

# CONFIDENTIAL REPORT



**PortAugusta**  
CITY COUNCIL

REPORT FOR:	<b>Council</b>		
MEETING DATE:	26 August 2013		
REPORT FROM:	Director – City & Cultural Services		
REPORT TITLE:	<b>60 Hurcombe Crescent, Port Augusta West – Determination of Sale Price</b>		
FILE NAME:	F10/622	RECORD NO:	AR13/21505

## COMMUNITY VISION & STRATEGIC PLAN OUTCOMES

### **1 We Thrive**

- 1.3 We use and manage our financial and physical resources in the best interests of our community, now and for the future.

## **PURPOSE**

The purpose of this report is to provide Elected Members an opportunity to consider an offer that has been made for the purchase of 60 Hurcombe Crescent, Port Augusta West – Lot 11 in DP 74495 as described within Certificate of Title Volume 5993, Folio 205 and to determine a sale price.

## **RECOMMENDATION**

### **Council:**

1. Approves a sale price of \$70,000 excl GST for 60 Hurcombe Crescent, Port Augusta West.
2. Declines an offer from the State Government for any amount under \$70,000 excl of GST.

## **BACKGROUND**

Council at its meeting held on 25 February 2013 resolved to place four residential allotments of Council owned land on the market for sale. These allotments included three blocks on Hurcombe Crescent, Port Augusta West and one block on Christopher Street, Stirling North.

As per Council's resolution each of these blocks were placed with different Real Estate Agents for sale and the sale price of \$80,000 plus GST was determined by an independent valuation provided by Herron Todd White Valuers in March 2013. The evidence provided by Herron Todd White Valuers in determining the valuation, was related to the sale of three properties in 2011 and one property in 2012.

## **DISCUSSION**

Mr Greg Kipling of Raine & Horne Port Augusta, when contracted to sell 60 Hurcombe Crescent, Port Augusta commented that he considered that the valuation of \$80,000 plus GST for this property seemed excessive in the current market. He however listed the property for sale at the determined market value set by Herron Todd White Valuers.

Mr Kipling contacted Council on Thursday 15 August 2013 to advise that an expression of interest had been received in relation to the purchase of 60 Hurcombe Crescent, Port Augusta by a State Government agency.

The State Government agency has indicated that they have had their own valuation undertaken by a licensed valuation company (not provided) and the value was determined at \$78 per square metre. Council's block is 777 square metres and they have made an offer of \$65,000 inclusive of GST. The offer of \$65,000 inclusive of GST equates to a reduction of 25% in the valuation from the value determined by Herron Todd White Valuers.

Mr Kipling advised that a recent sale of a vacant allotment, also within Hurcombe Crescent in June 2013, resulted in a sale price of \$61,000 and this block was slightly larger being 834 square metres and required the removal of several trees and earth works. Mr Kipling considers that the offer of \$65,000 inclusive of GST is reasonable based on the current market.

With the Port Augusta Airport upgrade commencing shortly it may be beneficial to have additional funds within the Special Capital Reserve Fund, in case extra funding is required for this or any other identified project during 2013/2014. The balance of the Special Capital Reserve Fund is currently \$250,856.

Council has previously determined a value of \$80,000 excl of GST based on an independent valuation, and an offer of \$59,500 excl of GST has been made by the State Government agency based on their independent valuation. It is considered appropriate that Council endeavour to negotiate a higher sale price and it is recommended that Council seek a sale price of \$70,000 excl of GST.

If the State Government is unwilling to meet this revised sale price, then Council should determine that any offer less than \$70,000 excl of GST will be unacceptable and the offer be declined.

## **CONFIDENTIALITY PROVISIONS**

The Council is satisfied that, pursuant to Section 90(3)(b) 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 proposing to conduct business and may prejudice the commercial position of the Council in that the Council is negotiating the sale price for a parcel of land and the disclosure could impact negatively on the ongoing negotiations.

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 the 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 the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a high value for the land, than what has been offered, for the benefit of the Council and the community.

That having considered this report that a period of confidentiality, pursuant to Section 91(7) of the *Local Government Act 1999*, **be set for 2 months or until negotiations with the State Government agency have been completed**, whichever is the sooner and that all minutes be retained in confidence for this period of time.

## **RISK MANAGEMENT**

### **1: Financial/Budget**

The profits from the sale of Council land are placed in the Special Capital Reserve Fund to be used on projects, as approved by Council for the benefit of the community.

### **2: Legal**

Council's Policy 1.1.12 – Disposal of Land and Assets provisions the guidelines to be followed by Council in relation to the sale of land.

### **3: Environment**

The sub-division and sale of the Council land on Hurcombe Crescent was approved by Council some years ago to support residential growth in Port Augusta. The sale and ongoing construction of residences in this area has provided an improvement to the amenity of the area and provides the community with an opportunity to purchase land and build a new home creating economic benefits throughout the city.

### **4: Community**

#### 4.1 General

Council Policies are available on Council's Website for easy access by the Community and alternatively a hardcopy can be viewed and/or purchased from the Civic Centre.

#### 4.2 OPAL Program

Not applicable.

**Lee Heron**  
**16/08/2013**