



# HUON VALLEY COUNCIL

## 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 ("EOI") process will be followed, commencing on 1 March 2019. Any medical services provider interested in purchasing the Medical Centre can submit an EOI. However, any EOI will not be 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 provision of medical 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?**

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 Council. 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.