Place, Garran	70 units
The Grange	Hindmarsh Retirement	67 MacGregor Street, Deakin	115 services apartments
Baptist Care Carey Gardens Centre	111 Carnegie Crescent, Red Hill	Baptist Care NSW & ACT	68 units
<i>Proposed aged care facility</i>	Provectus Care	Block 13 Section 49 Deakin (north west corner Hopetoun Circuit & Grey Street)	Proposed 90 aged care places; 12 assisted living units and 40 place day care respite
<i>Total places/units</i>			571 places/units including Block 13 Section 49 proposal

Locally there is a range of aged care accommodation operated by four groups together with a proposed development that we understand has not received planning approval as yet. The demand for aged care in the immediate locality is predominately serviced by St Andrews and The Grange (i.e. representing almost 70% of the existing places/unit numbers). The current level of supply represents approximately 16.4% of the total operational places in the ACT as at June 2017.

Given that the five surrounding suburbs have an ageing population (refer Table 6.2), the Active and Connected Retirement Community for over 55's proposal provides much needed retirement housing capacity and choice. The proposal also addresses the matter of the ageing population wishing to remain in the local vicinity when there is a need to relocate from the family home, as outlined in the Housing Choices Discussion Paper.

Key sector trends as reported in the 2017 PwC/Property Council Retirement Census are:

- Home care – Retirement village operators are providing or partnering with service providers to offer home care to village residents with 40% of villages reporting that they are an approved provider for either home care, residential care or flexible care
- Affordability – Moving into a retirement living unit continues to be affordable as the average Independent Living Unit (ILU) costs less than 70% of the median house price in the same postcode, allowing seniors to unlock capital to improve their quality of life
- Contraction of maximum year deferred payment – Maximum deferred payment percentage is now reached sooner with approximately half the villages reaching the maximum percentage by year 5 whilst the remaining villages reach the maximum percentage by year 10.

Key external industry drivers include:

- Population aged 70 years and over - Growth in this demographic therefore increases the potential market for industry operators. Australia's ageing population is expected to greatly assist companies that operate retirement villages over the next five years
- Level of real household disposable income – Residents that rent units at industry facilities often dedicate a large share of their pensions towards ongoing fees. In addition, greater disposable income can often allow residents to increase their expenditure on extra services
- Interest rates - Interest rates influence the cost of borrowing capital to fund retirement village construction projects, building expansions and equipment acquisitions

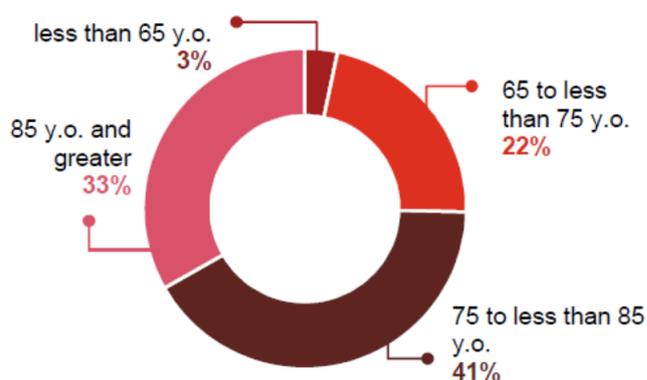
- Total health expenditure – People in older demographics that receive health assistance can often prolong their stays in retirement villages, rather than having to transfer to higher levels of care, such as nursing homes.

Industry key success factors are:

- Easy access to further appropriate land for development - Location is a major source of competition among industry firms. Therefore, acquiring prime locations near hospitals, shopping centres and public transport is important for industry firms looking to expand
- Having marketing expertise - Given that the industry is highly competitive, operators must be able to advertise their ease of access to local amenities and other aged care services to grow their customer base
- Effective cost controls - Industry operators often incur significant debt in the development of retirement villages. Operators need to keep tight control of costs to reduce the risk of default and support profit margins
- Willingness to outsource when appropriate - Industry players that provide outsourcing options can often reduce marginal costs for retirement villages.

The average age of new residents in retirement villages throughout Australia in 2017 was 75 years, with only 3% of residents younger than 65 years of age. A graph outlining the current age (in 2017) of retirement village residents is as follows<sup>35</sup>:

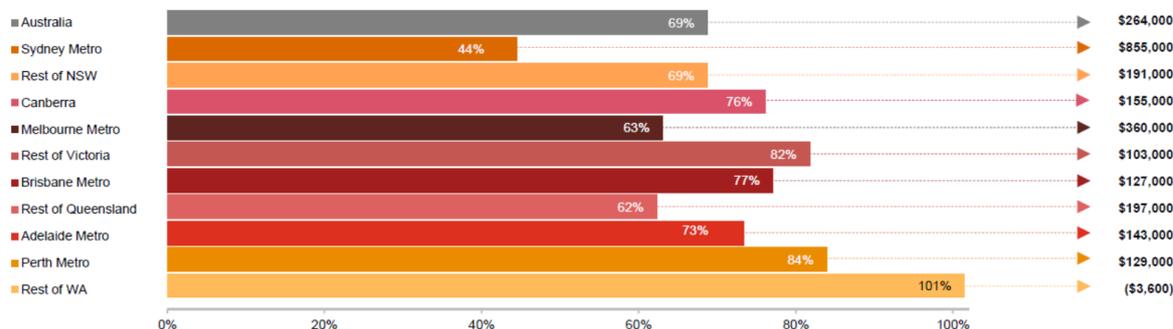
**Figure 9.2 - Current age of retirement village residents in 2017**



The following Figure 9.3 depicts the variances in the value of median house prices to ILU's for various regions. In terms of Canberra, two-bedroom ILU as a % of postcode median house price represents 76%, and the actual postcode median house price variation was \$155,000. It is noted that Canberra's averages by both measures are approximately mid way across the wider Australian dataset.

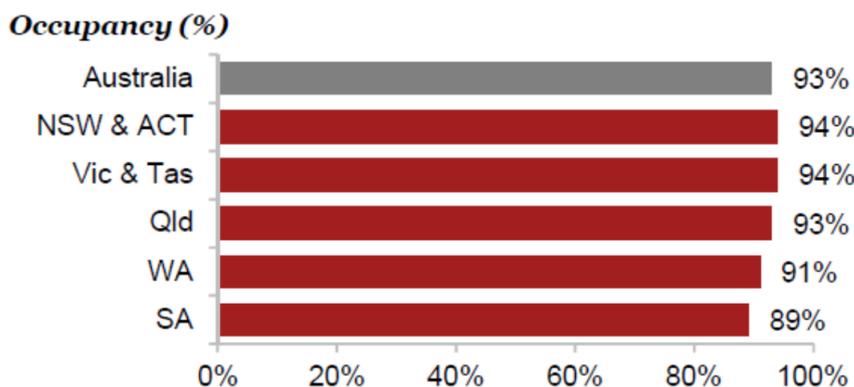
<sup>35</sup> 2017 PwC/Property Council Retirement Census, p 3

**Figure 9.3 – Average 2 bedroom ILU as a % of postcode median house price (LHS); and Average price difference between 2 bedroom ILU and postcode median house price (RHS)<sup>36</sup>**



The following Figure 9.4 depicts the average retirement village occupancy rates by region, noting that the ACT is combined with NSW, and has a 94% occupancy rate, being 1% greater than the overall Australian average. There is a ‘tight’ range of only 5% across Australia evidencing the strong level of demand<sup>37</sup>.

**Figure 9.4 – Average retirement village occupancy rates by region**



**9.2 Capital growth expectations**

The Property Council of Australia undertook a survey of the retirement industry stakeholders and recently published its findings<sup>38</sup>. The survey gauges the property industry’s:

- Sentiments about the outlook for Australia’s national and state/territory economies
- Views on property asset class performance
- Employment intentions
- Expected work flows
- Critical industry drivers.

<sup>36</sup> Ibid p 4

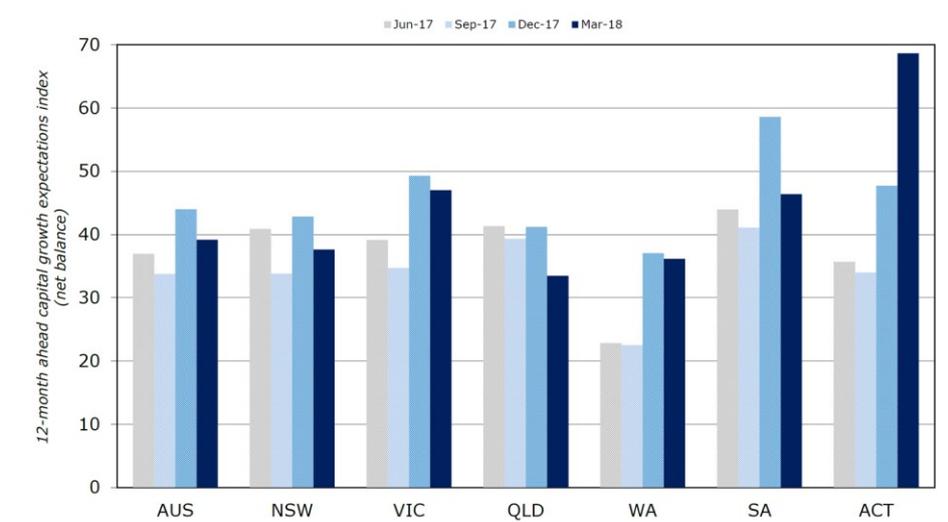
<sup>37</sup> Ibid p 6

<sup>38</sup> ANZ/Property Council Survey, released January 2018 and associated Media Releases

The March Quarter 2018 survey canvassed the views of over 1,100 respondents including, owners, developers, agents, managers, consultants and government across all major industry sectors and regions. The survey considers the above aspects in respect to a range of property types including retirement living.

A short term trend analysis of the industry focussed on capital growth only and the results are in the following table and graphs. In Figure 9.5 survey respondents were asked 'Over the next 12 months in the state you primarily operate, how do you expect capital values to change for retirement living?' The March 2018 results indicated that the ACT had an almost 70% expectation being the highest rate in Australia.

**Figure 9.5 – ANZ/PCA Survey - Retirement Living Capital Growth Expectations** <sup>39</sup>



Note – Survey question: Over the NEXT 12 MONTHS in the state you primarily operate, how do you expect capital values to change for RETIREMENT LIVING?

In Table 9.3 summaries of the 3, 6 and 12 month sentiment index numbers indicate that over all four periods the sentiment for capital growth in the ACT is the highest in the five surveyed States and one Territory.

**Table 9.3 – ANZ/PCA Survey – Retirement Living Capital Values State Sentiment Summaries** <sup>40</sup>

Measure	ACT	NSW	VIC	QLD	WA	SA
Capital values index results for retirement living						
March 2018 index result	68.7	37.6	47.0	33.5	36.2	46.4
Shift in sentiment – 12 months to March quarter 2018	27.8	1.3	4.0	(7.1)	19.3	11.2
Shift in sentiment – 6 months to March quarter 2018	34.7	3.8	12.3	(5.8)	13.6	5.3
Shift in sentiment – 3 months to March quarter 2018	21.0	(5.2)	(2.3)	(7.7)	(0.9)	(12.2)

<sup>39</sup> PCA ANZ/Property Council Survey Chart Book, March Quarter 2018, p 14

<sup>40</sup> PCA ANZ/Property Council Survey Chart Book, March Quarter 2018, Excel spreadsheets

### 9.3 Retirement Village Industry Action Plan

Through the Retirement Living Council (part of the Property Council of Australia), twenty retirement village owners and operators agreed on an Action Plan to deliver higher standards, clearer and simpler information about costs and contracts, and an independent umpire to resolve disputes.

These operators met with retirement village resident association leaders from around the country in Melbourne in July 2017 to hear resident feedback and work on common issues. As a result of the discussions, the retirement village industry has committed to an 8-point plan that is designed to lead to greater transparency and higher standards across the industry, as follows:

- Support nationally consistent retirement village legislation and contracts
- Ensure there are transparent and easy-to-understand descriptions in contracts of entry pricing, ongoing service fees, reinstatement costs and fees and payments relating to departure, so residents have certainty about the costs associated with living in a retirement village
- Encourage all potential residents to seek independent legal advice before signing a contract and work together with government and the legal profession to make this happen. We will also encourage potential residents to share this information with family members and trusted advisers
- Improve training and professional support for village managers, sales people and other staff who engage directly with current and potential residents
- Commit to improve industry village accreditation standards and coverage, and support government initiatives to make accreditation a mandatory requirement for operating a village
- Commit to working with the Australian Retirement Village Residents Association to implement an industry Code of Conduct to set and maintain high standards about the marketing and operation of villages, as well as dispute management procedures for all operators and residents
- Commit to the establishment of an efficient and cost-effective government-backed independent dispute resolution process, such as an Ombudsman or Advocate, for disputes that are unable to be solved at a village level
- Maintain and strengthen the relationship between industry and the Australian Retirement Village Residents Association to make sure resident issues are clearly identified and addressed.

## 10 Socio economic and health

The Social Impact Assessment Guidelines requires an assessment of the impact of the proposal on:

- Accommodation and Housing
- Community services and facilities
- Interaction between development of the site and the existing community
- The impact on social cohesion.

The analysis is also required to:

- Define and describe the practical measures for protecting or enhancing social values
- Describe the level of community support for the project
- Provide a description and rationale of the overall net community benefit.

The communities response to this proposal is discussed in greater depth at Section 11, which addresses the community consultation undertaken to date as well as in the consultation report summary included as an Attachment to this report.

### 10.1 Accommodation and housing

The site is located within the existing Federal Golf Club, a facility that has been operating in the current location since the 1940's. The site has always operated as a golf club with associated facilities and services. The site is held under a concessional Crown Lease. Development of the area to the east, west and south of the course has occurred since the establishment of Garran and Hughes in particular. The development in the immediate vicinity is predominately one and two storey free standing dwellings with some multi-unit developments. Currently the site does not have a use other than as a club facility.

The proposal for the development of a 125 unit Over 55's development to part of the site (generally located where the current clubhouse and practice area sit) will require a Territory Plan Variation and the removal of the concessional status to part of the existing Crown Lease. The proposal is that with these town planning and lease changes the proposed development will be in conformity with the Territory Plan and updated Crown Lease (i.e. with the concessional component removed to part of the current Crown Lease).

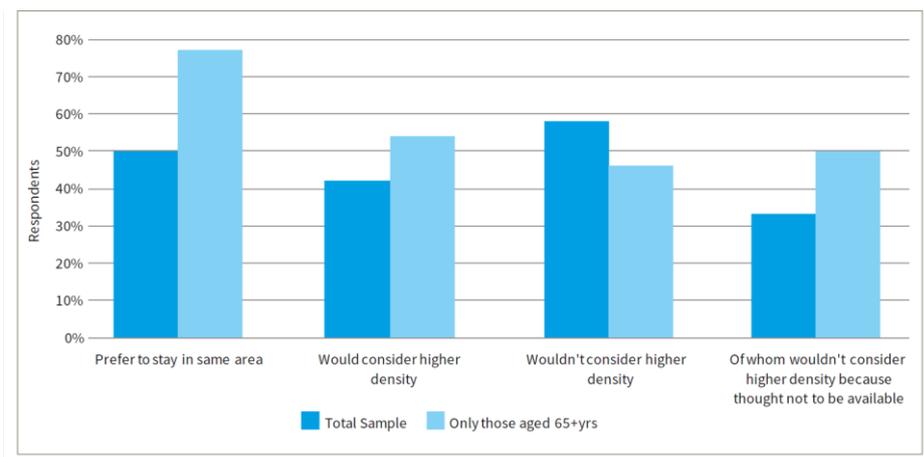
A retirement village is contemplated under the Territory Plan and will be a permissible use with the proposed town planning changes to the site. The proposal will meet strong demand for this form of development, particularly within the existing urban framework of the ACT where there is evidence to support that Canberra residents have expressed a desire to stay in their neighbourhoods as they age, and want more choice about where and how they live. This element has been identified in the the November 2017 'Housing Choices Discussion Paper' prepared by the ACT Government. An associated survey provided the following results and highlights the views of Canberrans that are 65 years and older, refer Figure 10.1<sup>41</sup>. The results indicate that almost 80% of survey respondents aged 65 and over would prefer to stay in the same area that they live. The survey also identified that over 50% of the same age group would consider higher density residential options.

The proposal for the site will allow a number of future occupiers to stay in the same area that they live, and to also allow infill development in a location where such development has been challenging to make happen.

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<sup>41</sup> Housing Choices Discussion Paper, ACT Government, November 2017, p 23

**Figure 10.1 – Community preferences for type and location of dwellings**



## 10.2 Community services and facilities

As discussed above, with the proposed changes to the current Crown Lease and the Territory Plan the proposed use will be in conformity with the Territory's planning regime.

The single major reason why the Federal Golf Club (as custodian of the land) is progressing the proposal with Mbark is to develop and maintain the condition of the club and its facilities for use by the next generations. The Club had a total of 914 members (as at February 2018) and was originally established in 1933. The average member age is currently 58 years, and the Club has identified the opportunity to attract lower aged members with the aim of reducing the average membership age as part of its Strategic Plan<sup>42</sup>.

The facility is a major and important community facility and is not only a golf facility. Locals utilise the facilities for passive recreation as it is open to the public at all times. It has been an important community facility since 1949 when the first 9 holes of the course was opened following the clubs enforced relocation from the former Acton Racecourse site. The clubhouse was first developed in the early 1950's (the original section is approximately 65 years old) and although it has stood the test of time for many years with substantial changes, it also requires redevelopment for use by the next generations.

The proposal includes a full redevelopment of the clubhouse into a facility that will include far more community based facilities and upgraded golf related facilities that will be in conformity with the courses' Championship classification. Community facilities will include upgraded and extended dining and social facilities and a gymnasium. Importantly, the development proposal will provide funding for the club to replace and extend its course irrigation capacity. This in turn will substantially reduce the use of potable water and therefore reduce operation costs on an annual basis. The club has used a wide variety of water reduction initiatives since the 1960's. Much work has been done to reduce water consumption, and the current prime objective is to replace the ageing (i.e. initial installations in 1971) irrigation systems as the cost of water and water leakage is economically and environmentally unviable. Currently the average water usage over the last 8 years is 70 megalitres per annum, noting that in 2004 the usage was 235 megalitres in a severe drought year.

<sup>42</sup> The Federal Golf Club Strategic Plan 2015-2018

Mbank are owner operators of several Over 55's developments (including The Arbour in Berry and Wivenhoe Village at Cobbitty in NSW) and have the industry experience to create a facility with the Federal Golf Club that will provide ongoing community benefits for future generations. Wivenhoe Village has been named as a Finalist in the 2018 Property Council of Australia/Rider Levett Bucknall Innovation & Excellence Awards.

The current 125 unit proposal is the one and only development proposed for the golf course site, that is, there is not the intention to develop a multi-stage future development.

As detailed above the development potential and approval of the proposal is governed by the Territory Plan and Planning Authority who will have the opportunity to consider the proposal in detail. Significant community consultation has already occurred in order that the proposal is promoted to the community in a transparent and complete manner. Reference to the community and stakeholder consultations to date are included in Section 11 of this report.

### **10.3 Interaction between Development of the Site and the Existing Community**

The Federal site is an important community site and will continue to be so following completion of the proposed development (which will be subject to market demand). As indicated above the site has been an important part of the local and wider community since the 1940's. This will continue, and with the changes proposed will offer wider community benefits. As part of the proposal the Red Hill Nature Reserve will be further extended by approximately 10 Hectares towards the Hughes (north-western) side of the site. An additional key benefit to the community will be the proposed upgrade and realignment of the current dangerous Gowrie Drive intersection, and the road between that intersection and the entrance to the site. The area between the existing course and Gowrie Drive is proposed to be converted to a new golf practice area. This area is currently not maintained as part of the formal golf course area.

From the consultation process to date it is clear that most of the local community and club membership are in support of the proposal, including the upgrade to the course and facilities. It is noted and acknowledged that not all of the local community is supportive of the development. The proponents have been in constant contact with all stakeholders and this will continue. It is intended that the community will be kept informed regularly of the progress of the proposal, and should the planning proposals be approved the community and club members will also be regularly informed as to progress with the building and site works.

The removal of the concessional status to part of the current Crown Lease will create the opportunity where significant long-term improvement and community benefit can be pursued on the site and also outside the site.

It is evident that with the increase in the population as a direct consequence of the proposal (estimated at around 200 additional people) there will be a positive impact to the local shopping centres and businesses. It is expected that one benefit to the increased population will be a direct expenditure injection into the Woden town centre which is an area that has been identified as needing significant support and uplift in patronage to support many commercial businesses, and in particular those businesses located outside the Westfield complex.

### **10.4 Impacts on social cohesion**

The provision and maintenance of significant community facilities such as the proposed improvements to the grounds of the site will provide the golf club with the short and long-term ability and financial support to maintain the facility for many years to come. The benefits of sport for all ages is well documented and include the physical benefits of playing golf (aerobic and muscle

strengthening); a reduction in the risks of chronic physical conditions such as bone injury, diabetes, stroke etc.; and the overall wellness benefits of being able to play a sport such as golf in a wide age group range.

The planning for the proposal will include the following key commitments and amenity benefits:

- Maintaining public access and improved walking trails
- Increasing the size of the Red Hill Nature Reserve and providing better integration between the course and the Reserve
- Security of open green space of the golf course and surrounds for the continued enjoyment by the public
- Continuing the public course status of the golf course
- Development of landscape buffers to mitigate view changes at the proposed residential interface
- Avoiding and or substantially mitigating direct impacts to the Reserve from the proposal
- Ensure that the proposal design considers all potential impacts
- Future residents will be offered no cost playing memberships to the golf club and its amenities including those in the proposed new clubhouse
- The rules of the future residential village will ensure controls are in place to protect the local communities privacy, safety and enjoyment of the location.

Mbark and Federal Golf Club have made a number of commitments to sustainability which are publicly set out on the [www.activeandconnected.com.au](http://www.activeandconnected.com.au) website<sup>43</sup>. These include:

- Exceeding the ACT government statutory sustainability requirements for the village proposal
- Minimise the carbon footprint of club and village operations by targeting an 'off grid' electricity network
- Minimise the club's reliance on potable water using a comprehensive and integrated water design, storage and distribution network across the site (village and golf club)
- Maintain (or improve) pre-development hydrology conditions post development
- Extend the Red Hill Reserve to provide material environmental and community benefit
- No net tree losses on site and species improvement in a tree replacement program
- Mitigate and manage impacts of infrastructure design and construction methodology including stakeholder consultation
- Provide electric village transport
- Intersection and vehicle access arrangements to address safety concerns for vehicles, pedestrians and cyclists.

Cundall (Cundall Johnston & Partners Pty Ltd) has been retained to advise Mbark and the Federal Golf Club on a range of sustainability frameworks and initiatives in the planning for the proposal. These include:

1. NatHERS
2. PassivHaus
3. Green Star Communities
4. One Planet Community
5. National Carbon Offset Standard (NCOS) for Precincts

Cundall has developed a range of Headline goals, Proposed initiatives and potential initiatives aligned to the 10, One Planet Principles<sup>44</sup>. The Principles were developed by the World Wildlife Fund and the environmental charity BioRegional. The principles align with the UN Sustainable

<sup>43</sup> [www.activeandconnected.com.au](http://www.activeandconnected.com.au)

<sup>44</sup> Federal Golf Club Retirement Village Preliminary Sustainability Pathway, First Issue, dated 8 January 2018

Development Goals, and are suitable for a community scale development. The 10, One Planet principles can be applied to projects and communities, with or without formal endorsement. The principles are summarised in the following Table<sup>45</sup>. Mbark and Federal Golf Club intend to develop a range of sustainability principles (i.e. goals and initiatives) during the planning and construction of the proposal.

	<b>Health and happiness</b>	Encouraging active, social, meaningful lives to promote good health and wellbeing
	<b>Equity and local economy</b>	Creating safe, equitable places to live and work which support local prosperity and international fair trade
	<b>Culture and community</b>	Nurturing local identity and heritage, empowering communities and promoting a culture of sustainable living
	<b>Land and nature</b>	Protecting and restoring land for the benefit of people and wildlife
	<b>Sustainable water</b>	Using water efficiently, protecting local water resources and reducing flooding and drought
	<b>Local and sustainable food</b>	Promoting sustainable humane farming and healthy diets high in local, seasonal organic food and vegetable protein
	<b>Travel and transport</b>	Reducing the need to travel, encouraging walking, cycling and low carbon transport
	<b>Materials and products</b>	Using materials from sustainable sources and promoting products which help people reduce consumption.
	<b>Zero waste</b>	Reducing consumption, re-using and recycling to achieve zero waste and zero pollution
	<b>Zero carbon energy</b>	Making buildings and manufacturing energy efficient and supplying all energy with renewables

### 10.5 Ecological considerations

- No impact is expected to occur to the listed Threatened Ecological Community (TEC) as a result of the proposed village development
- Measures are recommended to avoid or otherwise mitigate or reduce the potential for a significant adverse environmental impact occurring as a consequence of the proposed development including:
  - The removal of hollow-bearing trees be undertaken in accordance with the Construction (Flora and Fauna) Management Plan
  - The timing of the removal of hollow-bearing trees to occur outside the breeding season of the Superb Parrot
  - All works at the site, and particularly, in the adjacent offsite areas within the mapped Box Gum Woodland TEC is to proceed in accordance with the Construction (Flora and Fauna) Management Plan
  - A Kangaroo population health monitoring program should be established<sup>46</sup>.
- The proponent is planning on replacing trees that are removed at a ratio of 10:1, that is for every tree that is required to be removed it will be replaced with 10 new trees.

<sup>45</sup> <http://www.bioregional.com/oneplanetliving/>

<sup>46</sup> Ecological Assessment Report, NGH Environmental, draft 13/2/18

## 10.6 Transport considerations

- Each of the 125 dwellings are expected to generate between 1 and 2 vehicle trips per day (vpd), and 0.1 vehicle trips per hour (vph) in the AM peak and 0.2 vph in the PM commuter peak period. This accounts that there will be no imperative for travel during the morning peak period and reduced travel demand during the evening peak when compared with a standard residential household
- Adoption of the recommended trip generation rates will result in additional daily trips by residents of between 125 vpd and 250 vpd and 12.5 vph during the AM peak and 25 vph during the PM peak
- The safety, capacity and overall level of service at the intersection of Gowrie Drive / Red Hill Drive with the access road is not expected to deteriorate as a result of additional 22 peak hour vehicles from the proposed development
- The proposed retirement village is not expected to have any direct impact on ACTION Route Bus service operations
- It is proposed that vehicles entering the club precinct from Gowrie Drive will be required to yield to vehicles exiting the site and driving towards Gowrie Drive as part of the speed control and traffic calming strategy<sup>47</sup>.

In addition to the above, the proponent is proposing a dedicated village bus for use by residents, and the provision of an electric share car.

## 10.7 Noise/acoustic considerations

- It is understood that under the current management (managing for almost the past twenty years), no noise concerns have been raised with FGC in regard to the operation of the clubhouse and use of amplified music by the local community. This indicates that the current noise management measures adopted by the management have generally been effective and sufficient.
- Based on an acoustic review undertaken for the proposed clubhouse, it was found that the proposed strategies are generally acoustically favourable in respect to emitting noise to the immediate environment.
- The existing clubhouse building back-dates to the 1950's, and although appeared to be generally well maintained, an entirely new build will provide opportunities to provide a building envelope with higher sound insulating properties where required, including:
  - The glazed façade area has direct frontage to the golf course only and do not directly face any sensitive receivers
  - The sides of the building with direct frontage to sensitive receivers are generally either blank walls or spaces housing back-of-house services
  - The building will consist of a loading dock with an enclosable design<sup>48</sup>.

## 10.8 Net Community Benefit

The net community benefit of the proposal is included in Section 12, Economic Costs and Benefits, where the future outcome and benefits are outlined.

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<sup>47</sup> Transport Impact Assessment Report, Graeme Shoobridge Advisory Services, draft 14/2/18

<sup>48</sup> Noise Management Plan, WSP, draft 7/2/18

## 11 Community consultation

The Federal Golf Club is the Crown Lessee of the 18 hole championship course located adjacent Red Hill Nature Reserve and the suburbs of Garran and Hughes. The course is accessed from Gowrie Drive, at the intersection with Melbourne Avenue, Stonehaven Crescent and Mugga Way.

The Club is operationally sound and membership numbers are in the top 6% of golf courses nationally.

The Federal Golf Club Over 55s Lifestyle proposal is a response to the Club's need to diversify its ongoing revenue streams to enable replacement and maintenance of essential irrigation infrastructure, and to provide its members with more contemporary facilities.

The Federal Golf Club Over 55s Lifestyle proposal incorporates a seniors living village that will:

1. Integrate into and complement the existing golfing activities and operations
2. Provide the capital needed to complete necessary upgrades to the water security and storage
3. Diversify the Club's income sources
4. Introduce additional members to the Club
5. Achieve excellent environmental outcomes for the community
6. Underpin the tenure of the Federal Golf Club to ensure its longevity is secured for the community.

Specifically, the proposal includes seniors' housing of up to 125 residences that are purpose designed and built. A mixture of freestanding homes, apartments (maximum 3 stories set into the natural fall of the topography) and town homes will be incorporated, as well as a mix of 1, 2 and 3 bedroom options. It is expected that the completed village would comprise around 200 residents.

The Federal Golf Club and partner Mbark are committed to engaging with the community over the period it will take to realise the staged development of the proposed Over 55s Lifestyle village.

A significant number of interactions have occurred with stakeholders, members of the local community and interest groups who have sought information and participated in a range of consultation activities over the past two years.

**Table 11.1 – Interactions with stakeholders, members of the local community and interest groups**

Consultation activity	Number
Letterboxed residential, commercial and community premises	8,000
Community drop-in sessions	123
Community Panel	20
Website (unique visits)	7,354
Social media	52
Written communications	33
Telephone inquiries	42

There have been three phases of consultation during the past 2 years:

- Preliminary key stakeholder engagement
- ACT Government hosted Community Panel and consequent 10 commitments
- Broader community consultation.

The key themes raised by stakeholders were:

- Direct and indirect impacts on the endangered woodland, important wildlife, and a nature reserve from infrastructure, fire mitigation, and other works required for the development
- Impingement and restriction on use of land much utilised and loved by the community
- Impacts to wildlife by having new development adjacent to a core part of the reserve currently relatively remote (>200m) from existing houses
- Alterations to current road arrangements, including possible connection to Brereton Street, creating a “rat run” from Woden to South Canberra
- The possibility that the proposed development is just the ‘thin end of the wedge’ creating the precedent for even further development in the future
- Increased hazards to wildlife, cyclist and pedestrian users of Red Hill Reserve resulting from increased traffic and speed on Gowrie Drive and Red Hill Drive generated by the construction and operation of the development
- Loss or damage to historic 1917-1920 red flowering plantings by Charles Weston
- Serious adverse impact on the amenity of existing residents abutting the golf course.

Additional matters raised during the Community Panel meetings were:

- Financial viability – will the proposal really solve the Club’s current water and future infrastructure problems and provide financial sustainability?
- Environmental impact
- View amenity impacts to nearby residents
- Strategic context – do we need more age appropriate housing and are in fill areas like FGC suitable locations for it
- Cumulative impacts of the proposal when considered in the context of other proposals or developments in the area – with a focus on environmental and traffic congestion.

During the broader community consultations, community members welcomed the retirement housing choice proposed by the Over 55s village and the additional amenity it offers residents and locals.

- 24% were potential purchasers and wanted to know when they could move in;
- 63% arrived interested in what may happen in their neighbourhood or with anecdotal information they had heard. Several of these attendees had been misinformed about the proposal but left with accurate information and a more favourable view about the proposal; and
- 13% arrived with negative views about the proposal and left with more accurate information but with their views unchanged.

Positive commentary included:

- The need for retirement living housing choices to age in place and retain existing community connections
- The lack of retirement living products in the ACT
- The aging population and retirement housing options not responding
- The need for urban infill to better utilise existing infrastructure
- The owner/operator model where the proponent remains involved
- Protection of woodland, trees and wildlife habitat
- Continued access to the golf course for passive recreation.

A further two new questions were raised during the broader community consultation:

- Access to continuing electricity supply at times of power failure particular for critical facilities such as lift access to apartments
- Additional noise generation from the clubhouse potentially impacting local residents.

## 12 Economic costs and benefits

We have considered the economic costs and benefits of the proposal itself and also the impact of the sport of golf to the local economy. Both are significant. The proposal as outlined should generate significant benefits locally. This section outlines the economic benefits of golf to the local economy which was estimated at \$59.5 million per annum in 2016/17.. The proposal is estimated as a one off contribution of \$82.07 million over the construction period, with ongoing annual economic benefits of \$4.4 million per annum.

### 12.1 Economic benefit of golf to local and national economies

The sport of golf is intrinsic to this proposal, as the key driver for the Federal Golf Club to enter into the proposed arrangement with Mbark is to ensure best practice water use management, reduction of course operational costs, and an increase in the club's membership. An appreciation of the impact of golf to the local economy is an important consideration in the assessment of the overall Over 55's proposal.

Importantly as part of the Over 55's proposal to future residents, a no cost benefit for **5 years** **[Mbark to confirm]** of a free full playing membership with the Federal Golf Club is proposed. The economic benefit of this offering to potential residents is estimated in the summary of economic benefits for this proposal included in Section 12.3 of this report.

A Golf Community Impacts study undertaken for Golf Australia in 2017<sup>49</sup> found that the overall annual economic benefit of golf to the Australian economy was \$3.482 billion, with the ACT contributing \$59.53 million pa (being 1.71% of the total national contribution) through the areas of contribution included in Table 12.1. The data for the report was sourced from a wide range of sources including ABS data, Tourism Research Australia regional profiles, IBISWorld reports, Golf Club Australia Participation Reports, a survey of 1,243 participants, annual reports and financial statements of golf clubs and organisations.

**Table 12.1 – Economic contribution of golf to the ACT**

Contribution type	\$M per annum	% Total Contribution
Association and club expenditure	\$32.916	55.29%
Regular participants	\$7.650	12.85%
Club events	\$0.699	1.17%
Club and school programs	\$0.354	0.59%
Total direct expenditure	\$41.619	69.91%
Golf tourism	\$10.832	18.19%
Retail and coaching	\$7.083	11.90%
Total ancillary expenditure	\$17.915	30.09%
Total direct and ancillary expenditure	\$59.534	100.00%

The contribution of golf association and club expenditure in the ACT provides the majority of economic contribution to the local economy, with golf tourism providing the second largest contribution at \$10.8 million pa. Nationally golf tourism accounted for \$477 million pa as reported in 2017, with the ACT's contribution at around 2.2% of the national figure. Golf tourism includes

<sup>49</sup> Community Impacts Study, for Australian Gold Industry Council, by SBP and Street Ryan, September 2017, p 22

expenditure on day and overnight visitation, and expenditure on on food and beverages, accommodation, travel, shopping etc.

Golf tourism is primarily generated through three elements being domestic, international inbound and outbound international. The associated economic impact that these elements bring to the local and Australian economies through spending and income generation opportunities are large in scale. In 2013 it was estimated that 20,000 to 30,000 rounds a year were played by international tourists on leading Australian courses such as Federal Golf Club<sup>50</sup>.

Golf tourism data that was generated in 2014 provided the following key statistics for golf tourism (being domestic and inbound) in Australia<sup>51</sup>:

#### **Domestic golf tourism statistics**

- 1.575 million golf trips were taken in Australia in 2013, generating 8.4 million golf visitor nights
- The average spend by core domestic golf tourists on a per night basis was \$302, who stayed an average of 5.3 nights
- Core domestic golf tourism is predominantly based around short trips with 62% of trips being of four nights or less
- Since 2008 the number of day trips including golf has increased by an average rate of 2% per annum
- Most core golf tourists travel with family and friends and typically play three to five rounds over one or two courses
- The two most important features sought by the core golfing tourist are an ability to play premium courses and course variety.

#### **Inbound golf tourism statistics**

- Tourism Research Australia reported that there were 174,000 international tourists who played golf when visiting Australia in 2013, representing 3.2% of all international visitors
- The top five inbound golf tourism markets accounted for 61% of total international golf visitor nights to Australia, and have grown by 50% over the five year period since 2008
- In 2013, while only accounting for 9% of total golf visitor nights, where the Chinese market accounted for 17% of total golf visitor spending.

Estimated annual national golf participation levels in 2013/2014 were identified as<sup>52</sup>:

▪ Program Participants (Club and School)	205,074
▪ Event Participants	161,300
▪ Playing members of golf clubs	393,975
▪ Club competition rounds of golf	14,850,426
▪ Non-member rounds of golf	6,844,670
▪ Golf tourism rounds of golf	3,527,653.

<sup>50</sup> The Value of Golf Tourism to Australia, by GBAS for Golf Australia, September 2014, p 21

<sup>51</sup> Ibid, p1

<sup>52</sup> Community Impacts Study, for Australian Gold Industry Council, by SBP and Street Ryan, September 2017, p 18

## 12.2 Golf in the ACT context

Locally the importance of sport in the ACT is evidenced through the following statements sourced from the 2017 ACT Tourism Audit<sup>53</sup>:

*“Festivals and events play a major role in attracting overnight visitors to the ACT, and there is a strong opportunity for the ACT to attract new markets and drive longer stays through strategic management of cultural and sporting events.*

*The ACT is well placed to extend the number of nights that visitors stay when in the ACT for an event. Bundling major cultural and sporting events with air and accommodation packages will strengthen the ACT’s offering and will also have a positive impact on other products and experiences.”*

The following Table 12.2 depicts golf club membership statistics between 2012 and 2016 in the ACT Monaro region, that comprises 23 golf courses and all of Australia (Golf Australia has 73 defined intrastate golf districts nationally and the data is sourced from their database)<sup>54</sup>.

**Table 12.2 – ACT Monaro region and Australian golf club membership statistics 2012 to 2016**

Region	2012	2013	2014	2015	2016	% Change 1 Year	% Change 5 Years
ACT Monaro	10,169	9,204	8,963	9,092	8,855	(2.6%)	(12.9%)
Australia	406,718	403,388	399,046	397,107	393,975	(0.8%)	(3.1%)

As is noted there has been an overall and almost constant annual decline in members over this period in the ACT’s region and nationally, with the rate of decline nationally has been slower than in the ACT’s region. An increase in memberships to Federal as a consequence of the proposal could increase the overall ACT Monaro region member numbers by between 2.0% and 2.5% based on approximately 200<sup>55</sup> new memberships immediately after project completion.

## 12.3 Potential economic benefits and impacts from Over 55’s proposal at Federal

We have undertaken an estimate of the potential increased population as a consequence of the Over 55’s proposal at Federal development. There are two main demographic impacts as a result of the development being:

1. The increased permanent population within the proposed residential component of the development. This is based on the total yield of 125 residential units and apartments. We have estimated the total future population based on the total number of units and apartments; the potential breakdown of the units and apartments by different sizes and bedroom configurations, and through estimated levels of occupancy on each unit and apartment configuration (that has been primarily sourced from census statistics); and
2. The additional working population within the proposed non-residential components of the proposed development. The working population has been estimated for the operations of the future Over 55’s development as well as the potential increased number of employees within the new and expanded Clubhouse and improved golf course component. Based on estimates provided by Federal Golf Club as operator of the existing clubhouse we have estimated the numbers of new and additional employees that could be employed post completion of the proposed project.

<sup>53</sup> Australian Capital Tourism Audit, Tourism Research Council, November 2017

<sup>54</sup> Golf Club Participation Report, Golf Australia, May 2017, p 21

<sup>55</sup> Membership gain estimate provided by the Federal Golf Club

### 12.3.1 Estimate of increased permanent population

The following Table 12.3 summarises the estimated total population range for the residential component of the Over 55's proposal at Federal.

In summary the following population range assuming a total of 125 residential units and apartments is likely to create a total estimated population of around 200 new residents. The likelihood is acknowledged that the majority of future residents will currently reside in the Canberra region and many potentially within a 5 kilometre radius of the site.

The primary assumptions to calculate both the high and low population ranges include:

- The number of estimated units and apartments
- The current planned ratio and configuration of the estimated number of units and apartments
- Estimates of the total population (high and low estimates) for each configuration of the estimated number of apartments
- We then tested the results by averaging the total low and high population per unit which represented 1.00 and 2.25 persons per unit/apartment respectively.

**Table 12.3 - Estimated total population Over 55's proposal at Federal – 125 dwellings**

Unit configuration <sup>56</sup>	125 total units & apartments						
	Unit Numbers	Total Bedrooms	Net Floor Area Range (sq m)	Midpoint population per unit (high)	Midpoint population per unit (low)	Total Population (high estimate) <small>Note</small>	Total Population (low estimate)
1 bedroom	9	9	68	1.00	1.00	9	9
2 bedroom	24	48	102 - 110	2.00	1.00	48	24
3 bedroom	92	276	130 - 198	2.25	1.25	207	115
Totals	125	333				264	148

Note – total population estimates have been rounded

The midpoint total population is 206 people, representing an average population per unit of 1.65 people. We consider this ratio to be appropriate when compared to 2016 Census data where in the ACT average numbers of persons per dwelling type were<sup>57</sup>:

- Separate house: 2.83 persons
- Semi-detached, row, terrace, townhouse: 2.14 persons
- Flat or apartment: 1.76 persons

A total population within the development of around 200 persons fits closer to the ratio of flats/apartments is appropriate when compared to the semi-detached, row, terrace, townhouse ration of 2.14 persons per dwelling. For the purposes of this report we have adopted a residential population of 200 people.

<sup>56</sup> Over 55's development at Federal Yield Schedule, Saturday Studio, 10 January 2018 version

<sup>57</sup> 2016 Census of Population and Housing, General Community Profile for ACT, Table G 32 – Catalogue No. 2001.0, released 2017

### 12.3.2 Summary of economic impacts

The economic analysis that we have undertaken has been in two time periods, during the proposed construction and post construction. We have identified a range of economic impacts as a direct consequence of the proposed project which are summarised as follows.

#### Economic impacts prior to and during construction

1. Concessional lease payout and Lease Variation Charge
2. Stamp duty on registration of new Crown Lease (payable to the ACT Government)
3. Application fees for the DA (payable to the ACT Government)
4. Construction benefit to local businesses and the ACT economy
5. GST on the non-labour component of the development cost
6. Payroll tax on the labour component of the development cost
7. Increased construction employment.

#### Economic impacts post construction

1. Increase in post development operational employment including Payroll Tax (annual benefit)
2. Rates and levies (payable to the ACT Government)
3. Increased Gross State Product purchases and spending (annual).

#### Summary of key economic benefit project results

Where possible the estimated fiscal impact has been measured if there is a direct relationship with the project.

The Gross State Product (GSP) is a measure of the value added by economic production in the ACT and many of the financial benefits will have an impact on the GSP. Construction has a very high positive impact to the ACT's GSP figures in volume terms.

The project will have a strong direct positive impact on the level of GSP during the period of construction and ongoing operations. Construction dates will be developed as part of the ongoing project planning, however for the purposes of this Economic Impact Assessment we have developed a range of assumptions that have been based on a significant amount of initial due diligence and master planning prior to further development through the developed master planning stage that will lead to the Development Application (DA) stage of the proposal.

In terms of the duration of the project, and subject to the take up demand for the residential Over 55's component, it is likely that a staged development plan will occur and this is clearly acknowledged by the proponent. The duration of the development plan is not known as of the date of the preparation of this Economic Impact Study, however initial work would suggest that the project would have a development period of between 3 and 4 years. This timing is to be confirmed by the ACT's current demand and supply profile of the Over 55's type residential development component in particular.

We have assessed and measured the potential economic impact assuming nominal 2018 dollars (i.e. not escalated or staged over time) based on information that has been developed by consultantts working on the project, and our own research. For clarity we have not developed an inflated cash flow but rather assumed that the development will occur in a single development phase using current costs.

Of necessity and as a consequence of a number of items impacting the economics of the project that had not been finalised at the time of developing this report, some of these items have had to be estimated based on available market and other data and information. Examples of matters that have not been finalised include the final cost of the Deconcession of part of the existing Crown Lease and the final cost of any Lease Variation Charge (LVC) applicable, or the timing of such payments. As at the date of the preparation of this report, the ACT Government had recently released proposed

changes to the basis of levying and managing the LVC charges. This is proposed to include staged payments over a period of up to four years, with payments to be made to the government at the issue of Certificates of Occupancy, rather than the current position where the full payment amount is due and payable upon the issue of the Development Approval (DA), with existing LVC remissions available until March 2018. It should be noted that the analysis undertaken does not include new future items, unidentified items or future elements of negotiation that at the time of preparing this report were unknown or subject to future resolution that may impact the economic impact of the project.

Summary details of the above financial impact benefits are as follows (noting derived calculations have been rounded):

- The financial benefit to the ACT Government of the Deconcessionalisation of part of the current Federal Golf Club's Crown Lease to provide for the Over 55's proposal has been estimated at \$300,000 for the purposes of this economic assessment. We have also allowed \$3 million financial benefit to the ACT Government for a Lease Variation Charge payment, noting that the details of both payments are to be confirmed
- Direct construction cost benefit to local businesses and the ACT community (i.e. increase in Gross State Product), on the assumption that approximately 80% of the construction cost is supplied from the ACT. The total construction cost including various industry standard allowances for the project is estimated almost \$89.6 million nominal as at 2018. A total construction cost benefit to local businesses and the ACT community of approximately \$71.7 million is derived
- GST levied for the building and non-building components and paid by contractors that is then reimbursed to the States and Territories by the Commonwealth through Commonwealth and State/Territory GST agreements. Based on the total project cost of \$89.6 million ex GST and an assumed non labour component being 40% of this calculation (i.e. \$35.8 million), the derived GST payable is estimated at \$3.26 million
- Payroll Tax payable to the ACT Government for the labour (wages) component of contracts assuming a 6.85% flat Payroll Tax rate (i.e. with no ACT tax-free threshold) and based on assessed labour components in construction contracts. The tax receipts has been assessed at 60% labour and 40% materials for the construction component, and 100% labour where there are no materials involved such as consultancies etc. Based on the total project cost of \$89.6 million and the assumed labour component being 60% of this calculation (i.e. \$53.8 million), the derived Payroll Tax is \$3.7 million.
- Increase in employment during the construction period due to the building contract(s) and additional net employment following completion. The assessed total additional employment over the project period of an assumed 3 years is estimated to be in the range of 220 employees. This estimate is based on a base labour component construction contract of approximately \$53.8 million assuming an average annual per capita wage/salary cost of \$17.9 million per annum.
- Direct impact to local suppliers through additional spending particularly during the construction phase. Based on an assessed 80% of the construction contracts being awarded to local ACT and regional businesses, the impact to local suppliers (including labour) is in the order of \$71.7 million over the period of the development
- Increased post development employment based on the estimated number of Full Time Equivalent (FTE's) employed on the two major project components being the new Over 55's

development and the new Clubhouse. The total estimated additional workforce is in the order of 13 FTE's, and five FTE's for the Over 55's development, together with an additional eight FTE's for the Clubhouse, being additional staff above current levels. Based on assumed annual salaries, the total additional salary injection into the economy is estimated to be almost \$0.9 million pa based on 2018 levels, and estimated additional Payroll Tax of around \$60,000 annually

- Other direct financial positive impacts to the ACT Government during and following the construction phase include:
  - Stamp Duty may be payable on the Registration of the new Crown Lease for the residential development parcel. This is to be determined. For the purposes of this report we have not estimated an amount that may be payable however we acknowledge that this is a possible economic impact to the project
  - The application fees payable to the ACT Government for the DA are likely to be in the order of \$110,000
  - Unit Titling fees are not expected to be payable as it is proposed that the residential component project will be held under a single new Crown Lease
  - Ongoing additional rates and levies for the project following completion, payable to the ACT Government have been estimated at \$220,000 per annum based on 2017-18 rate and levy levels for the residential and Clubhouse components following completion. This estimate assumes the full impact of the Over 55's residential development and an estimated increase in rates payable for the larger proposed clubhouse. We have not assessed Land Tax should this be levied.
- A major ongoing economic benefit to the ACT economy that would be represented by an increase in the ACT's Gross State Product (GSP) will be the additional expenditure from:
  - Ongoing annual maintenance and refurbishments to the new residential component payable by the operators of the Over 55's project
  - Spending from the new residential population, many of which are expected to become full members of the Federal Golf Club. Part of the economic benefit is expected to be the residential population having increased disposable income following the sale of their previous dwelling and relocating, in most cases with an expected increased asset and income base due to the crystallised price differential between their former and new dwelling. This is likely to release additional capital into the local economy.

We have attempted to estimate assess the potential for these additional GSP elements and have allowed a total of \$3.24 million per annum on a recurring basis.

The proposal has significant estimated development and ongoing economic benefits that include the following:

- Assessed benefits totalling \$82.068 million related to the development of the proposal
- Assessed ongoing benefits totalling \$4.43 million per annum in 2018 dollars
- Approximately 237 full time equivalent jobs related to the development of the proposal
- Approximately 13 new and ongoing full time equivalent jobs following completion of the development.

A summary Table 12.4 of the above key elements of the potential economic impacts directly contributed by the project is as follows.

Table 12.4 – Summary of potential economic benefits from Over 55's proposal at Federal

Economic Benefits Summary				
Item No.	Benefit	One off benefit (\$) during construction	Recurring post construction benefit (\$)	Potential additional FTE's
Economic impacts prior to and during construction				
1	Concessional lease payout and Lease Variation Charge	\$3,300,000		
2	Stamp duty on registration of new Crown Lease (payable to the ACT Government)	Note 2		
3	Application fees for the DA (payable to the ACT Government)	\$110,774		
4	Construction benefit to local businesses and the ACT economy	\$71,713,663		
5	GST on the non-labour component of the development cost	\$3,259,712		
6	Payroll tax on the labour component of the development cost	\$3,684,289		
7	Increased construction employment			204
Economic impacts post construction				
1	Increase in post development operational employment including Payroll Tax (annual benefit)		\$972,335	13
2	Rates and levies (payable to the ACT Government)		\$220,464	
3	Increased Gross State Product purchases and spending (annual)		\$3,238,000	
<b>Totals</b>		<b>\$82.068 million</b>	<b>\$4.430 million</b>	<b>237 FTE's</b>

Notes:

- Calculations assume nominal and non-escalated 2018 dollars. Results have been rounded.
- Stamp Duty, if any is payable is to be confirmed

### 12.3.3 Letter of support to economics of the proposal

The following letter of support to the Over 55's proposal and club redevelopment was received by the Club from Kate Carnell AO, and former Chief Minister of the ACT. Ms Carnell succinctly outlines the benefits of the proposal to the retirement/aged sectors and to the local economy.

10<sup>th</sup> June 2015

Mr Ron Thompson  
President  
Federal Golf Club  
Gowrie Drive  
RED HILL ACT 2603

  
Dear Mr Thompson,

**Re: Over 55's Community Lifestyle Development at Federal**

As CEO of the Australian Chamber of Commerce and Industry and a former Chief Minister of the ACT with a great interest in Canberra's development, I am pleased to lend my support to the establishment of an Over 55s Community Lifestyle Development at the Federal Golf Club.

I believe this project would provide much-needed accommodation for the ageing population of Central Canberra close to where they currently live. The ACT Government projects that the share of the Canberra population aged 65 and over will increase from 11 per cent in 2012 to 23 per cent in 2062. It is desirable that as people get older they can continue to live in the community that they know helping them remain connected to friends, family and social networks. Developments like that proposed at the Federal Golf Club would help to achieve this.

This project would also stimulate private sector economic growth, creating jobs at a time when Canberra is facing a subdued employment market. Major projects like this one, which has an estimated value exceeding \$100 million, generate wealth that cascades through the economy.

In the construction phase it will create jobs for designers, builders, plumbers, electricians and other construction workers. And during its operational phase it will provide employment for hospitality workers, administrators, maintenance staff and others. Canberra residents need good quality jobs like those that can be generated from this project.

I am pleased to hear it will be developed in close harmony with the local bush environment to high green star rating standards. It is also great to hear it will allow Federal Golf Club to become a Championship Golf Course, attracting to Canberra tourists from around the Asia-Pacific.

The Federal Golf Club has a history stretching back more than 80 years of providing recreational services to the people of Canberra. It is a suitable institution to host a community lifestyle development for over 55s, subject to usual planning requirements.

I am confident that this project will make Canberra an even better place to live.

Yours sincerely,



Kate Carnell AO

## Appendices