

# CONFIDENTIAL REPORT



REPORT FOR:	<b>Strategic Management Committee</b>		
MEETING DATE:	19 November 2012		
REPORT FROM:	Director – City & Cultural Services		
REPORT TITLE:	<b>Proposed Sale of Allotment 52 in DP 82874 Certificate of Title 6055/124 – Vacant Industrial Land Footner Road</b>		
FILE NAME:	F10/622	RECORD NO:	AR12/24691

## STRATEGIC PLAN SUB GOAL/S

- 3.1 Economic growth for long-term benefit.
- 6.2 Optimise the use & management of the council's financial & physical resources.

### 1. **PURPOSE**

The purpose of this report is to seek Council approval to dispose of a vacant land of Council land within the Footner Road Industrial area, identified as Allotment 52 in DP 82874 – Certificate of Title Volume 6055, Folio 124.

### 2. **RECOMMENDATION**

#### **Strategic Management Committee recommends Council:**

1. Receives and notes the report (AR12/24691) dated 7 November 2012, submitted by the Director – City & Cultural Services concerning **“Proposed Sale of Allotment 52 in DP 82874 Certificate of Title 6055/124 – Vacant Industrial Land Footner Road”**.
2. In this instance, approves the direct sale of Allotment 52 in DP 82874 CT6055/124 to Peter Clift and/or Nominee and for the City Manager to arrange for the sale and purchase of the subject land.
3. Determines the value of the land as being \$6.00 per square metre, which equates to a sale price of \$225,000 plus GST, having taken into consideration the independent valuation provided by Herron Todd White (SA) Pty Ltd.

### 3. **BACKGROUND**

- 3.1 On 1 November 2007, Mr Gil Piccinato (Valuation Chambers) provided a valuation for several allotments within the Footner Road Industrial area owned by Council. A consultant, Mr David Shetliffe had been engaged by Council and was investigating opportunities for the establishment of an Industrial Estate on this land, including the sale of some individual allotments to local businesses to support their continued growth. Registrations of interest were called to ascertain who would be interested in acquiring industrial land for their business purposes.

- 3.2 Following consideration of a report, prepared by Mr Shetliffe, Council resolved at its meeting held on 23 June 2008 to dispose of a 7ha parcel of land to Peter Clift and/or Nominee at a cost of \$6.00 per square metre.
- 3.3 Mr Clift was responsible for the payment of all fees applicable for the land division to enable the purchase of the subject land by his company.
- 3.4 Contracts were finalised into between Council and Clift Freight Services in November 2008 and the sale and land division process continued, including the requirement for Mr Clift to pay the SA Water fees and survey fees applicable to the land division.
- 3.5 In March 2009 prior to the land division being finalised, Mr Clift approached Council to ascertain if Council would support the section of land being purchased by himself to be split, with half being sold directly to Outback Trucks Pty Ltd.
- 3.6 Council at its meeting held on 25 May 2009 resolved to approve the sale of land to Mr Peter Clift and Outback Trucks Pty Ltd subject to both parties agreeing to be responsible for all cost associated with the new contractual arrangements for the sale of the land, along with any additional land division costs.
- 3.7 The land divisions were completed in May 2010 and as per the Contract for Sale and Purchase of land, settlement was to occurred within 30 days of Deposited Plan approval.
- 3.8 Outback Trucks Pty Ltd settled for their portion of land on 29 July 2010.
- 3.9 In May 2010, Mr Clift sought approval to extend settlement by 120 days and to facilitate this request an addendum to the original contract was prepared and forwarded to Mr Clift for execution.
- 3.10 After several months of negotiation Mr Clift advised that due to unforeseen circumstances, that he would not be able to fulfil the contractual arrangements and settle for the land, and would therefore be defaulting on the agreement.
- 3.11 Council after considering Mr Clift's advice, resolved to accept Mr Clift's withdrawal, with no penalty being attached to the default.

#### **4. DISCUSSION**

- 4.1 On Friday 26 October 2012, Mr Clift rang Council to ascertain if Allotment 52 was still available for sale. He was advised that the land had not been sold, and that if he was interested in purchasing this land, that he should make an approach to Council in writing for consideration.
- 4.2 Mr Clift forwarded an email to this office on Friday 26 October 2012 advising that:

*Clift Family Trust wish to purchase the attached property Section 944 located on Footner Road, Port Augusta subject to finance.*

It should be noted that Section 944 was the land identification prior to being sub-divided.

- 4.3 Council supported the sale of this land in 2008 to encourage the growth of local businesses and considered that the relocation of Clift Freight Services from its current location on Department of Planning, Transport and Infrastructure land, would be a positive for not only this business, but also to increase opportunities of the DPTI site in the future, which has been rezoned 'bulky goods' as part of the Urban Growth DPA.
- 4.4 Due to the time that has lapsed since the original valuation was provided for this land, it was considered appropriate that an up-to-date independent valuation be sought to confirm the current market value for this land, so that Council is able to make an informed decision in regard to the sale price.
- Herron Todd White (SA) Pty Ltd, who have an office in Port Augusta was approached to ascertain if they would be able to provide an independent valuation in this instance. They confirmed that they were able to carry out this service and were engaged to provide a valuation. As outlined within the Valuation Analysis (Section 5) of the valuation, the per square metre range for this property has been set at between \$5 to \$7. This is inline with the original valuation provided, which was \$6 per square metre.
- 4.5 This land is surplus to Council requirement and is located within the Footner Road industrial area, which Council has been keen in the past to see developed as an Industrial Estate. This particular parcel is at the far end of Footner Road and will not impact any future development options of the balance in industrial land in this area (refer Appendix A).
- 4.6 Supporting the purchase of this land by Mr Clift, would enable Mr Clift to realise a return on his previous investment associated with the land division and would result in a great outcome for his company. Council would achieve some revenue from the sale of this land, which would be deposited into the Special Capital Reserve Fund, to be used, as approved by Council, for projects that benefit the community.
- 4.7 It is recommended that Council support the sale of Allotment 52 in DP 82874 as described within Certificate of Title Volume 6055, Folio 124 for a price of \$6.00 per square metre, which equates to a sale price of \$225,000 plus GST, as per the independent valuation (copy provided within agenda envelopes).

## **5. CONFIDENTIALITY PROVISIONS**

It is considered appropriate that this item be considered in confidence as the information to be received, discussed or considered is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with who the Council is:

- a) proposing to conduct business; and
- b) the information would prejudice the commercial position of the Council;

in that the Council is currently engaged in negotiations with a local business owner in regard to the purchase of a Council property and the disclosure of which would prejudice the Council's commercial position during the current 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 withholding the information outweighs the benefit to it of disclosure of the information.

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 an appropriate sale price and contractual agreement for the disposal of Council land, which has the potential to provide benefits to the community, through growth of a local business and Council achieving a fair price for the land, which will need to be allocated towards projects, as approved by Council, for the benefit of the community.

*It is recommended that having considered this report in confidence under Section 90(2) and (3)(b) of the Local Government Act 1999, the Council, pursuant to Section 91(7) of the Act orders that Report (AR12/24691) - Proposed Sale of Allotment 52 in DP 82874 CT6055/124 – Vacant Industrial Land Footner Road, be retained in confidence until 1 January 2013.*

## 6. **RISK MANAGEMENT**

### **6.1: Financial/Budget**

All profits from the sale of Council land are deposited into Council's Special Capital Reserve Fund and allocated towards projects, as approved by Council, for the benefit of the community.

### **6.2: Legal**

Section 201 of the *Local Government Act 1999* provides that Council may sell or otherwise dispose of an interest in land vested in the Council in fee simple.

Council's Sale of Land Policy 1.1.12 provides that Council will dispose of surplus Council land either by public auction, tender, developer initiated process or registrations of interest. Due to the history in regard to this particular parcel of land, and the fact that Council had been dealing with the proposed purchaser previously as part of a registration of interest process, as outlined in Section 2 of this Report, it is recommended that Council approves the sale of Allotment 52 in DP 82874 CT6055/124 as a direct sale to Peter Clift and/or Nominee.

### **6.3: Environment**

The development of this allotment to support the growth of Mr Clift's freight business, will provide a suitable location for the business in which to expand. The site is located on the B Double Route and has easy access to National Highway One.

### **6.4: Community**

#### 6.4.1 General

Not applicable.

#### 6.4.2 OPAL Program

Not applicable.

