

Property Acquisition and Disposal

Purpose

To provide the framework for the acquisition and/or divestment of Council owned property.

Scope

This policy applies to Councillors and staff who are involved in the acquisition or disposal of property.

Definitions

Term	Meaning
Property	Real property such as vacant land, or land on which there is an asset, such as a commercial or other building

Policy Principles

- Acquisition and divestment of property shall have due regard to the following:
 - Best Value for Money - this is not restricted to price alone and will include consideration of (where applicable):
 - The contribution to Council's long term strategic and financial plans
 - Any relevant direct and indirect benefits to Council and/or the community, both tangible and intangible
 - Efficiency and effectiveness
 - The costs of various disposal methods
 - Internal administration costs
 - Risk exposure
 - The value of any associated environmental benefits
 - Transparency – processes shall be open to scrutiny, providing full information and reasons behind decisions.
 - Accountability – demonstrate a high level of performance through, reporting, record keeping and audit trails
 - Impartiality – address perceived or actual conflicts of interest particularly if Council is the consent authority associated with rezoning issues through property development opportunities
 - The purpose for the acquisition or divestment

2. **Property Acquisition**

Council will acquire property for the purposes of carrying out its functions under the Local Government Act and acquisition is subject to a formal resolution of Council

Property acquisitions shall be benchmarked to an independent property valuation unless the size and/or agreed value of the property is negligible.

Property acquisitions above the valuation benchmark at a 'special value' may be justified in order to secure property that will achieve defined goals or objectives or add value to a larger scheme or development. Any special value should be quantified and referenced to specific goals and objectives.

Property acquisition shall have due regard for, but not be limited to, the following criteria.

- Identification as to the 'purpose' for the acquisition
- Identification in Council strategic documents
- Land classification upon acquisition (operational or community per Section 25 *Local Government Act 1993*)
- Any property swap opportunities
- Prospect for capital gain, rate of return, investment risk and timeframe
- Any commercial or redevelopment opportunity that would be considered in the overall public interest
- Stimulation of the market or enabling the local economy.
- Demonstrable community need where there is evidence of market failure
- Costs including acquisition, ongoing and whole of life costing associated with any operational, capital improvement and opportunity costs
- Funding arrangements and impact on Council finances or services

3. **Property Disposal**

Property may not be sold unless it is classified as 'Operational Land' under Section 25 *Local Government Act 1993*.

Any decision to dispose of property must be made by Council and only after considering (where applicable):

- The usefulness of the property
- The opportunity to promote local economic growth and development
- The opportunity to deliver a social or community benefit
- The current market value of the property
- The annual cost of maintenance
- Any alternative future use of the property, taking into account potential rezoning and development opportunities
- Any duplication of the property or the service provided by the property
- Any impact the disposal of the property may have on the community
- Any cultural or historical significance of the property
- The positive and negative impacts the disposal of the property may have on the operations of Council
- The long term plans and strategic direction of Council
- A benefit and risk analysis of the proposed disposal
- The results of any community consultation process
- Any restrictions on the proposed disposal
- Any other relevant guidelines and policies of Council

Council will, where appropriate, dispose of property through one of the following methods.

- *Open market sale (including auction)* - advertisement for disposal of the property through the local paper and where appropriate, a paper circulating in the State, or by procuring the services of a licensed real estate agent and/or auctioneer (following compliance with Council's *Procurement Policy*)
- *Expressions of interest* - seeking expressions of interest for the property
- *Select tender* - seeking tenders from a selected group of persons or companies
- *Open tender* - openly seeking bids through tenders, including public auction
- *By negotiation* – with owners of adjoining or others with a pre-existing interest in the property, or where the property is to be used by a purchaser whose purpose for the property is consistent with Council's strategic objectives for the property.

Selection of a suitable disposal method will include consideration of (where appropriate):

- The number of known potential purchasers of the property
- Delegation limits, taking into consideration accountability, responsibility, operational efficiency and urgency of the disposal
- The total estimated value of the disposal
- Compliance with statutory and other obligations

Council will not dispose of property to any Councillor or any employee of Council who has been involved in any process related to a decision to dispose of the property and/or the establishment of a reserve price.

If property is to be auctioned or placed on the open market or disposed of by an expression of interest, then (unless Council resolves otherwise) one independent valuation must be obtained to establish the reserve price for the Property. The independent valuation must be made no more than 6 months prior to the proposed disposal.

If property is to be disposed of via a select tender or direct sale, then (unless Council resolves otherwise) a minimum of two independent valuations must be obtained to ensure that an appropriate market value is obtained. The independent valuation must be made no more than 6 months prior to the proposed disposal.

Council will seek to dispose of property at or above current market valuation by whichever method is likely to provide maximum return, unless there are reasons for Council to accept a lesser return which is consistent with the Council's overall strategic direction. These reasons must be documented in the Council report.

If the disposal is not to be on the open market, it should be at or above the current market valuation, with due regard to all associated costs to achieve the transaction or such other amount as Council resolves.

Council must record the reasons for utilising a specific method of disposal in the Council report.

4. **Review of Property Portfolio**

Council shall review its property portfolio in accordance with the relevant accounting standards and as part of the usual cycle for asset management to ensure that the various parcels of property meet the strategic objectives or operational needs. The underlying objective of such a review is to minimise cost and maximise usage so that the property portfolio is maintained/ developed to a standard that benefits the community both now and in the future.

The value of each property shall be assessed against operational, strategic and commercial values.

4.1 Operational Value

- Council service/s cannot (or would struggle to) function effectively without this property or public amenity and would be detrimentally impacted without the property eg. Council offices, carparks, community halls, parks, sporting facilities, water, sewerage, waste, recreational open space, playgrounds etc.
- TEST - can holding the property for less than the commercial return be justified? If so, the reasons for holding should be justified against any forgone commercial return.

4.2 Strategic Value

- Property held for future operational need, commercial value or future community enhancement
- TEST - Is Council satisfied that this property will deliver future operational, commercial or community benefit?

4.3 Commercial Value

- Properties that do not have a strategic or operational component
- TEST - should only be retained if they are achieving a commercial rate of return

4.4 Surplus Property

- Property that does not meet any of the above criteria
- The timing for disposal of such property would be considered by Council
- Disposal shall be in accordance with section 4, outlining the reasons for the selected method of disposal

5. PUBLIC COMMUNICATION

All information regarding purchase/sale price, valuations and rationale for the decision shall be made public as soon as practicable. Any information that is not released shall be done so by the resolution of the Council.

Responsibilities & Review

The General Manager's Office will

- Provide all necessary administrative support for the operation of this policy
- Develop and document any procedures for the effective implementation of this policy
- Keep sufficient records to enable monitoring of compliance with this policy and provide information required for Integrated Planning and Reporting purposes and internal organisational performance measurement.
- The Policy will be reviewed every four years. Next review date is 2023.

References

This policy is to be read in conjunction with the following:

Legislation	Local Government Act 1993
	Real Property Act 1900
Policies and procedures	Land Acquisition (Just Terms Compensation) Act 1991
	OLG Capital Expenditure Guidelines 2010

Approval History

Stage	Date	Comment	MagiQ Reference
Original	25 November 2015	Approved by Council	Min 313
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Ownership and Approval

Responsibility	Role
Author	General Manager
Owner	General Manager
Endorser	EMT
Approver	Council