



The General Manager
Warrumbungle Shire Council
PO Box 191
14-22 John Street
Coonabarabran
NSW 2357

Dear Mr Bailey,

**Re: Divestment of NSW Health Property Asset 'Coolah Hostel' 36-40 Goddard Street
Coolah – Community Use Policy**

Western NSW Local Health District (WNSWLHD) is currently working through the divestment of this property asset at Coolah as it has been identified as surplus to our requirements.

Property NSW has approved disposal of this asset conditional on application of the NSW Government's "Community Use Policy" which requires surplus government property with a value of less than \$1 million to be first offered to Local Councils to purchase at market value for community and associated use purposes. A copy of the Community Use Policy is attached to this letter.

In accordance with this policy we wish to offer Warrumbungle Shire Council the opportunity to purchase this asset.

Western NSW acknowledges the historical agreement with the transfer of this property into our ownership (from Coolah Hostel Limited) in 2003 for the sum of \$1. At the time of the property transfer, a request was made (and approved by the then Director of Asset and Procurement, Ministry of Health Mr David Gates) that if the building was to become surplus to the needs of the Health Service into the future, then the ownership of the facility would revert back to the Coolah Hostel Ltd or a nominated party (if this group is no longer functioning). It is our understanding that this group is now defunct but the community still has significant interest (and expectations) concerning this site.

Pending approval under the Community Use Policy (Section 3 Sales below Market Value) WNSWLHD would be supportive of further negotiation and honouring past agreements. A recent valuation of this property demonstrates the building is in very good condition and has been well maintained by WNSWLHD. The property has a current market value of \$190,000.

Should Warrumbungle Shire Council be interested in purchasing this asset (or would like to discuss this further), could you please advise us by the 2nd of October 2018.

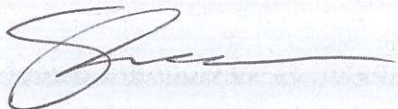
Western NSW Local Health District
ABN 50 629 556 404

Chief Executive Unit
PO Box 4061 29 Hawthorn Street
Dubbo NSW 2830
Tel (02) 6809 8700 Fax (02) 6841 2236
Website www.wnswlhd.health.nsw.gov.au

If we haven't heard from you by this date, then we will assume that Council is not interested in purchasing the asset and we will then arrange for it to be sold via an open market competitive process if a suitable local entity cannot be found.

If you require any additional details about the property or wish to inspect it before responding, please contact Ms Suzi Weeks of my office via Mob 0459 226 193 or email at suzi.weeks@health.nsw.gov.au

Yours sincerely



Scott McLachlan
Chief Executive

11 September 2018

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ABN 50 629 556 404

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Community Use Policy

Description

Government has implemented new policy to ensure Local Councils are provided the opportunity to acquire surplus real property assets, no longer required by the NSW Government, to deliver better community outcomes.

This policy outlines the requirements for government in its dealings with Local Councils on the potential sale of surplus real property assets.

This policy applies immediately to all General Government Sector agencies and Public Trading Enterprises (excluding State Owned Corporations) excluding Land and Housing Corporation and Aboriginal Housing Office. Real property held by the Office of Environment and Heritage under the National Parks and Wildlife Act 1974 (NSW) is excluded from the application of this policy.

1. Co-ordination

- 1.1. As defined in Premier's Memorandum 2012-20 (**PM12-20**), Property NSW (**PNSW**) is the body for considering all strategic real property asset management issues.
- 1.2. Consistent with PM12-20, PNSW is responsible for undertaking, managing and approving the disposal of surplus government real property assets.
- 1.3. A Seller Agency is defined as the General Government Sector agency or Public Trading Enterprise (excluding State Owned Corporations) that owns the relevant surplus real property property that has been declared surplus for Whole of Government (**WoG**) purposes under the Acquisition Disposal Request (**ADR**) process managed by PNSW.
- 1.4. Where surplus or underutilised real property assets are not required by NSW Government agencies, the relevant Seller Agency (or PNSW if appointed to do so) will engage with Local Councils where the following terms and conditions are met to provide them with the opportunity to purchase these assets, in line with NSW Treasury policy, at market value for community and non-profit making purposes prior to offering the property on the open market.

2. Terms and conditions

- 2.1. The relevant Seller Agency (or PNSW if appointed to do so) will approach relevant Local Councils to offer that Local Council the opportunity to purchase the surplus real property where the current independent market value of the property is less than \$1 million (unless otherwise approved by ERC) and:

at least one of the following criteria is met:

- 2.1.1. current zoning is Public and Private Recreation (RE1, RE2), Infrastructure (SP2), Special Activities (SP1), Environmental Conservation / Management (E2, E3), Village (RU5) or similar;
- 2.1.2. potential for open space;
- 2.1.3. building is vacant and is not intended to be occupied by a State Government agency; or
- 2.1.4. highest and best use is existing use / form (e.g. hall, place of worship, community facilities, heritage low rise office, specialist format – group homes, respite day care, boarding house).

and the following criteria does not operate:

- 2.1.5. the property does not form part of a WoG or Cabinet approved specific recycling program.
- 2.2. PNSW is responsible for providing templates for interested Local Councils to respond to identified opportunities, detailing response timeframes, and defining the process.
- 2.3. Sale to Local Councils will be subject to registration on title of restriction on use of the property for community use for a period of 15 years.
- 2.4. Crown Land that is not deemed to be of state significance will continue to be made available for transfer to Local Councils under the Crown Land Management Act 2016.

3. Sales below market value

- 3.1. Proposed below current market value sales of surplus government property to Local Councils must be endorsed by the relevant Minister and Treasurer and approved by ERC.
- 3.2. Where the Treasurer approves the below current market value sale of surplus government property to Local Councils, the relevant Seller Agency may seek approval from ERC for compensation for the difference between sale price and the current market value.
- 3.3. Where the land owning Minister does not support or the Treasurer does not approve the below current market value sale, the Local Council will be provided with a final opportunity to acquire the property at current market value.

- 3.4. Where the Local Council does proceed to purchase the property, the Selling Agency (or PNSW if appointed to do so) will proceed to offer the property in the open market.

4. Dispute Resolution

- 4.1. All disputes that cannot be resolved between the relevant parties are to be submitted to the Property Asset Allocation Committee (**PAAC**), or ERC where required, for determination.

5. Scope

- 5.1. This policy applies to all General Government Sector agencies and Public Trading Enterprises (excluding State Owned Corporations) excluding Land and Housing Corporation and Aboriginal Housing Office.
- 5.2. Real property held by the Office of Environment and Heritage under the National Parks and Wildlife Act 1974 (NSW) is excluded from the application of this policy.
- 5.3. This policy will not apply to land acquired by statutory authorities, such as the Office of Strategic Lands, for the purpose of transferring to Local Councils.

6. Background

- 6.1. In 2012, PM12-20 established that PNSW has been assigned the NSW Government's mandate to improve the management of government owned and leased real property.
- 6.2. Under PM12-20, the central premise of public sector real property asset management is that assets are only held by government when required, and in the form necessary, to support government service provision.
 - 6.2.1. Real property assets which do not meet this test should be relinquished or realised with unlocked capital put to better use with priority given to reinvestment in the capital base.
- 6.3. Whilst existing government policies promote asset recycling, they do not effectively promote opportunities to engage with Local Councils for the potential transfer of surplus government property assets that could be used, and is suitable, for community purposes.

7. Monitoring and review

- 7.1. PNSW is responsible for monitoring the implementation of this policy and reviewing its effectiveness every three years.

8. Policy contact officer

8.1. James Strutt

Director, Strategy

Property NSW

Department of Finance, Services and Innovation

T: 02 9334 9237

9. Implementation date

9.1. 1 October 2017