



# HUON VALLEY COUNCIL

## FACT SHEET

### Sale of Public Land – Cygnet Medical Centre

**The aim of this document is to inform the community about the sale of public land process for a portion of the land at 14 George Street, Cygnet containing the Cygnet Medical Centre.**

The Cygnet community is thriving with unique culture, art and heritage creating an ideal ambience that draws in residents and visitors to experience in the vibrant Cygnet lifestyle. The growth and interest in the Cygnet area is leading to the prosperity of local businesses that support the community. To prevent any interference by Council in the provision of services by local businesses, Council has resolved its intention to sell the Cygnet Medical Centre subject to securing a suitable medical services provider through an Expression of Interest process. After the EOI process is complete an Evaluation Report will be presented to Council for final decision on the sale of the Cygnet Medical Centre.

Below are the key facts surrounding the decision:

- The land and building area size of 2,050m<sup>2</sup> (see image on page 2) containing the medical centre will be subdivided from the rest of the land at 14 George Street, Cygnet so that future development opportunities for the Cygnet community can be explored for the land known as the “Old School Farm”.
- The medical centre at 14 George Street is currently owned by Council but is not operated by Council.
- The medical centre was developed in 2011 with funding from the Commonwealth of Australia and in accordance with that arrangement the medical services from that location must be provided until 2032.
- The Council will seek Expressions of Interest from medical services providers to purchase the medical centre and take over the obligations of the Council to continue the provision of medical services until 2032 or beyond.
- Any prospective purchaser must demonstrate a strong commitment to the Huon Valley community.

#### **Process for Sale of Public Land**

The portion of land containing the Medical Centre which may be sold as a result of the EOI process is public land and in accordance with Section 178 of the *Local Government Act 1993* the Council will follow the process required as outlined below.

- Notices will be provided in the Mercury on Friday 1 March 2019 and Friday 8 March 2019.
- A notice will be displayed in front of the Medical Centre.
- Objections may be lodged regarding the proposed sale of Public Land within 21 days from the first notice, by 22 March 2019.
- Council will consider any objection lodged and give notice of Council’s decision regarding any objection within 7 days of deciding whether or not to take action.
- An appeal may be lodged by a person who lodged an objection in accordance with section 178A of the *Local Government Act 1993* on the following ground only:
  - (3) *An appeal may only be made on the ground that the decision of the council is not in the public interest in that –*
    - (a) *the community may suffer undue hardship due to the loss of access to, and the use of, the public land; or*
    - (b) *there is no similar facility available to the users of that facility.*
- Following completion of the EOI process and appeal process (if any) a final decision to sell the land will be sought from Council.



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The Council considers that sale of the portion of land containing the medical centre, subject to finding a suitable purchaser through EOI, is in the public interest on the basis that:

1. The community's use of and access to the facility would be secured to 2032 or beyond.
2. There are several other medical services providers in the Cygnet community that provide those services.
3. Council would not be competing with local businesses in the Cygnet community.
4. Council could refocus resources to further the development of the Cygnet community.

## **Process for Expressions of Interest**

The medical centre will not be sold unless a suitable medical provider is found in the EOI process and that provider is accepted by the Commonwealth to provide medical services at 14 George Street until 2032 or beyond.

A Request for Expressions of Interest will be released and advertised from Friday, 1 March 2019.

The EOI process will be conducted in accordance with the Evaluation and Probity Plan (***annexed***) which includes the process being overseen by an independent Probity Advisor.

## **Further Information**

Should you wish to obtain further information in relation to the process for sale of public land or EOI please contact Legal and Governance Services on (03) 6264 0300.

Please note that any information requested by prospective purchasers specifically in relation to the EOI process should be requested via the formal process outlined in the Request for EOI document.

Should you wish to lodge an objection to the sale of public land process it is recommended that you do so in writing clearly identifying that it is an objection pursuant to section 178 of the *Local Government Act 1993*. Any general requests for information regarding the sale of land process will not be treated as an objection unless they are clearly specified to be an objection.

It is encouraged that any person wishing to make an objection carefully considers the grounds of their objection with particular regard to the public interest test in section 178A of the *Local Government Act 1993*.



Approximate portion of public land intended to be subdivided and sold



## **INFORMATION SESSION - Q&As** **Potential sale of Cygnet Medical Centre**

### **Why would the Centre be sold rather than leased in the future?**

If the Council is unable to find a medical services operator to provide services, then the Council will need to arrange for services to be provided until 2032. That is because the Council has a contractual obligation to the Federal Government to provide medical services to the community at that location until 2032. It would be difficult for Council to operate the medical centre when there are competing businesses in the town of Cygnet due to competitive neutrality principles and potential benefit from public sector ownership.

### **Was this a decision of Closed Council?**

No, the resolution number 15.035/18 was made in the September 2018 meeting in Open Council.

### **Is the Medical Centre listed for sale?**

No, the Fact Sheet (released on 1 March 2019) outlines the process and confirms that a Request for Expression of Interest process will be followed, commencing on 1 March 2019. Any medical services provider interested in purchasing the Medical Centre can submit an expression of interest. However any expression of interest is not an offer and no part of the EOI evaluation process will constitute an acceptance of any offer. After a final decision of Council is made, formal contractual arrangements with a suitable provider will be commenced.

If no EOI is received, the process will not proceed and the land will not be sold.

If no suitable EOI is received and approved by Council, the process will not proceed and the land will not be sold.

### **Can I object to the intention to sell public land?**

Yes, objections can be made in writing to the General Manager until midnight on Friday 22 March 2019.

### **Will medical services still be available at the centre after it is sold?**

Yes, the Council has contractual obligations to the Federal Government to provide medical services at 14 George Street, Cygnet until 2032. The contractual obligations are protected by a caveat over the land preventing any sale unless the Federal Government agrees to transfer the obligations to another provider. Even if another provider takes over the obligations, the caveat would still remain on the land preventing that provider from subsequently selling the land before 2032 unless the Federal Government approves.

Regardless of who owns the land containing the Cygnet Medical Centre, the land cannot be used for anything other than medical services before 2032. The Council is trying to secure services beyond that period (subject to receiving a suitable EOI) as part of the EOI process.

### **Why are there obligations to the Federal Government if this is a Council asset?**

The medical centre was developed using funding from the Federal Government. The Council contributed the value of the land which prior to the development was valued at approximately \$8,300 for the 2,050m<sup>2</sup> area of land. As a result of the funding from the Federal Government the capital land value is significantly greater which is why the Federal Government needs to ensure that the property is not sold for any purpose other than a medical centre. The centre is not just a Council asset, it is also an asset of the Federal Government in the sense that they have the final say over whether it can be sold.



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## **Is there any issue with Council keeping the medical centre?**

The Council maintains property and public liability insurance as a prudent property owner for the centre and the Council is financially responsible for funding depreciation and for all ongoing maintenance to the medical centre arising from wear and tear which includes medical equipment. Council has liability and risk for the property as a property owner however the risk is more significant because if Council cannot find a tenant to pay the commercial rent and provide medical services, Council is obliged to provide those services potentially in competition with private providers who specialise in streamlined provision of medical services. The risk that Council would ultimately suffer a loss in terms of operating the medical centre until 2032 outweighs any potential residual financial benefit that may result from the funding.

## **Can anyone buy the land?**

No, the Council can only sell the property to a medical services provider approved by the Federal Government. If the Council does not find a suitable provider through the EOI process then the land will not be sold at this time.

## **What input will the Councillors have on any sale?**

As stated in the Fact Sheet, the Councillors will make the final decision on selecting a suitable provider from the EOI process. The decision will need to be made partly in Closed Council and partly in Open. The part of the decision that will be made in Closed Council is reviewing the evaluation of EOIs and any recommendations made by the Probity Advisor and determining whether Council agrees or disagrees with any recommendation. This part must be done in closed Council as it will involve reviewing commercial details of private businesses which Council cannot legally disclose.

In Open Council, the Councillors will decide on whether any sale of the medical centre will proceed with the nominated purchaser to be selected through the process in Closed Council.

## **Why is the notice of intention to sell public land occurring at the same time as the Request for EOI?**

The Request for EOI must be done concurrently with the notification in accordance with resolution 15.035/18. The reason for that is because if an objection is received, and an appeal is subsequently lodged, the Appeal Tribunal may order that the Council is unable to proceed with the sale. If that occurs Council will not proceed with the EOI process and will be unable to sell the land. By starting the EOI process with the notification, the resources to be expended in the EOI process can be minimised whilst determining if there is even a suitable provider available to allow the sale of public land.

## **What will happen to the remaining land at 14 George Street?**

The land at 14 George Street, referred to as the "Old School Farm" is currently on a title of 2.467 hectares and contains the Cygnet Medical Centre. In order to develop the Old School Farm land (subject to community consultation) the medical centre land (approx. 2,050m<sup>2</sup>) needs to be subdivided from the remaining 2.262 hectares of the Old School Farm. This subdivision will happen regardless of whether the medical centre is sold.

The development of the Old School Farm land is a separate process to the current process for subdivision and potential sale of the medical centre. It is expected that once the Council determines a way forward with the Land Strategy that the development project can be reignited.