

**17.1 COUNCIL LAND SALE - PARILLA ACCOMMODATION FACILITY**

**Responsible officer:** Jason Taylor, Chief Executive Officer

**Attachments:** Nil

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<b>Section under the Act</b>	The grounds on which part of the Council or Committee may be closed to the public are listed in Section 90(2) & (3) of the <i>Local Government Act 1999</i> .
<b>Sub-clause and Reason:</b>	(d)(i) - commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party.

**Executive Summary**

This report presents to Council the outcome of the expression of interest process undertaken in relation to the sale of Council’s Parilla Accommodation Facility at the corner of McCoy Street and Laurie Street, Parilla.

Council engaged McGees Property to undertake the expression of interest process on its behalf. Six written expression of interest to purchase the Parilla Accommodation Facility and a further single expression of interest to lease the facility with a future right to buy the facility were received.

The two highest submitters were both assessed by McGees Property to be acceptable. It is recommended that Council accepts the expression of interest offer from Parilla Premium Potatoes Pty Ltd.

**RECOMMENDATION**

**That That Council**

- 1. notes the contents of this report and the outcome of the expressions of interest process in relation to the potential sale of Council’s Parilla Accommodation Facility at the corner of McCoy Street and Laurie Street, Parilla;**
- 2. accepts the expression of interest offer from Parilla Premium Potatoes Pty Ltd to purchase the Parilla Accommodation Facility at the corner of McCoy Street and Laurie Street, Parilla from Council for a sale price of \$290,000 with a settlement date of 10 February 2021;**
- 3. authorises the Chief Executive Officer and McGees Property to finalise the sale process on behalf of Council.**

**MOVED COUNCILLOR NEVILLE PFEIFFER  
SECONDED COUNCILLOR PAUL IRELAND**

That That Council

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3. authorises the Chief Executive Officer and McGees Property to finalise the sale process on behalf of Council.

**CARRIED.**

**Background**

Council at its meeting on 17 June 2020 resolved as follows:

*That Council approves the commencement of the process to dispose of the Parilla Accommodation Facility at the corner of McCoy Street and Laurie Street, Parilla through a sale by an open expressions of interest process.*

The expressions of Interest process was undertaken on behalf of Council by McGees Property.

McGees prepared documentation and advertising material to support the expression of interest process in liaison with Council. The expression of interest process commenced in mid-October and closed on Wednesday 18 November 2020 at 4pm. McGees had contact with interested parties during this time and confirmed receipt of their submissions.

McGees assessed the submissions in consultation with Council.

**Context**

Council owns the Parilla Accommodation Facility and the freehold land it is located on. The facility provides accommodation for itinerant workers who work for local horticultural businesses.

Council has recently considered the sale of this facility a number of times:

- Council meeting on 19 December 2018 - resolved, in part, to advise the public it was considering selling the facility and to seek community feedback
- Council meeting on 15 May 2019 - considered community feedback obtained from a special meeting of the Parilla Community Group and a written letter from the same group. Council resolved to retain ownership and operational control of the facility but also endorsed an annual review of the performance and viability of the facility.
- Council meeting on 17 June 2020 – resolved to commence the process to dispose of the Parilla Accommodation Facility

**Policy and statutory implications**

The Local Government Act 1999 is relevant to this matter.

The Disposal of land and assets policy and Internal control policy are relevant to this matter.

Council’s Strategic Management Plan 2017-2021, particularly Goal 2: Economy, is relevant to this matter. This goal aims to achieve an economically prosperous Council that works collaboratively to capitalise on opportunities.

**Issues**

Council has ensured that a public expression of interest process in relation to the potential sale of the Parilla Accommodation Facility has been undertaken. It was undertaken by McGees on behalf of Council in a very professional manner and the process attracted extensive interest.

Council is now in a position to formally determine to finalise the sale of this facility.

The seven expressions of interest received can be summarised as follows:

Group	Offer	Terms
Tony Papageorgiou- Agresolve	Purchase at \$150,000	7 day settlement- Unconditional
Peter Mauro	Purchase at \$10,000	Settlement unstated- Unconditional
Paul Kinnaird- Kinnaird Clean	Lease with right to buy. No amount offered	Settlement in 12 months
Phil Gorman	Purchase at \$160,000	No settlement time- Offer subject to finance
Chris Martin- CMECS Pty Ltd	Purchase at \$79,000	14 day settlement- Unconditional
Mitolo Nildottie Pty Ltd	Purchase at \$200,000	21 day settlement- Unconditional
Renee Pye - Parilla Premium Potatoes	Purchase at \$290,000	Undefined settlement- Unconditional

Based on the expressions of interest received McGees Property went back to the two highest submitters (Mitolo and Parilla Premium Potatoes) and asked each of them to confirm the exact details of their offers by executing and submitting a formal contract.

Both firms were happy to formalise their offers by signing contracts of sale. A brief summary of the two offers is as follows;

Purchaser	Price	Deposit	Settlement	Conditions
Mitolo Nildottie Pty Ltd	\$200,000	\$20,000	21 days from acceptance	Nil
Parilla Premium Potatoes Pty Ltd	\$290,000	\$29,000	10 February 2021	Nil

Both contracts include all plant and equipment, furniture and effects and both contracts have the same clause requiring Council to provide some training/handover assistance pre and post settlement. McGees has described the contracts as clean and straight forward.

Further McGees has recommended that the Parilla Premium Potatoes Pty Ltd contract be accepted as soon as practical.

McGees has notified the other five parties who didn't make the second round of assessment that their offers were not successful and that the two highest expressions of interest are with Council for consideration.

#### **Alternate options**

It is considered appropriate for Council to finalise the sale of the facility with the preferred submitter being Parilla Premium Potatoes Pty Ltd.

Alternatively Council could decide to retain ownership and operational control of the Parilla Accommodation Facility.

#### **Financial implications**

Selling this asset would result in Council receiving a sum for sale, reduced annual maintenance costs, ongoing labour cost savings and removal of the need for future capital investment in the facility.

#### **Work Health and Safety and Risk implications**

There are many work, health and safety and risk matters related to this item as mentioned in the June report to Council. Council would remove these risks or issues to itself if the facility was sold to a private individual or firm.

#### **Consultation**

The expression of interest process was public.