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**PROPERTY COMPANY - TRANSFER OF PROPERTIES**

**Datworks Filename:** PDA CLAD – Disposal of Surplus Property

**Authorising/Responsible Officer:**



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**General Manager Organisational Services**

**Author:**

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**PURPOSE**

To identify underutilised Council land for transfer to Council's property company. This facilitates the proposed buying, selling, leasing, licensing or developing of this land by the company.

**BACKGROUND**

Council has to continue to seek new ways to increase or add value and revenue and ensure operations are carried out in an efficient way.

One way of increasing revenue is to investigate opportunities provided by underutilised Council land. Included in Council's \$2 billion asset base are significant land parcels that have been identified as underutilised and surplus to needs. Currently, underutilised land does not provide a financial return but still has on-going operational costs.

An increase in revenue can be achieved through a separate legal entity (company) with responsibility for dealing with underutilised land. On 26 November 2014 Council agreed to establish a company. For the company to carry out its functions, Council must identify underutilised land for transfer to the company.

**ISSUES**

A list of underutilised land for transfer to Council's property company is:

1. 61 McMillan Road, Alexandra Hills
2. 49-57 Quarry Road, Birkdale
3. 141 Bunker Road, Victoria Point
4. Wynyard Street, Cleveland
5. 7 John Street, Cleveland
6. 9-11 Oaklands Street, Alexandra Hills
7. 108 Old Cleveland Road, Capalaba
8. 4 Wills Lane, Capalaba
9. 68 Sycamore Road, Victoria Point
10. 46a Alexandra Circuit, Alexandra Hills
11. 4-10 Doig Street (car park), Cleveland
12. 521 Old Cleveland Road East, Birkdale
13. 48 -52 Vienna Road, Alexandra Hills (Sussex Street park)
14. 84 Ferry Road, Thorneside
15. 62 Bowen Street, Capalaba
16. 20-24 Kate Street, Macleay Island

This list was developed through discussions with Councillors at Council workshops on 11 November 2014, 28 October 2014, 7 October 2014 and 2 September 2014.

The underutilised land identified was assessed by Council officers, using a range of social, economic and environmental criteria. The outcome of the assessment is that properties represent:

1. Properties which are ready for disposal or development: These are properties that have most of their development rights in place, such as zoning, subdivision, services availability, etc; or
2. Properties with high economic and/or social impact: Dealing with these properties could facilitate economic growth or provide a range of housing types; or
3. Properties which are required for specific market trends: The highest and best use of these properties is in response to specific land supply and demand issues e.g. the need for residential or commercial land; or
4. Properties which require further assessment: Some properties require longer time frames to undertake research to give effect to the disposal. This has required dealing with the properties in a staged way, to ensure achievement of set targets over several years.

## **STRATEGIC IMPLICATIONS**

### **Legislative Requirements**

The set-up of the company is covered by the *Local Government Act 2009 (Qld)*, *Local Government Regulation 2012* and the *Corporations Act 2001 (Cth)*.

### **Risk Management**

Close attention will be given to the local property market, developer's willingness and demand, population growth, interest rates and construction inflation.

### **Financial**

Operational costs are funded (in the short-term) via an internal loan with Council at QTC rates, as approved by through the Department of Local Government, Community Recovery and Resilience. A budget submission will be processed at the December 2014 budget review.

### **People**

A small team will be assembled from existing Council employees to manage and operate the separate entity.

### **Environmental**

There are no foreseen environmental concerns from this initiative.

### **Social**

The financial success of the separate entity has the potential to increase funds available to Council as an additional revenue source, which may address different community needs.

### **Alignment with Council's Policy and Plans**

The recommendation supports Council's strategic objective to exceed financial targets while delivering outcomes.

## **CONSULTATION**

Consultation on Council's property company occurred with:

- Mayor and Councillors

- Executive Leadership Team
- Brisbane City Council
- Ipswich City Council
- Gadens Lawyers
- BDO Australia
- CBP Lawyers
- Department of Local Government, Community Recovery and Resilience
- Queensland Treasury Corporation

### **OPTIONS**

1. Council agrees to transfer underutilised Council land to Council's property company.

The advantages include:

- i. A financial return with the appropriate return given the level of risk;
  - ii. Separation from legal, financial, project and reputation risk;
  - iii. Greater ability to access wider capital and skills base;
  - iv. The ability to operate efficiently as a standalone commercial entity; and
  - v. The capability to display transparency and separation from Council.
2. Do nothing – business as usual - what are the consequences?  
If Council chooses to do nothing the consequences are:
    - i. Surplus land will remain in its current use;
    - ii. Council will have to continue to maintain the surplus land;
    - iii. Council will have land assets that offer no financial return; and
    - iv. The Council's property company is unable to carry out its functions.

### **OFFICER'S RECOMMENDATION**

That Council resolves as follows:

1. To transfer underutilised Council land as listed in this report to Council's property company;
2. To advise the Property Company Directors to commence arrangements for transfer of underutilised Council land to Council's property company; and
3. That this report remain confidential.

### **COUNCIL RESOLUTION**

**Moved by: Cr M Edwards**

**Seconded by: Cr A Beard**

**That Council resolves as follows:**

- 1. To transfer underutilised Council land as listed in this report, (with the exception of Items 2 and 13 on that list), to Council's property company;**
- 2. To advise the Property Company Directors to commence arrangements for transfer of underutilised Council land to Council's property company; and**
- 3. That this report remains confidential.**

**CARRIED 10/1**

Cr Hewlett voted AGAINST the motion.