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| <b>Title</b>                    | <b>Proceeds of Property Disposals Policy</b>   |
| <b>Council Resolution</b>       | Item 15 (31/08/2020) as per Council Minutes  |
| <b>Responsible Directorate</b>  | Infrastructure and Works   |
| <b>Due for Review</b>           | Four (4) years from Council Resolution Date  |
| <b>Strategic Plan Reference</b> | <u>Leading our Community</u><br>4.2 Manage our resources to achieve community outcomes |
| <b>ECM</b>                      | Council Policy   |

## PURPOSE

This policy sets out how Council will administer and use the proceeds of the sales of Council property.

## SCOPE

This policy applies to all funds received from the sale of property owned by Council. It does not include cash received in lieu of public open space through the planning process, which is dealt with in the *Public Open Space—Reserve and Expenditure Policy (legislated process)*.

## STATUTORY REQUIREMENTS

|   |                                  |
|---|----------------------------------|
| <b>Acts</b>                               | <i>Local Government Act 1993</i> |
| <b>Regulations</b>                        | N/A                              |
| <b>Australian/International Standards</b> | N/A                              |

## DEFINITIONS

|                          |  |
|--------------------------|--|
| <b>Council property</b>  | Council-owned land or buildings.   |
| <b>Financial reserve</b> | An accounting treatment that reserves (sets aside) part of Council's equity for a specific purpose.  |
| <b>Net proceeds</b>      | Is the sale price less the full cost of disposal including cost of sale, GST, salaries and on-costs.   |
| <b>Open space</b>        | Land owned by Council for public recreation, public gardens or for similar purposes. Open space in Glenorchy includes: <ul style="list-style-type: none"> <li>• social/ family recreation areas</li> <li>• water based recreation areas</li> <li>• open space for sport</li> <li>• community horticulture gardens</li> <li>• memorial/remembrance gardens</li> <li>• cultural heritage conservation areas</li> <li>• flora and fauna conservation areas</li> </ul> |

|  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>• accessways and trails</li> <li>• lookouts and ridgelines.</li> </ul>  |
| <b>Proceeds of sale</b>                | In this policy, proceeds of sale refers to <i>net</i> proceeds—the amount of cash received from the sale after paying for expenses, fees and taxes.              |
| <b>Property Disposals Reserve Fund</b> | Funds received from the sale of public land and Council property which are set aside for purposes relating to open space.  |
| <b>Public Land</b>                     | Public land as defined in the <i>Local Government Act 1993</i> .   |
| <b>Special Projects Reserve Fund</b>   | Funds received from the sale of public land and Council property which are set aside for special purposes approved by Council outside of routine, planned works. |

## RELATED DOCUMENTS

- **Subdivisions – Public Open Space Acquisitions and Contributions Policy.** This policy deals with provision of public open space in new subdivisions and cash in lieu of open space.
- **Public Open Space Reserve and Expenditure Policy.** Deals with the receipt and expenditure of funds contributed to Council in lieu of public open space.
- **Disposal of Council Land Policy.** Provides guidance for the equitable, consistent and transparent disposal of Council Land.
- **Disposal of Council Assets Policy.** Deals with the disposal of Council assets but excludes real property assets.

## POLICY STATEMENT

### Overview

1. With ongoing development of land in the municipality, Council recognises the increasing value of quality open space land and amenities to the community and its visitors.
2. In disposing of surplus public land and Council properties, Council aims to ensure that there is no net loss of open space amenity. In particular, proceeds of land zoned or used for open space will only be used to further the objectives of the Open Space Strategy.
3. Council will comply with all relevant legislative and policy requirements in administering and reinvesting the proceeds of its property disposals.

### Proceeds of sales to be held in reserve

4. This policy establishes a Property Disposals Reserve Fund and a Special Projects Reserve Fund.
5. Net proceeds from the sale of public land and Council properties will be apportioned in accordance with 5(a) and (b), below:
  - a) **For land which is sold for less than \$1m**, net proceeds are to be distributed between the Property Disposals Reserve Fund and the Special Projects Reserve Fund as follows:
    - i) where the land is either zoned or designated for use as open space, 100% of the net proceeds will be apportioned to the Property Disposals Reserve Fund;

- ii) where no part of the land is zoned or designated for use as open space, 25% of the net proceeds will be apportioned to the Property Disposals Reserve Fund and 75% will be apportioned to the Special Projects Reserve Fund
  - iii) where part of the land is either zoned or designated as open space and rest is zoned or designated for other uses, a percentage of the net proceeds which is equivalent to the percentage of the land that is zoned or designated as open space is to be apportioned to the Property Disposals Reserve Fund and the balance apportioned to the Special Projects Reserve Fund.
- b) **For land which is sold for \$1m or more**, Council is to allocate the proceeds by:
- i) apportioning the proceeds between the Property Disposals Reserve Fund and/or the Special Projects Reserve Fund in percentages it deems appropriate, or
  - ii) directly allocating the proceeds to specific Council projects, programs or uses (including capital works and maintenance) which provide a benefit to the community, or
  - iii) a combination of (b)(i) and (ii).
6. Net proceeds of sales must be allocated to the relevant reserve fund/s as soon as practicable but no later than either one month after receipt or a decision by Council, as applicable

#### **Expenditure from the Property Disposals Reserve Fund**

- 7. Costs related to obtaining community feedback as part of the disposal process will be considered as part of the expenditure of funds.
- 8. Funds in the Property Disposals Reserve Fund are to be used solely for the acquisition, development and/or improvement of sites for public open space in the municipality, or purposes designed to increase the use of and access to open space by the community.
- 9. Prior to reserve funds being used to purchase land for public open space, sport or recreation purposes, proposed sites must be evaluated as meeting the Council's strategic open space objectives.
- 10. Expenditure from the Property Disposals Reserve Fund will be prioritised in accordance with the Glenorchy Open Space Strategy.
- 11. Requests for use of funds shall include a business case outlining how the proposal meets the objectives of the Glenorchy Open Space Strategy. The business case will include the open space type, setting and location, and cost estimates of any proposed development.
- 12. Approval of projects will need to be undertaken as part of Council's budgeting requirements and processes.

#### **Expenditure from Special Projects Reserve Fund**

- 13. Funds in the Special Projects Reserve Fund are to be used for non-routine, special projects as determined by the Council from time to time. All expenditure from the Special Projects Reserve Fund must be submitted to the Executive Leadership Team before consideration for approval by Council.

## **Reporting**

14. The Manager Property, Environment and Waste will provide an annual report to Council advising the status of the funds including any disposal of land and expenditure of funds.

## **BACKGROUND**

The *Glenorchy Healthy Communities Plan 2014* recommended enhancing the performance of open spaces that are underdeveloped or underperforming, and divesting or repurposing of land to fill gaps in open space functions and settings.

The *Glenorchy Open Space Strategy 2015* builds on the Glenorchy Healthy Communities Plan. It provides a locality analysis of existing sites and unmet needs and identifies some potential sites suitable for developing as open spaces. It also provides broad principles for open space.

The *Local Government Act 1993* provides that a council may purchase land for any purpose which it considers to be of benefit to the council or the community and sets out requirements for the sale and disposal of public land and council land.

Council's *Asset Management Strategy for Infrastructure Assets 2019-2023* sets out guiding principles for management of its assets, including that Council will invest in high use areas, provide services to an affordable standard, cater for future demand and explore opportunities for shared facilities and services.