

# **Premier and Cabinet Circular**

**PC 114 – GOVERNMENT REAL PROPERTY MANAGEMENT**



Effective from April 2019

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## Summary

This Circular came into operation as of April 2019 and does not apply retrospectively to properties for which a contract of sale has been entered into as of this date. For such properties the provisions of the September 2012 Circular will apply, including 'Availability and Application of Proceeds' clauses.

Describes Cabinet policy on the utilisation, purchase and disposal of government real property (including Crown lands).

(This circular replaces Circular 114 dated September 2012)

I, Rob Lucas MLC hereby direct, pursuant to s7(2) of the *Public Finance and Audit Act 1987(SA)* that all instrumentalities of the Crown comply with clause 76 of Circular 114 – “**Government Real Property Management**” dated April 2019.

This direction applies to all instrumentalities of the Crown except those instrumentalities that I have approved referred to in section 3 of Schedule B of Circular 114 and those instrumentalities which I exempt from the operation of this direction from time to time.

## Introduction

1. Cabinet has adopted the following policies and processes for the:
  - a. purchase and disposal of real property by South Australian Government agencies (as defined in Schedule A); and
  - b. strategic assessment of real property held by South Australian Government agencies.

These policies and procedures replace those set out in Department of the Premier and Cabinet Circular 114, dated September 2012.

2. The policies and procedures are designed to assist agencies in:
  - a. Maintaining information on real property holdings (within the broader Strategic Asset Management Framework) to enable ready identification of underutilised or surplus property from an agency perspective.
  - b. Assessing, from an agency, whole-of-government and state strategic perspective, the merits of retaining or disposing of property.
  - c. Application of government policy and Treasurer's instructions in the purchase and disposal of real property.
  - d. Delivery of the objectives listed in clause 3.

## Overview

3. Government's objectives from its ongoing use of government real property are as follows:
  - a. Providing new infrastructure of clear benefit to the interests of the state's development and optimising use of existing infrastructure.

- b. Meeting the core service obligations of the Government of South Australia to the South Australian community in the most efficient and sustainable manner.
  - c. Contributing to the desired future pattern of urban and regional development in South Australia, as described in the various volumes of the *South Australian Planning Strategy (the Planning Strategy)*.
4. Government agencies are required to regularly evaluate their ownership and/or occupation of real property. As a result they should identify property that does not meet these objectives (as per the principles set out in Clauses 10-12) with respect to their core business.

Accordingly, surplus and underutilised property should be made available to:

- a. Enable other agencies or local government to meet their objectives as described in Clause 3 above through transfer of ownership or occupation rights to those agencies.
- b. Generate funds to the State Government for providing improved or new assets of clear benefit to the state.

Acquisition of property should be undertaken to achieve the objectives set out in clause 3 and in accordance with clauses 51 to 54 of this circular.

5. Within the government's real property portfolio there will be surplus or under-utilised properties that have strategic significance to government and the state.

This circular provides the following mechanisms to ensure that any sites of strategic significance are efficiently identified and assessed to ensure maximum community benefit from government tenure and use of its property holdings.

- i. Initial Test for Strategic Significance (agencies to undertake for all surplus real property).
  - ii. Site Strategic Land Use Assessments (Department for Infrastructure and Transport (DIT), to undertake, in consultation with other agencies and the relevant local council, for surplus real property meeting criteria set out in Clause 30).
6. Where land parcels surplus to government needs have no strategic benefit to government as a whole they should be disposed of efficiently with the view to maximising financial return for reinvestment to meet service delivery and policy objectives.

This circular prescribes the process through which this disposal can occur efficiently while maintaining the opportunity for other government agencies and local government to register an interest prior to any sale on the open market.

7. These policies and procedures apply in conjunction with relevant Cabinet procedures, Treasurer's instructions and other Department of the Premier and Cabinet Circulars. Particular attention is drawn to Treasurer's Instruction 8 (TI8), which requires Cabinet approval for land purchases that exceed \$6.0 million including GST (or such other amount as amended from time to time in TI8).

8. Definitions of terms used in this Circular are provided in Schedule A.

### Scope of Application

9. These policies and procedures apply to all government agencies and transactions, except where:
- a. Cabinet specifically authorises an exemption to an agency or a specific real property transaction; or
  - b. A specific statutory provision exists (in which case the statutory provision prevails).

If the owning Minister or Cabinet has approved disposal or acquisition of real property to deliver the outcomes of a project and such property is encumbered to ensure that such outcomes are delivered, the property will be dealt with in terms of that approval. However, in the preparation of any business case or Cabinet submission, the completion of an ITSS including consultation with URA or DEW (as applicable) is to occur as a minimum.

Agencies with full or partial exemption from the operation of this circular and/or exemption from the operation of the Treasurer's Direction are listed in Schedule B.

Further partial exemptions in relation to the operation of this Circular to Crown lands are outlined in Schedule E.

### Principles of Ownership of Real Property

10. The following principles are intended to provide specific decision triggers when agencies are evaluating the continued ownership of property (i.e. determining whether a property is surplus to agency requirements or if additional land may need to be purchased).
- a. Only hold property where it contributes directly to an agency's existing core business or identified future core business:
    - i. Core business is defined as activities that contribute to the achievement of the outcomes an agency is tasked to deliver on behalf of government.
    - ii. Future core business is defined as activities foreseen in the agency's business plan, intended to deliver on government plans or policies.
  - b. Otherwise, ongoing ownership of property should be dependent on substantially satisfying either or both of the following tests:
    - i. Where a property is primarily held for commercial purposes, property financial performance should meet or exceed industry measures such as the long-term yield on property investment (expected rate of return from the cash flow generated from the property over a specified time), compared with the benchmark rate.

The benchmark rate used should be developed (and subject to annual review) in consultation with the Department of Treasury and Finance (DTF), and be based on the greater of:

- the State's general risk-adjusted cost of finance plus a premium to allow for risk (e.g. Treasury's borrowing rate); and
  - the rate indicated for the appropriate class of property in the Property Council / IPD Australia All Property Index.
- ii. Public interest considerations for retention can be demonstrated e.g.
- where a property has strategic significance for future infrastructure, national parks or urban development, or
  - where market failure is likely, or
  - where market conditions would not support realisation of the optimal return from sale.
11. Where property is not fully utilised but retention of the property is essential to core functions or to facilitate future expansion of the activities, spare capacity should be considered for sharing with other government agencies or leasing.
12. Unless principles (a) and (b) of clause 10 can be substantially met, then property should be considered for disposal, including instances such as the following:
- a. Where vacant land is held by an agency, unless specific strategic reasons for retention outweigh the long-term cost of holding vacant land;
  - b. Where an improved property has land that is not fully utilised or required now or in the future, excision and disposal of that portion of the surplus property should be considered;
  - c. Where potential for conflict exists between property use and the current or intended zoning, as determined from planning documents prepared or endorsed by DIT and/or the Minister responsible for the *Development Act 1993* and the *Planning, Development and Infrastructure Act 2016* (e.g. the South Australian Planning Strategy, the Integrated Transport and Land Use Plan, Land and Development Monitoring Program, Precinct Plans, Planning and Development Code (Outback and Rural) and the Planning and Design Code);
  - d. Where property is leased to the private sector, unless it can be clearly demonstrated that ongoing government ownership is required to provide services or cash flow to government to facilitate economic growth or such other valid business purpose that the relevant agency is charged with delivering;
  - e. Where the net market property value (existing or future) is higher for an alternate use and the occupant can be relocated to other government owned property of a lower market value and relocation has the potential to yield net proceeds to government on the basis of a robust financial assessment.

## Real Property Information to be Held by Agencies

### Roles and Responsibilities

13. To ensure government real property holdings meet the objectives set out in Clause 3, agencies are required to:
  - a. maintain data on their property holdings (ongoing).
  - b. prepare and annually review an Agency Land and Built Asset Strategy which describes how the agency plans to align its property holdings with agency service delivery needs and the strategic directions of government.
  - c. maintain information on the utilisation of their property assets and, upon request, make this information available to DIT and the Urban Renewal Authority (URA).

These requirements are consistent with government policies set out in:

- a. Strategic Asset Management Framework
- b. Treasurer's Instruction 2 Financial Management
- c. Treasurer's Instruction 28 Financial Management Compliance Program
- d. Treasurer's Instruction 17 Guidelines for the Evaluation of Public Sector Initiatives
- e. Premier and Cabinet Circular 013 Annual Reporting Requirements.

### Minimum Property Dataset

14. Agencies are required to establish and maintain a regularly updated Minimum Property Dataset for all of their physical property assets. Crown land held under the *Crown Land Management Act 2009* by the Department of Environment and Water (DEW) or dedicated to the care, control and management of local government is exempt from this requirement unless it is developed as commercial property. Residences and land managed under the *National Parks and Wildlife Act 1972* and the *Wilderness Protection Act 1992* are also exempt from the minimum property dataset requirement.

Note that Crown land under the care, control and management of state government agencies, other than DEW and those agencies exempted under Schedule B, is not exempt from this requirement.

There are additional requirements under the *Adelaide Park Lands Act 2005* for government land within the Adelaide Park Lands. This land may be Crown land or freehold land.

15. Where not immediately available, agencies should develop and implement a program to accumulate the required data according to the following priorities:
  - a. Sites in the metropolitan area and regional centres of a value greater than the 'threshold of value',
  - b. Other sites in non-metropolitan South Australia of a value greater than the



'threshold of value',

c. Remaining property.

16. Agencies are required to update this data regularly. Change in ownership or utilisation status should be recorded as soon as possible after such change occurs.
17. The Minimum Property Dataset for each applicable facility or network element shall comprise:
  - Facility/network element identification infrastructure description
  - Land title/s identification (access through Land Services SA)
  - Site area (square metres) and dimensions (access through Land Services SA)
  - Aerial photography (access through DIT)
  - Ownership (consistent with Land Services SA records)
  - Basic infrastructure inventory - gross floor area of building, age of all major improvements
  - Valuation of site (fair value) and improvements (fair value and modern equivalent replacement cost)
  - Current use(s) of site and alignment with service delivery need (e.g. 'Business Context Statement' in SAMIS)
  - Basic performance:
    - Property (site & building) utilisation data classified in accordance with Table 1
    - Suitability of location for current function
    - Overall suitability of infrastructure for current function
    - Overall condition of infrastructure
    - Overall compliance with relevant legislative / regulatory requirements and safety standards
    - Useful life and forecast renewal date for existing infrastructure.

**Table 1: Property Utilisation Status**

Rating	Definition
5	Fully occupied (no portion available for other agency or compatible uses)
4	Partly occupied (full utilisation included in agency future planning)
3	Available for shared occupation (significant portion available for compatible use)
2	Vacant with agency utilisation planned (utilisation included in agency future planning)

1	Vacant with no agency utilisation planned (no longer required for agency business)
S	Declared Surplus

18. The DIT operated Strategic Asset Management Information System (SAMIS) is the preferred repository for this information for agencies with significant non-residential built asset portfolios. Other repositories for the data may be considered provided they provide equivalent functionality to meet the requirements of the minimum dataset and can be accessed electronically.

### Agency Land and Built Asset Strategy

19. Agencies are to prepare and annually review an Agency Land and Built Asset Strategy which describes how the agency plans to align its real property asset base with its service delivery needs.

20. The Strategy should demonstrate alignment with the *Planning Strategy*. The Agency Land and Built Asset Strategy should describe how the agency aims to achieve the following requirements:

- ensure the asset portfolio is appropriate to the needs of the agency
- optimise use of an agency's existing asset portfolio
- ensure asset maintenance is appropriately managed to enable assets to reach their estimated useful lives
- ensure assets are managed on a whole-of-life cycle basis
- manage the risks of asset ownership and operation to ensure continuity of service.

21. The Agency Land and Built Asset Strategy will incorporate an:

- Agency Land and Built Asset Capital Investment Plan
- Agency Land and Built Asset Maintenance Plan
- Agency Land and Built Asset Utilisation Plan.

22. Based on their Agency Land and Built Asset Strategy, agencies shall make available to URA and DIT on request the information on the utilisation of their property assets to inform policy, proactive administration of government property and planning, including:

- Land and buildings that are, or will become, surplus, vacant or available for shared occupation (as per ratings S,1 or 3 in Table 1) in current or future years.

All information provided by agencies to URA and DIT on agency current and projected utilisation of property assets will be treated as confidential and for internal government use only.

## Identification of Surplus and Under-utilised Property

23. Individual agencies are responsible for reviewing their property holdings as part of the annual budget cycle, in the light of their legislative responsibilities and approved programs.

This review should be based on the Principles of Ownership of Real Property described in Clauses 10-12 and be demonstrated through the maintenance of the Minimum Property Dataset and the annual review of the Agency Land and Built Asset Strategy.

24. Agencies considering properties under their occupation or custodianship for disposal are required to confirm ownership details. A current copy of the Certificate of Title (CT), Crown Record (CR) or Crown Lease (CL) must be ordered in the first instance. Any properties that are held under a CR, CL or CT with a “trust” endorsement or Crown Condition Agreement (CCA) must be referred to DEW and will be managed under Schedule E of this circular. If clear attribution of ownership to the agency and the Minister responsible cannot be determined, advice and guidance should be sought from relevant agencies, including DIT, the Crown Solicitor and DEW, prior to proceeding with the disposal process.

## Identification of Property for Purchase or Shared Utilisation

25. Use of surplus or underutilised property shall be considered in the development of any project requiring additional asset capacity.
26. Agencies shall assess the need to purchase, or obtain shared access to, property to meet the asset procurement needs identified in their Agency Land and Built Asset Strategy.
27. Agencies shall separately define the essential and desirable characteristics of properties required. These characteristics shall be assessed in terms of the risk to the desired service delivery improvement expected from the new property, and any infrastructure to be located on it, if these characteristics are not met.

## Strategic Land Use Assessments (Initial Test and SSLUA)

28. DIT is responsible for managing all types of strategic land use assessments described in this circular following agency consultation with URA. Strategic land use assessment processes aim to identify the best use, from a whole-of-government perspective in accordance with the Principles of Ownership of Real Property (clauses 10 – 12), for properties declared surplus to an agency’s requirements.

Strategic assessments seek to optimise benefit to government and the community, and will determine if a property should be disposed of (either as is or subject to preparatory works), transferred to another agency to meet business needs, or retained for longer term use or development to meet government objectives.

Agencies are advised to contact the URA and/or DEW for advisory service on the preparation of agencies ITSS (clause 44 and Schedule F).

### Initial Test for Strategic Significance

29. Agencies are required to apply an 'initial test for strategic significance' (Initial Test) to all real property identified as surplus to agency requirements or underutilised.

Agencies are required to submit a report (in accordance with the Strategic Assessment Template at Schedule D as amended from time to time) on the findings of the Initial Test to DIT for review and provide advice on whether a Site Strategic Land Use Assessment (SSLUA) will be required. In this process, the agency will consult with URA to assess whether or not the land is required to generate strategic urban outcomes and consider the likelihood of realising a successful transaction. The URA will also consider precinct Plans, URA's sequencing, utilisation and assembly of government property to maximise future development and/or redevelopment, other relevant portfolio plans or state plans. Any properties that are held under a CR, CL or in the case of a CT, if there is a "trust" endorsement or Crown Condition, must be referred to DEW for consent to undertake further assessment.

30. The Initial Test requires agencies to determine if the following factors apply to the surplus or underutilised real property:
- a. the market value of the real property including improvements is in excess of the 'threshold of value' (for the purposes of the initial test, the capital value assessed by the Valuer-General for rating purposes may be used as an indication of market value subject to the agency obtaining confirmation of validity from the Valuer-General) and consultation with URA on risks associated with realising the disposal, or
  - b. the land adjoins or has potential to be amalgamated with other land in ownership (whether Australian, State or local government).
  - c. there is a declared project in the approved Capital Investment Program for which this property may be suited
  - d. other factors exist, including implementation of the *Planning Strategy* or demand for infrastructure and services, which may give the property strategic significance in relation to the implementation of state or local government policy or the efficient conduct of state or local government business.
31. DIT will review the agency's report on the Initial Test and determine a property to require a SSLUA if the following factors apply:
- a. If none or insufficient of the above factors exist, the property shall be deemed not to have strategic significance and DIT will advise the owning agency to proceed with the disposal process.
  - b. If sufficient of the above factors exist to indicate likely opportunities for government to benefit from actions other than selling the property on the open market, DIT will initiate a SSLUA of the property.

DIT will advise the owning agency as to whether an SSLUA is or is not required within 10 working days of DIT receiving a request from an agency which is accompanied by a correctly completed Strategic Assessment Template (Schedule D) for the property.

### Site Strategic Land Use Assessment (SSLUA)

32. A SSLUA is a process where a specific government property is assessed against the Principles of Ownership of Real Property (clauses 10 – 12) from a whole-of-government perspective.
33. Within 30 working days of initiating the SSLUA, DIT will advise the owning agency of the findings of the SSLUA and recommended action/s to be taken by the agency.
34. In undertaking an SSLUA, DIT shall consider:
  - a. endorsed South Australian Government policies and budget priorities
  - b. the relevant volume of the *Planning Strategy*, as amended from time to time, and related studies (i.e. Structure Plans, Land and Development Monitoring Program)
  - c. the relevant Planning and Design Code (Outback and Rural) and the Planning and Design Code
  - d. specific legislative issues in relation to the land
  - e. the policies and plans of the relevant local government authority
  - f. the market value of the real property including improvements
  - g. the opportunity cost of land disposal
  - h. any development proposals which may change or influence the pattern of development in the locality
  - i. opportunities to deliver beneficial regional development
  - j. opportunities to stimulate economic activity and employment growth.
35. Where property has significantly capitalised buildings, DIT will consider:
  - a. risk management issues and life cycle costing (especially where significant capital funds are required to refurbish/redevelop the facility)
  - b. suitability of accommodation
  - c. financial costs and benefits of ownership versus leasing options.
36. In appropriate circumstances DIT will seek advice from the responsible agencies on the:
  - a. Identified need for affordable housing and associated community infrastructure in the area
  - b. identified need for industrial land in the area
  - c. identified opportunities for active recreation and sport

- d. identified need and/or opportunity for urban renewal in the area
  - e. identified need to protect or provide strategic infrastructure in the area
  - f. appropriateness and suitability of the site to meet any of the above needs under its current zoning or through changed planning incentives or controls
  - g. use of land within the Adelaide Park Lands.
37. DIT will consult with the owner agency, and any relevant government agencies (including the relevant local council or the Outback Communities Authority) to undertake the strategic land use assessment of the property.
38. DIT will circulate their initial SSLUA of the property to government agencies and the relevant local council and invite comments and registrations of interest in purchasing the property. The Outback Communities Authority will also be invited to make comments on properties located in outback areas, as defined under the *Outback Communities Act 2009*.

If a response is not received within 10 working days, DIT will consider that the agency, Council or Outback Communities Authority does not wish to comment and/or register an interest in the property and proceed with finalising the SSLUA. No extensions of time will be granted.

Agencies and councils should advise DIT if they are considering further whether to register an interest in the property with URA (or DEW in the case of Crown land) prior to disposal, as provided for under Clauses 61-64.

### **Actions arising from SSLUA**

39. If the SSLUA determines the property to be not of strategic significance, DIT will advise the owning agency:
- to proceed with the Disposal Process (Refer Schedule C)
  - of any rezoning required prior to disposal to reflect strategic directions for future land use
  - of any works (e.g. remediation, demolition) identified during the assessment that may be necessary to prepare the property for sale
  - of any registration of interest received from local government
  - any specific development outcomes to be considered and/or actioned through the disposal process.
40. If the SSLUA determines the property to be of strategic significance, DIT will advise the owning agency why the property has been deemed to be of strategic significance and, where relevant, of interest in the property by other agencies.

A property determined to be of strategic significance and to be retained in Government ownership cannot be disposed of without Cabinet approval, but may be the subject of an inter-agency transfer supported by the appropriate Ministerial or Cabinet approval.

41. Where a property is deemed to be of strategic significance and:
- a. another agency has registered interest in acquiring the property:
    - The property should be transferred at current market value to the agency with the primary interest in retaining the property in government ownership.
    - If the owning agency and the agency registering interest in the property are unable to reach agreement on the timeframe to complete the transaction (refer clause 63) or any other matter within 30 working days (or such other time as agreed) from the issue of the SSLUA, the owning agency will submit the matter to Cabinet to determine the best whole of government outcome. Cabinet may direct the owning agency to retain the property for an agreed period with the decision to be reviewed within five years.
    - Where more than one agency registers interest in the property and the owning agency and bidding agencies are unable to reach a resolution within 30 working days from the issue of the SSLUA, the owning agency will submit the matter to Cabinet to determine the best whole of government outcome.
  - b. another agency has not registered interest in acquiring the property:
    - DIT will recommend which agency should hold the property and an agreed timeframe for reviewing the decision (within no more than five years).
    - If such a transfer cannot be achieved within a reasonable time, or the owning agency and the agency recommended by DIT are unable to reach an agreement, the owning agency will submit the matter to Cabinet to determine the best whole of government outcome. Cabinet may direct the owning agency to retain the property for an agreed period with the decision to be reviewed within 5 years.
42. Actions recommended from the SSLUA should be included in relevant Agency Land and Built Asset Strategies.
43. URA is responsible for the periodic review of potential benefits that may be realised from government owned properties within a defined geographic area, in particular for the delivery of urban renewal, or within a Precinct Plan.

## Advisory Services

### Pre disposal or acquisition works

44. An advisory service on the purchase and/or disposal of real property is provided to agencies by URA on an agreed fee for service basis. When an Agency or DTF is developing or considering a business case that includes any form or property transaction or preparing an ITSS, URA will provide an advisory service that informs the development or consideration of such business case.

45. An advisory service on the purchase and/or disposal of Crown land is provided by DEW. When an Agency or DTF is developing or considering a business case that includes any Crown land, DEW will provide an advisory service that informs the development or consideration of such business case. Sales of Crown land where the proceeds of sale are attributed to the Crown Lands Sales Revenue Target will be managed under the financial arrangements associated with the Target. In all other cases, an advisory service on the purchase and / or disposal of Crown land is provided by DEW on a fee for service basis.

## **Responsibilities for Purchase and Disposal of Real Property**

### **Purchase and Disposal Agencies**

46. URA is responsible for the purchase and/or disposal of real property on behalf of all government agencies on an agreed fee for service basis other than exempt agencies listed in Schedule B. In the case of non-metropolitan property URA may enlist the assistance of the DEW where appropriate.
47. DIT retains delegated authority to deal with land vested to the Minister for Infrastructure and Transport (MIT), Commissioner of Highways (COH) and Rail Commissioner (RC) and any other function committed to DIT.
48. DEW retains delegated authority to deal with Crown land in all areas of the State. DEW is responsible for transfers of Crown land between agencies on a fee for service basis. URA may, acting as agent for DEW, manage the process for disposing of Crown land in the metropolitan area on the open market. Where URA acts as agent for DEW for a metropolitan Crown land sale, URA and DEW will determine a land holding strategy (i.e. when to convert to freehold) as part of the disposal strategy.
49. URA is responsible for all negotiations with private parties or local government expressing an interest in acquiring government real property, except in the case of exempt agencies listed in Schedule B 1.2, 2.2 and 2.4 where the exempt agencies are responsible for such negotiations.

Agencies (other than exempt agencies) must not enter into discussions with private parties or local government regarding potential property transactions and must refer all inquiries to URA or, in the case of Crown lands, DEW.

50. All costs and transactions attributable to the purchase or disposal of a particular property shall be clearly identified and accurately recorded in an auditable form by the relinquishing agency and/or purchasing agency.

## **Procedure for the Purchase of Real Property**

### **Compulsory acquisitions**

51. Compulsory acquisitions are the responsibility of individual agencies where authorised by the provision of enabling legislation. By negotiation, DIT will provide a



fee for service to administer compulsory acquisition in accordance with the *Land Acquisition Act 1969*.

### Strategy for Purchase

52. URA (or DEW in the case of Crown lands, or DIT in the case of land vested to the MIT, COH and RC) will coordinate the development of a strategy for the identification and purchase of property that meets the characteristics defined under Clause 27. Such strategy will consider the need to purchase, or obtain shared access to, property to meet the asset procurement needs (Clause 26).
53. The strategy will require the purchasing agency to establish a budget to support the property purchase and all ancillary costs, which may include due diligence investigations, legal and conveyancing costs related to the purchase together with an allocation for any new building works, renovation or fitting out of the purchased property.
54. URA (or DEW in the case of Crown lands, or DIT in the case of land vested to the MIT, COH and RC) will be responsible for all negotiations with potential vendors, and agencies (other than exempt agencies) must not enter into discussions with private parties or local government regarding potential property transactions.

### Procedure for the Disposal of Surplus Property

#### Strategy for Disposal

55. URA (or DEW in the case of Crown lands, or DIT in the case of land vested to the MIT, COH and RC) will coordinate the development of a strategy for the disposal of the surplus property.

The disposal strategy will take account of:

- a. recommendations of any strategic land use assessment of the subject property;
  - b. expressions of interest in the property by other government agencies or local government;
  - c. existing information on the condition of the property and its suitability for proposed uses.
56. To reduce holding costs for relinquishing agencies, enable capture of the maximum financial return to government and inform advice to Ministers, URA may initiate preparatory work for a disposal strategy prior to a property being declared surplus.
  57. Agencies are to notify the URA or DEW (in the case of Crown land) of property disposal prior to seeking Ministerial approval or Cabinet exemption / approval and in any event at the ITSS phase.

## Notification of Surplus Property

58. Within 10 working days from receipt of advice from DIT in respect of an SSLUA, agencies (with the exception of DIT and DEW in relation to Crown land ) shall commence the Ministerial approval process to declare property as surplus to requirements for all real property with an estimated market value below \$6.0 million including GST. Above this threshold the matter must be referred to Cabinet to declare property as surplus. A request for approval to dispose of surplus property is to be accompanied by a copy of the advice from DIT on the strategic assessment of the property.
59. Within 10 working days of being notified that property has been declared surplus, agencies (with the exception of DIT and DEW in relation to Crown land) are to notify URA of all such property.
60. Except as provided in clause 56, procedures to dispose of property will not commence unless Ministerial or Cabinet approval to declare the property surplus has been given.

## Agency expressions of interest

61. URA (or DEW in the case of Crown lands) will circulate information on surplus properties to all government agencies and the relevant local council.

Agencies or the local council may express an interest in purchasing the surplus property for their own purposes, or advise of existing services on the land which are not protected by a registered easement.

62. Agencies and the relevant local council will be given 30 working days to express interest in the surplus property, unless some other timeframe is agreed between URA (or DEW in the case of Crown lands) and the relinquishing agency. Such expressions of interest may be conditional, e.g. subject to agency/Cabinet approval or Council resolution.

In the event that no expression of interest is received within 30 working days or such other period as may have been agreed, URA (or DEW in the case of Crown lands) and the relinquishing agency may proceed as though there is no interest on the part of other agencies.

63. Agencies and councils expressing interest in a surplus property must indicate a timeframe within which approval for the expenditure is to be obtained and the transaction completed. This timeframe must not exceed three months, or such other term approved by Cabinet. If the transaction is not completed within 30 working days after the time indicated the relevant disposal agency (i.e. URA, DEW or DIT) may implement a revised disposal strategy.
64. In the event that more than one expression of interest is received:
  - expressions by agencies shall be considered ahead of an expression by the relevant local council.

- unless multiple agency expressions can be resolved by discussion between the bidding and relinquishing agencies, the relinquishing agency will submit the matter to Cabinet, to determine the best whole of government outcome.

65. In the process of disposing of surplus government land, local councils may be given the opportunity to purchase land for public or community uses at market value. Transfers of land to local government for public or community uses must be at market value, unless Cabinet directs otherwise.
66. For reasons of competitive neutrality, local councils may not be offered surplus government land on favourable terms for uses which would compete with private sector activity, such as residential, industrial or commercial purposes. In such cases the local council must bid for the land in an open process with the private sector. For Crown land sales in regional areas, refer to Schedule E.

### Land Investigations

67. Following the period provided for agency and council comment and/or expression of interest, URA (or DEW in the case of Crown lands) will arrange for any necessary investigations to determine the condition of the land, its suitability for proposed uses or any other matters relevant to finalising the disposal strategy for the property.

### Disposal

68. Upon finalisation of the disposal strategy, URA (or DEW in the case of Crown land and DIT in the case of land vested to the MIT, COH or RC) will arrange for the property to be transferred, assigned or sold in accordance with that strategy and any applicable legislative provisions, Cabinet decisions or Ministerial approvals applying to the subject property. URA (or DEW in the case of Crown land and DIT in the case of land vested to the MIT, COH or RC) will ensure the Registrar General receives notification of the transfer.
69. The disposal agency will also arrange for any pre-disposal matters to be completed, such as zoning, demolition or remediation works. Where surplus land cannot be disposed of in a cost effective way, the responsible government agency may propose an alternative land management strategy for approval by the relevant Minister.

### Basis for price

70. The current market value of the property is the basis for price in all government real property disposal transactions unless otherwise directed by Cabinet. Current market value is defined by the Australian Property Institute.

That is, the estimated amount for which the property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion. (Source: International Valuation Standard 1 - Market Value Basis of Valuation).

Valuers may use other appropriate processes to value a property where market

value is difficult to determine, as approved by the Australian Property Institute (Refer to International Valuation Standard 2 - Valuation Bases Other than Market Value).

71. Valuations of the facilities, property and land should be undertaken by the Valuer-General or, with the prior approval of the Valuer-General, another certified practising valuer who is a member of the Australian Property Institute.

The Valuer-General may give prior general approval to individual agencies to use other certified practising valuers, on such conditions as the Valuer-General thinks fit and subject to regular review by the Valuer-General. Where the Valuer-General gives this approval to use other certified practising valuers, the Valuer-General requests that the individual agencies supply the Valuer-General with a timely and accurate register of the facilities, property and land valued listing the property description, the valuer utilised and the value recommended from this advice.

Where a valuer other than the Valuer-General is used, the Valuer-General will retain a right to audit valuations and when exercising this right will request a copy of the full valuation report of the particular property as listed on the register.

72. Valuations obtained prior to a full investigation into the condition of the land are to be considered conditional until all necessary investigations and pre-sale preparatory works have been completed. It is therefore critical that agencies are cognisant of the qualifications and disclaimers that the valuer has utilized in the report and that if the valuer has reserved the right to alter the report and amend the value if the conditions, considerations and assumptions change, it is preferable for the valuation to be less than six months old to ensure its currency, although in a highly volatile market it may be appropriate to have the valuation updated within that period. An older valuation may be adopted if the valuer considers warranted by market conditions including:

- there has been little movement in the market since the date of the valuation
- later sales evidence supports the valuation
- the sale price is less than \$110,000 including GST.

Note: where the original valuation has been approved by the Valuer General, its adoption when more than six months old must also be approved by the Valuer General.

73. Transfers between agencies need to be approved by the relevant Minister in line with government policy concerning prudential management and transparency of subsidies. The purchasing agency will also need to comply with Treasurer's Instruction 8.
74. Disposal of property at prices, including rental rates for applicable property, substantially at variance with the valuation need to be approved by the relevant Minister. In the case of property transactions between government agencies (including between state government agencies and local government), the value of the property will be the current market value, unless Cabinet directs otherwise.

75. In addition to the requirements listed above for setting the value for surplus property, where the highest and best use of the property being valued is residential, the valuation shall take into account the need for any new development to conform with the Planning Strategy, in particular the requirement for 15 per cent of housing in all new significant developments to be affordable.

## Availability and Application of Proceeds

### Proceeds

76. All proceeds from real property sales, defined as sale price less costs (Clause 82), will be paid to the Treasurer for application to the Consolidated Account, except where legislative provisions, or a relevant direction from the Treasurer under the *Public Finance and Audit Act*, require otherwise.
77. Unless otherwise determined by Cabinet or a specific statutory provision exists (as per clause 9), an agency selling property surplus to Government requirements is eligible to receive additional investing expenditure authority if and only if:
- the property did not become surplus as a consequence of a new initiative funded by the government. In that instance the proceeds should be used to offset the cost of the initiative itself; and
  - the sale is not budgeted for in current forward estimates; or
  - the land sold is not Crown land.
78. In addition to the provisions of clause 76, an intra-government sale must be funded by the receiving agency's investing program for the agency selling the surplus property to be eligible to receive additional investing expenditure authority.
79. For eligible properties valued at less than \$0.55 million including GST, relinquishing agencies will be given an increase in their investing expenditure authority for a Cabinet approved project or program equal to 100% of the proceeds. Properties that have a Valuer-General's rating value of \$0.45 million including GST or more should be independently valued to ascertain the need to seek Cabinet approval to retain funds.
80. For eligible properties valued between \$0.55 million and \$6 million including GST, relinquishing agencies will be given an increase in their investing expenditure authority for a Cabinet approved project or program equal to 50 per cent of the proceeds, or any other share decided by Cabinet.
81. For properties valued at \$6 million including GST or more, the relinquishing agency would need to seek Cabinet approval to receive any increase in their investing expenditure authority. Cabinet Submissions would need to include details of the specific investing project or program to which it wishes to apply the proceeds.

## Proceeds – Timing

82. Proceeds from the sale of properties will be transferred to the Consolidated Account as soon as possible after the sale or transfer has been completed. Any increase in investing expenditure authority will be available for a period of up to 12 months after the proceeds have been applied to the Consolidated Account, or as otherwise determined by Cabinet.

## Costs

83. Costs associated with the disposal of surplus government property will be paid by the relinquishing agency as they are incurred. Costs are defined as:

- a. management fees charged by URA and/or DEW;
- b. costs associated with the preparation of the land for sale, such as costs required by DEW in providing clear title for disposal of Crown land, investigations into the condition of the land, zoning, demolition of buildings or remediation work. (This shall include costs to DIT for physical and financial evaluation of buildings).

## Setting of Fees

84. Fees are to reflect the costs associated with the provision of the service, and will be determined by negotiation between the relinquishing agency and the URA and DEW. Agreements setting out levels of service, including timing, will be negotiated where appropriate.

## Annual Reporting

85. URA will provide an annual report to the Treasurer on property transactions it has managed on behalf of other agencies, the services it has provided and the fees charged for these services as well as an annual evaluation by user agencies of these services.

## Schedule A Definitions

### Adelaide Park Lands

'Adelaide Park Lands' is defined by a plan deposited in the General Registry Office by the Minister for Environment and Conservation pursuant to the *Adelaide Park Lands Act 2005*.

Note that the Adelaide Park Lands are more than the parklands currently managed by Adelaide City Council as they may include any other land vested in or under the care, control and management of the Crown or State authority, as defined by the *Adelaide Park Lands Act 2005*.

By virtue of that Act, the Adelaide Park Lands definition must, as far as is reasonably appropriate, correspond to the general intentions of Colonel William Light in establishing the first Plan of Adelaide in 1837.

### Crown Land

'Crown land' means:

- Unalienated Crown land (Crown Record on title); or
- Dedicated Crown land (Crown Record on title); or
- Crown leasehold land (Crown Lease on title); or
- Land subject to a Crown Condition Agreement (Certificate of Title with CCA or "trust grant" endorsement)

Agencies seeking to purchase or dispose of Crown land will need to obtain prior approval through DEW. Refer to Schedule E for further information on the purchase or disposal of Crown land.

### Disposal

'Disposal' encompasses both the sale of real property and the granting of a lease exceeding ten years, with the exception of leases granted in accordance with a statutory power.

Disposal Process – Refer to Schedule C

### Current Market Value

The current market value, as defined by the Australian Property Institute (API), is the estimated amount for which the property should be exchanged on the data of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion (Source: International Valuation Standard 1 – Market Value Basis of Valuation). The value is to be based on highest and best use as defined by the API.

### Government Agencies

For the purposes of this circular, 'government agencies' shall be defined as all administrative units under the *Public Sector Act 2009 (SA)*, all instrumentalities of the

Crown, Ministers including Ministers as corporations sole, and statutory office holders.

Exempt agencies are listed in Schedule B of this circular.

### **Greater Adelaide Area**

‘Greater Adelaide’ means Greater Adelaide as defined in Map D1 of the 30 Year Plan for Greater Adelaide, a volume of the South Australian Planning Strategy published in 2010.

### **Metropolitan Area**

The term ‘metropolitan area’ means that area as defined in the relevant volume of the Planning Strategy, as amended from time to time.

### **Precinct Plan**

‘Precinct Plan’ means a Precinct Plan that has been gazette by the Minister in accordance with the Urban Renewal Act 1995.

### **Real Property**

‘Real property’ is defined to include Crown land, a freehold interest in land or a leasehold interest exceeding ten years, whether or not that land includes fixtures such as buildings or other structures.

### **Regional Centres**

‘Regional centres’ are non-metropolitan population centres, as identified in the relevant volumes of the *Planning Strategy* as amended from time to time, from which a significant range of state government services (e.g. health, education and regulatory services) are provided directly by state government staff.

Regional centres are Roxby Downs, Mount Gambier, Murray Bridge, Port Augusta, Port Pirie, Whyalla and Port Lincoln.

### **Threshold of Value**

The ‘threshold of value’ is the market value of the real property, including improvements, of:

- \$550 000 including GST in the metropolitan area
- \$110 000 including GST outside the metropolitan area.

The Valuer-General may vary the threshold of value from time to time to reflect market conditions.



## Schedule B Exemption Status of Agencies

1. Agencies which are exempt from the operation of the circular
  - 1.1 Agencies (or parts of agencies) are exempt where Cabinet has approved the commencement of a sale process of an operating entity (agency or part of an agency).
  - 1.2 Those agencies, public non–financial corporations and financial corporations listed below are exempt from the application of the Circular other than notifying URA of land declared surplus (clause 59) or unless specific roles are ascribed to them in this Circular (e.g. URA):
    - Adelaide Cemeteries Authority
    - Adelaide Festival Centre Trust
    - Adelaide Venue Management Corporation
    - Australian Children’s Performing Arts Company (trading as Windmill Performing Arts)
    - Distribution Lessor Corporation
    - Generation Lessor Corporation
    - HomeStart Finance
    - Lifetime Support Authority
    - Lotteries Commission of South Australia (trading as SA Lotteries)
    - Motor Accident Commission
    - Office of the Director of Public Prosecutions within the Attorney General’s Department
    - Public Trustee
    - Return to Work Corporation of South Australia (trading as ReturnToWorkSA)
    - South Australian Forestry Corporation (trading as Forestry SA)
    - South Australian Government Employee Residential Properties
    - South Australian Government Financing Authority (trading as SAFA)
    - South Australian Housing Trust
    - South Australian Water Corporation (trading as SA Water)
    - Superannuation Funds Management Corporation of South Australia (trading as Funds SA)
    - Transmission Lessor Corporation
    - URA (trading as Renewal SA)
    - West Beach Trust (trading as Adelaide Shores)

This list may vary from time to time.

2. Agencies which are partially exempt from the operation of the Circular

The following partial exemptions also apply:

#### 2.1 Information requirements

The following agencies are exempt from the requirement to produce a minimum property data set –

DEW in relation to:

- Crown land held under the *Crown Land Management Act 2009* by the Department for Environment, Water and Natural Resources or dedicated to the care, control and management of local government
- Crown land held in the name of the Minister for Sustainability, Environment and Conservation
- Land managed under the National Parks and Wildlife Act 1972 and the *Wilderness Protection Act 1992*.

#### 2.2 Use of the Urban Renewal Authority as the purchase and disposal agent

The following agencies are exempt from the requirement to use URA as the purchase and disposal agency –

- DEW in relation to Crown lands and the purchase of land to be vested under the *Crown Land Management Act 2009* and/or the *National Parks and Wildlife Act 1972*
- Department for Infrastructure and Transport in relation to the purchase and disposal of land vested under legislation committed to the Minister for Transport and Infrastructure.

In these instances the above agencies shall assume the purchase and disposal role of URA as described in the circular and may, by arrangement, engage URA as their agent in aspects of the execution of that role.

In the case of overseas property holdings, all agencies are exempt from the requirement to use URA as the purchase and disposal agency, and the requirement for a valuation to be provided by either the Australian Property Institute or the Valuer-General.

#### 2.3 Distribution of proceeds

Agencies that currently have rights to retain the proceeds of sales, other than those described in Clauses 75 to 80 for stipulated purposes, by way of legislation and/or their charter of establishment, retain these rights.

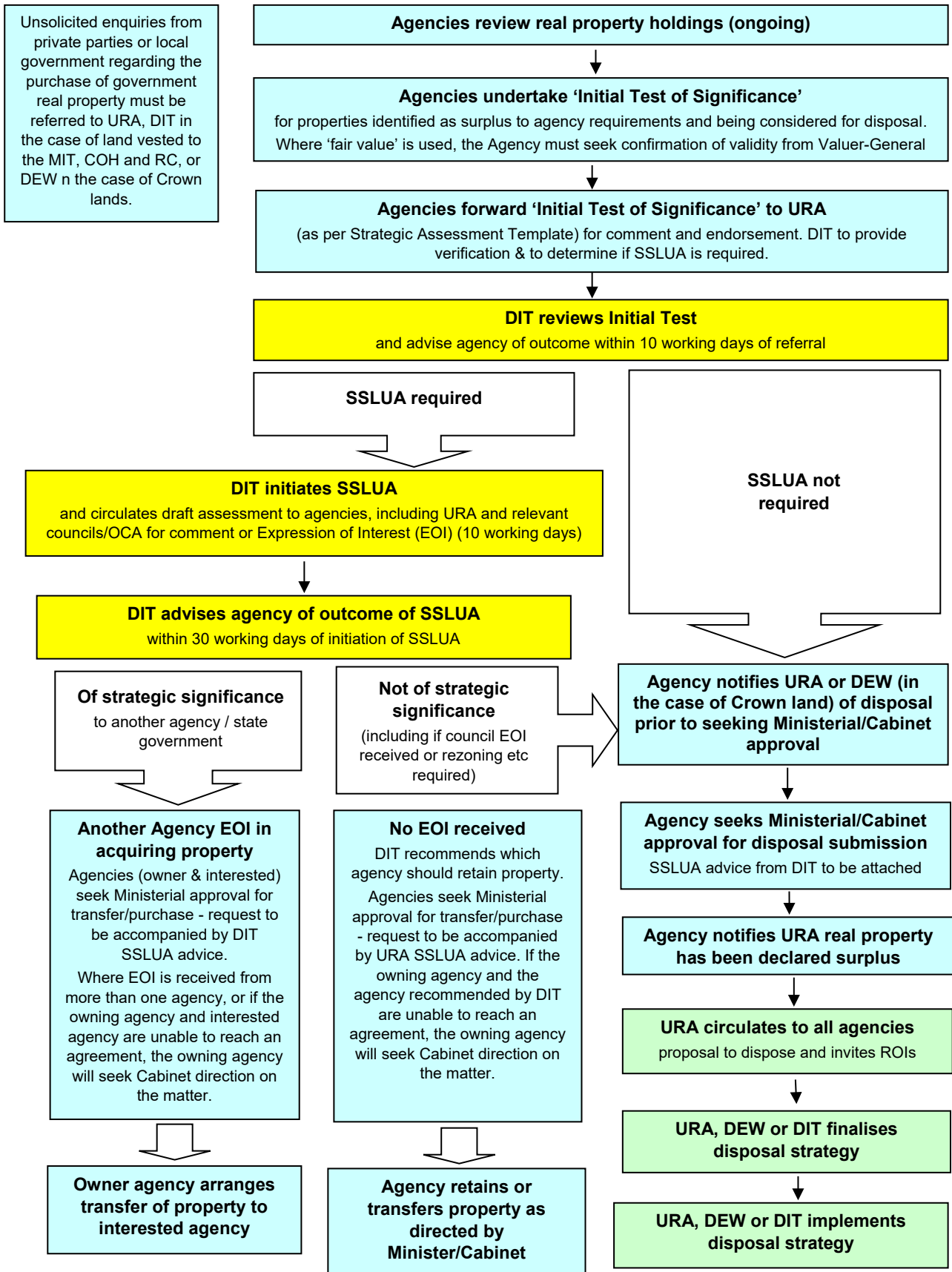
#### 2.4 Land use assessment and circulation of information on surplus property

The following agencies are exempt from the operation of the Circular except for clauses 28 -44 (Strategic Land Use Assessments), 58 - 60 (notification of surplus property), 61 - 65 (agency expression of interest).

- South Australian Forestry Corporation (trading as Forestry SA)
- South Australian Water Corporation (trading as SA Water)

3. Agencies which are exempt from the operation of the Treasurer's Direction
- 3.1 Agencies (or parts of agencies) are exempt where Cabinet has approved the commencement of a sale process of an operating entity (agency or part of an agency).
- 3.2 The following agencies are exempt from the operation of the Treasurer's Direction made pursuant to s 7(2) of the *Public Finance and Audit Act 1987 (SA)* attached as a cover note to this Circular.
- Aboriginal Lands Trust
  - Adelaide Cemeteries Authority
  - Adelaide Festival Centre Trust
  - Adelaide Venue Management Corporation
  - Australian Children's Performing Arts Company (trading as Windmill Performing Arts)
  - Distribution Lessor Corporation
  - Generation Lessor Corporation
  - HomeStart Finance
  - Lifetime Support Authority
  - Lotteries Commission of South Australia
  - Motor Accident Commission
  - Public Trustee
  - Return to Work Corporation of South Australia (trading as ReturnToWorkSA)
  - South Australian Forestry Corporation (trading as Forestry SA)
  - South Australian Government Financing Authority (trading as SAFA)
  - South Australian Housing Trust
  - South Australian Water Corporation (trading as SA Water)
  - Superannuation Funds Management Corporation of South Australia (trading as Funds SA)
  - Transmission Lessor Corporation
  - URA (trading as Renewal SA)
  - West Beach Trust (trading as Adelaide Shores)
- This list may vary from time to time.

### Schedule C Flowchart: SSLUA and Disposal of Surplus Property



**Schedule D Template: Strategic Assessment**

<b>DIT File Reference:</b>	
<b>PART A: PROPERTY INFORMATION</b>	
<b>Owning Agency Property Reference</b> <i>(if applicable)</i>	
<b>Site Identification*</b> <ul style="list-style-type: none"> <li>• Certificate of Title identification:</li> <li>• Plan (e.g. DP, FP) &amp; Lot Number:</li> </ul>	
<b>Site Street Address</b>	
<b>Registered Proprietor</b> <i>(as per Land Services records)</i>  <b>Current Responsible Minister</b> <i>(e.g. Minister for Transport and Infrastructure if registered as Commissioner for Highways)</i>	
<b>Is the property Crown land?</b> DEW approval is required to dispose of Crown land, to demonstrate approval has been granted DEW must complete Initial Test for Crown land. <ul style="list-style-type: none"> <li>• Unalienated Crown land</li> <li>• Subject to Crown Condition Agreement</li> <li>• Dedicated Crown land</li> <li>• Land under care, control and management of Minister responsible for <i>Crown Land Management Act 2009</i></li> <li>• Certificate of title with a Trust Grant endorsement</li> </ul>	Y / N  Y / N Y / N – if yes provide details of condition Y / N – if yes attach copy of gazettal notice
<b>Site Area (m<sup>2</sup>) and Dimensions (m)</b>	
<b>Capital Value</b> <b>Site Value</b> <i>(include date and source of valuation/s; if multiple records exist, provide relevant valuation number/s; where 'fair value' is used, attach advice from Valuer-General confirming validity of using 'fair value' for purposes of the Initial Test)</i>	\$ \$
<b>Local Government Area</b>	
<b>Relevant volume of the Planning Strategy</b>	
<b>Planning and Design Code (SAPPA)</b> <i>(provide zoning as per the Planning and Design Code)</i>	
<b>Current Use/s of Site</b>	

**Contacts:** For assistance to complete the Strategic Assessment (Refer Schedule F)

**Attachments checklist:**

- copy of Certificate of Title or Crown Record/Crown Lease
- if dedicated Crown land, details of the Crown Condition Agreement
- if 'fair value' uses, Valuer-General advice confirming validity

PART B: INITIAL TEST	Provide your assessment – complete all fields
<p><b>Is the fair value of the property, including improvements (Capital Value), in excess of the 'threshold of value'?</b>                      *\$550,000 including GST in the metropolitan area,                      \$110,000 including GST outside of the metropolitan area</p>	
<p><b>Does the land adjoin or have the potential to be amalgamated with other land in government ownership (Australian, State or local)?</b></p>	
<p><b>Is there a declared project in the approved Capital Investment Program or Strategic Infrastructure Plan for SA for which the property may be suited? If yes, provide details of program/project.</b></p>	
<p><b>Is the site use consistent with the zoning in the Planning and Development Code and Development Plan (or intended zoning) in relevant Structure Plan or volume of the Planning Strategy? Provide details.</b></p>	
<p><b>Is the site within an area included in a Precinct Plan?</b></p>	
<p><b>Do other factors exist which may give the property strategic significance in relation to implementation of government policy? If yes, provide details of factors.</b></p>	
<p><b>In your assessment, is the property of strategic significance?</b></p> <p>Guidelines for assessment: If none or insufficient of the above factors exist, the property shall be deemed not have strategic significance.</p>	
<p><b>Does URA endorse the ITSS?</b></p>	

PART C: SITE STRATEGIC LAND USE ASSESSMENT INFORMATION (SSLUA)	
<p><b>Basic Infrastructure Inventory</b></p> <ul style="list-style-type: none"> <li>• Floor Area</li> <li>• Age/Condition of all major improvements</li> <li>• Tenancy details (if applicable)</li> </ul>	
<p><b>Potential Constraints</b></p> <ul style="list-style-type: none"> <li>• Known encumbrances over the site</li> <li>• Known native vegetation Issues</li> <li>• Known heritage Issues</li> <li>• Environmental considerations (including potential site contamination)</li> </ul>	
<p><b>Known relevant studies / assessments previously carried out relating to site</b></p>	
<p><b>Known interests in purchasing the site</b> Provide information about any negotiations</p>	
<p><b>Other relevant comments and supporting documentation</b></p>	

## Schedule E Crown Land Disposal (Crown Agencies)

### Introduction

1. Premier and Cabinet Circular 114 (PC114) regulates government land holdings and disposals however the Department for Environment and Water (DEW) retains authority to deal with Crown land (see clause 47 of PC114). DEW administers Crown land in accordance with the *Crown Land Management Act 2009* (the Act) and the Crown Land Sales Revenue Target.
2. Other agencies have custodianship of Crown land for purposes associated with their function. In addition to Crown land under DEW's custodianship this policy applies to:
  - a. Crown land held under licence by a Crown agency (CR prefix on title)
  - b. Crown land held under lease by a Crown agency (CL prefix on title)
  - c. Dedicated Crown land held by a Crown agency (CR prefix on title)
  - d. Freehold land held under a Crown Condition Agreement (formerly Trust Grants) by a Crown Agency (CT prefix on title with a CCA or trust endorsement)
  - e. The above will be referred to as Agency Crown land.

### Application of PC114 to Crown land

3. Where it is intended to grant freehold in the following circumstances as permitted by sections 24 and 25 of the Act:
  - A Perpetual Lease; or
  - Dedicated land where the custodian has made significant improvements and will pay market value; or
  - A lease or licence where the lessee or licensee has made significant improvements to the land; or
  - Land that is considered "low value" under the Crown Land Management Act 2009.

DEW will not be required to undertake an Initial Test or circularisation.

### Acquisition of Crown land by a Crown Agency

4. Where a Crown Agency wishes to manage Agency Crown land as a freehold title, for example entering into registrable leases or undertaking significant development, DEW will support that agency purchasing the land, for market value. The value of the land will be attributed to DEW's Crown Lands Sales revenue target.

### Crown land surplus to Agency Requirements

5. Where Crown land has been identified as surplus to agency requirements the agency has the following options:
  - a. Offer the land for sale on the open market



- b. If (a) is unsuccessful, retain the land under an alternate land management strategy; or
- c. Subject to this circular, return the land to DEW to be integrated into the Crown estate.

### **Surplus Agency Crown land**

6. Where an agency considers that Crown land under its custodianship is surplus:
  - a. It must seek the permission of DEW to undertake the Initial Test for Strategic Significance.
  - b. Where the land is unimproved and marketable, DEW will manage the sales process with the proceeds of sale applied to the Crown Land Sales Revenue Target.
  - c. Where the land is improved and marketable, the custodian agency will work with DEW on a disposal strategy and agree on the apportionment of the proceeds of sale. In these cases, DEW may require rectification of, or a strategy for:
    - i. Contamination – the agency may be required to undertake a contamination assessment at its own expense
    - ii. Third Party Interests – this may involve termination of third party interests and notification to the relevant parties
    - iii. Fixtures and Chattels – This may involve removal of these items or a security strategy where there is a risk of vandalism or squatters.
    - iv. Fees and Charges – all outstanding fees and charges should be paid by the relevant agency.
  - d. Where the land is in metropolitan Adelaide URA will act as the disposing agent, the custodian agency will work with DEW and URA on a land holding strategy (i.e.: when to convert to freehold) as part of the disposal strategy. Any work conducted by DEW to provide clear title to the property will be conducted on a fee for service basis.
  - e. Where the land is improved and not considered marketable, the custodian agency will either retain the land under an alternate land management strategy or, subject to (7) below, return the land to the Crown estate.

### **Return of land to the Crown Estate**

7. Where a Crown agency is the custodian of Agency Crown land and cannot dispose of the land, it may propose an alternate land management strategy to manage the land or negotiate with DEW for the return of the land to the Crown estate.
8. DEW may only accept return of the land if satisfied that:
  - The land is not contaminated. The relevant agency may be required to undertake a contamination assessment and subsequent remediation at its own expense.
  - Any chattels or fixtures that are not the property of DEW have been removed or DEW has agreed to accept the improvements.

- Any third party interests have been terminated and the parties notified or DEW has agreed to accept these interests.
- There are no outstanding fees or charges associated with the land.

### **Sale of land to Councils**

9. DEW will support the sale of Crown land to Councils for market value without competition where the land is intended for community use. The relevant Council will be required to place the land on the Council's Community Land Register under the *Local Government Act 1999*.
10. In regional areas there may be circumstances where a sale of Crown land to Council without competitive process will be considered where the land is intended for industrial, commercial or residential purposes. To encourage regional development (as identified in strategies developed by regional Councils and consistent with Volumes of the Planning Strategy for South Australia), it may be in the best interests of the local community for Council to control the sale process for particular parcels of Crown land.
11. The Minister for Environment and Water may determine that Crown land can be sold without competition at market value where:
- a. Council has custodianship of a parcel of Crown land and
    - i. Council is willing to relocate the current community use to another parcel of land within its ownership; and
    - ii. Council can demonstrate that there will be no loss to the community by developing the land; and
    - iii. Council can demonstrate a strategic need, for example through a master plan, to release the land; and/or
    - iv. There is a likelihood that a staged release of the land will be required.
  - b. Council has identified parcels of unalienated Crown land and
    - i. Council can demonstrate a strategic need, for example through a master plan, to release the land; or
    - ii. There is a likelihood that a staged release of the land will be required.

The sale of Crown land to Councils for market value without competition as contemplated by this Schedule E is in all respects subject to the requirements of the *Crown Land Management Act 2009* being met.

## Schedule F Key Contacts

General enquiries in relation to the implementation of this circular should be directed to:

Manager, Real Estate  
Property Directorate  
Across Government Services Division  
Department for Infrastructure and Transport  
Telephone: 8343 2022

Enquiries in relation to the operation of this circular for freehold property should be directed to:

Manager, Sales & Acquisitions  
Renewal SA (also referred to as URA)  
Telephone: 8207 1300

Enquiries in relation to the operation of this circular for Crown Land should be directed to:

Manager, Crown Land Operations  
Department of Environment and Water  
Telephone: 8204 1675

## Document Control

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## For more information

Property Directorate, Across Government  
Services Division  
T: 8343 2022

E: [Mohammed.Elgazzar@sa.gov.au](mailto:Mohammed.Elgazzar@sa.gov.au)

W: [dpc.sa.gov.au/resources-and-publications/premier-and-cabinet-circulars](https://dpc.sa.gov.au/resources-and-publications/premier-and-cabinet-circulars)