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REPORT FOR:	Council		
MEETING DATE:	13 August 2019		
REPORT FROM:	Director – Corporate and Community Services		
REPORT TITLE:	Miriam High Special Needs Centre – Future of Building		
FILE NAME:	F17/217	RECORD NO:	AR19/32841

COMMUNITY VISION & STRATEGIC PLAN OUTCOMES

4 We Care

- 4.1 Encourage and support our community to care for themselves and for each other.
- 4.2 Facilitate services and develop partnerships to enable appropriate care for people in our communities.

6 We Achieve

- 6.5 We use and manage our financial resources in the best interests of our community, and to ensure financial sustainability and organisational efficiency now and into the future.

PURPOSE

The purpose of this report is to seek Council direction on the future of the Miriam High Special Needs Centre building.

RECOMMENDATION

Council:

1. Engages a real estate agent to advertise the property at 6 High Street Port Augusta for sale through an open market sale as per Council's Disposal of Land and Assets policy (1.1.12)

BACKGROUND

At a Council meeting held on 23rd July 2019, Council resolved to:

1. *Advise existing staff and families utilising the Miriam High Special Needs Centre of the closure date of no later than 30th September 2019*
2. *Continue to work with families to transition to alternative services.*
3. *Action the 'transition plan' including a communication strategy (attachment 1)*
4. *Note the unsolicited proposal received on 1st July 2019.*

No resolution has been made by Council at this time regarding future use of the building.

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DISCUSSION

Council has made two separate calls for Expressions of Interest in relation to the Miriam High Special Needs Centre, in July 2018 and again in March 2019.

Interest in the property

Since March 2019, the following interest has been received:

1. Interest was received in the second EOI call from Country Health Physiotherapy. Key information from the response is as follows:
 - Continue to provide high quality physiotherapy and related services to the community.
 - Definitely provide access to the community for use of the hydrotherapy spa
 - Port Augusta Physiotherapy Service is registered with the NDIS as a service provider and works with children and adults. Registration covers the Early Intervention support for early childhood (under 6 years of age) and Therapeutic Support Services.
 - Financial offer is 'subject to negotiation'
 - Offer relates to purchase of the property, not the current business model. Plant and equipment may be negotiable.
2. Novita responded outside of the Expression of Interest process with the following information:
 - Novita did not make a submission as it did not receive any guidance from Council as to what would be considered an innovative solution (note the Information Memorandum was provided to Novita but it was not considered a Council officer's role to provide guidance on what would be an acceptable innovative solution as this would be outside of the procurement process)
 - Noting board approval would need to be sought for any proposal
 - Novita to purchase Miriam High Special Needs Centre for \$1.00
 - Novita would commit to providing disability services from the facility and into the wider community for a minimum of 5 years.
 - The Council would provide no restrictions (staff or services) and Novita would ask for no support other than waiver of council rates).
 - Novita would investigate keeping the hydrotherapy pool available to the wider community and there would need to be a broader discussion with the Council.
3. A proposal was received by Council on 1st July 2019 (outside of the EOI process) from Ms Amanda Hockey. This proposal is for a service to continue for NDIS participants and their families based on the philosophy of the Miriam High Special Needs Centre with an increase in availability of programs, reflecting times and age groups that are more appropriate and convenient to participants.

Under this proposal, the hydrotherapy spa would continue to be made available to the public, physiotherapists, health agencies, and disability service providers.

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However, the proponent has requested that Council make available the existing Variety Club Bus and Tarago vehicle to support transport for the program, use of the facilities at no cost, use of existing resources at the Centre, assistance with funding through access to the current balance of the Miriam High Special Needs Centre fundraising account to assist with continuity of the program and establishment of the new program, and collaboration with the Port Augusta Childcare Centre for inclusive play experiences, learning opportunities as well as preparation of healthy lunch and morning tea options.

Division of Boundaries

The land division between Port Augusta Childcare Centre and Miriam High Special Needs Centre is still progressing.

This process may take another couple of months before new Certificates of Title are issued and therefore may delay sale of the property.

Fencing of the new boundary will be undertaken for child protection reasons and relevant walls of the Miriam High Special Needs Centre will need to be fire rated to meet Building Fire Safety regulations. This will be undertaken once the new boundary alignment is approved by all regulatory authorities.

Options

Council has several options available:

Option 1 - Call for tenders to lease the building to a third party.

This option does not reduce liability in terms of depreciation and building asset management. However, there may be revenue from lease arrangements.

A commercial lease for this building could attract revenue of around \$40,000 based on similar advertised premises. However, it is unknown whether there is an actual market for payment of this level of lease fee.

Expenditure related to the continued ownership of the building will include:

Depreciation: \$32,700 (*this may decrease if some plant & equipment removed)

Insurance: \$ 850

A commercial lease agreement would need to be drafted to outline the responsibilities of both parties (ie utilities, repairs and maintenance, fire safety, rates etc), particularly around maintenance of the hydrotherapy spa.

Option 2 - Engage a real estate agent through Council's purchasing policy to advertise the building for sale through an open market sale as per Council's Disposal of Land and Assets policy (1.1.12).

This option would remove the building from Council's asset register, remove depreciation and building asset management from Council's long term financial plan and potentially gain sale proceeds.

The land is not classified as community land and is owned freehold by the Port Augusta City Council.

In 2017, a valuation was undertaken by Nelson Partners. At that time it was considered that an appropriate valuation of the Miriam High Special Needs Centre as a going concern was in the vicinity of \$150,000. The amount was significantly discounted due to the deficit funding of the program by Council.

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Valuations provided by the Valuer General for the 2019/2020 rating year show that the current capital value is \$390,000 and site value is \$144,000.

The Disposal of Assets Policy requires a valuation to be obtained within 6 months of the proposed sale, and it is the responsibility of Council to determine the reserve price for the sale based on that valuation.

Option 3 – A further call for Expressions of Interest

Two expressions of interest have been received by Council outside of the last Expression of Interest process. Neither of these expressions of interest included detailed information. Council may wish to explore this further by calling for a third Expression of Interest process.

This would likely delay the process of having the building utilised with the outcome coming from either option 1 or 2 from above.

Option 4 -Leave the property empty.

This option is not preferred as Council will still be responsible for depreciation, insurance, building maintenance with the added risk of vandalism.

CONFIDENTIALITY PROVISIONS

Council is satisfied that, pursuant to Section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this agenda item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting business, or proposing to conduct business, or would prejudice the commercial position of the Council.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in circumstances because the release of third party commercial-in-confidence details prior to Council completing negotiations would be detrimental to the outcome for the Council and community.

That having considered report AR19/32841 in confidence under Section 90(2) & 3(d) of the Local Government Act 1999, the Council, pursuant to Section 91(7) of the Act orders that the report & discussions concerning this agenda item, be retained in confidence until a divestment process is finalised, **and the Council minutes (resolution) will not be subject to confidentiality** and that the order be reviewed every 12 months.

RISK MANAGEMENT

1: Financial/Budget/Asset Management

Financial information regarding Miriam High Special Needs Centre is available in the 2019/2020 Annual Business Plan & Budget.

2: Legal/Policy

A sub-division is currently in progress to ensure that the boundary alignment of Miriam High Special Needs Centre incorporates existing structures relevant to the Centre. This will enable a fence to be erected between sites for child protection purposes.

3: Environment/Planning

Not applicable.

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4: Community

4.1 General

It is acknowledged that this will be a very emotive issue within the community as the Miriam High Special Needs Centre has a long and proud history in Port Augusta.

4.2 Aboriginal Community Consultation

Not applicable

ANNE O'REILLY

01/08/2019