

5.7. MOSSMAN GOLF COURSE PROPOSAL OF PURCHASE

REPORT AUTHOR Terry Farrelly, Manager People and Community Services

MANAGER Mark Stoermer, Chief Executive Officer

DEPARTMENT People and Community Services

RECOMMENDATION

That Council resolves to:

1. Delegate its power pursuant to Sections 257 and 262 of the *Local Government Act 2009* to the Chief Executive Officer to purchase Lot 21 on SP212664 and associated buildings on the land and on adjacent land on Lot 20 SP212664 by negotiation for a maximum amount;
2. After purchase approves a trustee permit for Lot 263 SR540 and freehold leases on Lots 20 and 21 SP212664 with Mossman Memorial Bowls Club for twelve (12) months with an option agreeable to both parties to extend into a trustee permit or management rights options on Council freehold land up to a further two (2) years, to manage operations of the Mossman Golf Course;
3. Delegates authority under s257 of the *Local Government Act 2009* to the Chief Executive Officer to determine and finalise any and all matters associated with this report.

EXECUTIVE SUMMARY

The President and General Manager of Douglas Community & Sports Club Inc. (DCSC) recently approached Council to enquire if Douglas Shire Council is interested in purchasing Mossman Golf Club including all plant and equipment at an agreed price of the value of Mossman Golf Club's current liabilities.

Mossman Golf Club is located on 3 parcels of land, Lot 263 SR540 which is Council Trustee land and has an area of 17.8ha, Lot 20 SP212664 of which is Council freehold land with an area of 18.24ha and Lot 21 SP212664 which is DCSC freehold land with an area of 1.42ha. DCSC have advised that they are willing to sell all the assets, land, buildings, furniture and fixtures including equipment to Council at a negotiated amount, which is lower than valuation. To progress this matter Council engaged the services of a qualified valuer who has valued Lot 21 SP212664, and all buildings and improvements at a higher value than the asking price.

Mossman Memorial Bowls Club Inc has expressed interest in leasing or ongoing management of Mossman Golf Club to ensure the Mossman Golf Course continues operations. This option would be beneficial to ensure Mossman Golf Club continues operating within the community and remains a community sporting facility.

As Mossman Memorial Bowls Club Incorporated is classed as Other Incorporated Organisation, Council can negotiate directly with a community organisation without contravening the Local Government Regulations. Legal advice sought advises Council is free to decide to lease part or all of the Mossman Golf Club land to the Mossman Memorial Bowls Club Incorporated.

This club is a “*community organisation*” as defined in Schedule 8 of the Local Government Regulations (LGR). Council can use the exception in s236(1)(b)(ii) of the LGR to for the lease to Mossman Memorial Bowls Club Incorporated directly.

BACKGROUND

Mossman Golf Course is situated on Lot 21 SP212664 which is DCSC freehold land with an area of 1.42ha, housing the 720m² clubhouse building. Structural improvements located on the lot comprise the single level club house together with storage sheds, carparking areas, and landscaping including a relatively small proportion of the actual golf course itself. Adjacent land that houses the golf course is Trustee Council and Council freehold land.

The golf course itself comprises an 18 hole 5,815 metre course which is open to the public seven days per week. The facility has a licensed bar and dining area, kitchen, golf pro shop, male and female change rooms, and toilet facilities within the main building. The building is well constructed and the premises and grounds are well maintained.

The valuation of the land and associated buildings was conducted on 16 July 2020 by a qualified valuer. Based on the sales data collated and considerations as expressed within the valuation the market value of the subject total property is significantly higher, including the replacement costs of the buildings, site improvements and fittings also valued higher than the asking price.

Mossman Memorial Bowls Club has expressed an interest in leasing or taking on management rights of the golf course from Council in the future and is willing to enter into an agreement. Mossman Memorial Bowls Club operates a successful community club, with a broad membership base, operating a licensed venue, food and gaming licenses. The terms of the trustee permit would be initially be for twelve (12) months with an option of extending to a further 2 years upon agreement of both parties.

COMMENT

To finalise the sale Council will engage legal representation to negotiate and finalise the matter on our behalf.

Upon title transfer Council Officers will implement a trustee permit directly with Mossman Memorial Bowls Club for a period of twelve (12) with an option for a further two (2) years, either as a trustee permit or management rights. The trustee permit will set out the requirements for the Mossman Memorial Bowls Club to effectively operate the golf course and club house and maintain grounds and facilities.

PROPOSAL

That Council:

1. Delegate its power pursuant to Sections 257 and 262 of the *Local Government Act 2009* to the Chief Executive Officer to purchase Lot 21 on SP212664 and associated buildings on the land and on adjacent land on Lot 20 SP212664 by negotiation for a maximum amount;
2. After purchase approves a trustee permit for Lot 263 SR540 and freehold leases on Lots 20 and 21 SP212664 with Mossman Memorial Bowls Club for twelve (12) months with an option agreeable to both parties to extend into a trustee permit or

management rights options on Council freehold land up to a further two (2) years, to manage operations of the Mossman Golf Course;

3. Delegates authority under s257 of the *Local Government Act 2009* to the Chief Executive Officer to determine and finalise any and all matters associated with this report.

FINANCIAL/RESOURCE IMPLICATIONS

Officers recommend Council resolves to authorise expenditure up to the negotiated price detailed in the closed session dated 28 July 2020 for the purchase of this lot, buildings and all fixtures and equipment to be taken from cash reserves. Stamp duty will be payable on the contract.

The trustee permit for Lot 263 SR540 and freehold leases on Lots 20 and 21 SP212664 with Mossman Memorial Bowls Club for twelve (12) months of the agreed amount with an option agreeable to both parties to extend into a trustee permit and management rights agreement on Council freehold land up to a further 2 years.

RISK MANAGEMENT IMPLICATIONS

The acquisition of Mossman Golf Course serves as minimal risk as Council will acquire a new asset and has potential for a revenue stream through leasing arrangements or via management rights of the golf course.

SUSTAINABILITY IMPLICATIONS

Economic: The purchase of the land and buildings will contribute to Council's asset portfolio and has potential for additional revenue for Council. associated costs to maintain buildings and grounds will be the responsibility of the lessee.

Environmental: The purchase of this asset would not have an environmental impact and all environmental approvals have been sourced during the construction of the course and buildings.

Social: The prospect of retaining the Mossman Golf Course as a community asset will contribute to building social capital and will support other organisations associated with the Mossman Golf Club.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 1 - Celebrating Our Communities

Douglas Shire Council embraces the diversity of our communities and values the contribution that all people make to the Shire. We recognise that it is a core strength of the region. We acknowledge our past so that it may guide us in the future. We recognise the wrongs done to our Indigenous community and we actively seek to reconcile so that we may all benefit from and enjoy our Shire. We acknowledge early European settlers who forged an agricultural base for our economy and we welcome all new arrivals as part of our broader community.

Goal 1 - We will celebrate the diversity of our community and ensure that all infrastructure, programs, and services are underpinned with inclusiveness and accessibility.

Goal 2 - We will deliver programs and services that protect and enhance the liveability of our beautiful Shire.

Goal 3 - We will develop programs that promote health, well-being and safety in the community.

Goal 4 - We will promote arts and cultural programs and events that bring vibrancy to the community and compliment the tourist experience.

Theme 2 - Fostering Sustainable Economic Growth

A robust economy is at the heart of a thriving community and enables investment in environmental protection. While our remoteness is a key attribute, it also presents challenges for attracting new business and investment. We must also meet the challenges of fierce competition in the tourism sector. Council will partner with industry to build, diversify and promote the Douglas economy. Council will design and deliver infrastructure, strategies and services that support the local economy and businesses.

Goal 1 - We will build appropriate infrastructure and deliver services that connect and support businesses.

Goal 3 - We will develop strategies that seek to diversify the Shire's economic base.

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Custodian	Council owns and manages infrastructure, facilities, reserves, resources and natural areas. In fulfilling its role as custodian, Council will be mindful of the community, the economy, the environment, and good governance.
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CONSULTATION

Internal: Property Services

External: Douglas Community & Sports Club Inc
Mossman Memorial Bowls Club Inc

COMMUNITY ENGAGEMENT

Nil

ATTACHMENTS

Nil