



PARLIAMENT OF TASMANIA

PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

**REPORT INTO THE SALE AND PURCHASE OF
PROPERTIES IN RELATION TO THE
ESTABLISHMENT OF THE
DEVONPORT COMMUNITY HEALTH CENTRE**

*Laid upon the Table of both Houses of Parliament. The Committee was appointed under the provision of section 2 of the
Public Accounts Committee Act 1970 (No. 54)*

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SECTION 2—TERMS OF REFERENCE

The terms of reference for the enquiry were:—

‘To investigate and report upon the sale/purchase of the following three Devonport properties:—

- the H.E.C. property in the Civic Square;
- the Luck and Haines property; and
- the old maternity hospital site.’

and matters incidental thereto.

(Refer to Section 5, Paragraphs 5.8 and 5.9).

SECTION 3—EXECUTIVE SUMMARY

3.1 This enquiry was referred to the public Accounts Committee vide the Public Accounts Committee Report No. 15. Their concern is detailed in Section 5 Background.

3.2 During this enquiry the Committee examined State departmental responsibilities and procedures for the sale/purchase of Government property, using those properties listed in the Terms of Reference as case studies.

3.3 With regard to the relationship between the various State Government departments and authorities, and procedures used for the sale/purchase of properties, the Committee has no adverse comments to make. The Committee concludes that no restructuring nor change to current responsibilities and procedures is necessary.

3.4 In consideration of evidence from departmental sources, and the general public, it became apparent that there were a number of important issues related to the siting of the Devonport Community Health Centre which needed to be investigated and reported upon.

3.5 The Committee requests that the Report be read and judged in its entirety rather than extracting statements which may represent but part of an important whole. However, the Committee wishes to highlight certain issues which became evident during the enquiry.

3.6 Section 10 of the Report gives a sequence of events for the sale/purchase of the relevant properties. In the final selection of the Luck and Haines site for the Devonport Community Health Centre, the following occurrences are noteworthy:—

- (a) August 1991—the North West Regional Health Board Working Party Report was released. This report recommended that:—

‘The priority order sites based on location should be:—

1. H.E.C. Site—Fenton Street.
2. Red Cross Site—Edward Street.
3. Telecom Site—Formby Road.
4. Kenneth Street Site.

That the Steele Street site (169 Steele Street) only be considered as an interim site as its relative isolation precludes its use as a permanent centre.’

It should be observed that the Luck and Haines site was not considered by the Working Party.

- (b) On 9 March 1992 the North West Regional Health Board established an Executive Group to investigate site selection for the project.
- (c) On 23 March 1992 the Executive Group resolved that the Luck and Haines site at 31 Steele Street, Devonport, be the preferred option. Discussions between the Devonport City Council and the H.E.C. had stalled between January and April of that year.
- (d) On 1 June 1992 the Minister for Health wrote to the Chairman, North West Regional Health Board, stating in part:—

‘I am advised that the “Luck and Haines” building in Steele Street is the Region’s preferred option, and that it can be purchased and re-modelled within the \$2.4M allocation.

On this basis I have agreed that negotiations for purchase of the building should proceed.

I am also advised that alternative purchase options will be explored before negotiations are concluded.’

(The full letter is attached to this Section).

- (e) On 20 August 1992 a delegation of five members of the Devonport City Council visited the Minister for Health at Parliament House regarding the siting of the project. At a Council meeting on 24 August 1992 recommendations made were:—
- (1) That Council confirm its previous decision that its preferred site for the Devonport Community Health Centre is the old Luck and Haines' building in Steele Street, Devonport.
 - (2) That Council indicate to the Minister for Health that this site is its preferred site and urge the Minister for Health to make a prompt decision to acquire the site and if necessary acquire the site by compulsory acquisition.
- (f) On 31 August 1992 the Executive Group held an extraordinary meeting. At that meeting the Committee noted the three site options under present consideration, as the Luck and Haines property, the H.E.C. and/or adjacent land and the Steele Street campus and, after further considerable discussion, carried the following resolutions:—
- (1) that the Luck and Haines site be no longer considered as an option; and
 - (2) that the H.E.C. and adjacent sites be confirmed as strongly preferred.
- (g) In his letter of 1 September 1992 the then Secretary of the Department of Health stated in part:—
- 'The Luck and Haines building which was also being considered has been assessed as less than optimum for a community health centre. In addition, the asking price is well above its real value, it is on the fringes of the retail area and its multi-storey configuration is not conducive to the provision of community service functions.'
- (h) Notwithstanding the above, on 22 December 1992 the Luck and Haines site was purchased. The Committee is of the view that although the Department of Community and Health Services preferred the Fenton Way (H.E.C.) site, the decision to buy the Luck and Haines site was very much influenced by the wishes of the Devonport City Council, and the difficulties being experienced in obtaining satisfactory resolution of the need to satisfy their City commercial development plans.
- (i) The Department of Health and the Department of Community and Health Services were amalgamated on 1 July 1993.
- (j) In its Report No. 15 of 1 July 1994 the Public Works Committee stated in part:—
- 'The Committee remains unconvinced that the site chosen was the best available when the decision was made by the Government, as there was the old maternity hospital site and site in the Civic square zone, either of which would have been preferable. The Committee shares the concern expressed to it by some witnesses, that the property dealings by the Government in Devonport involving these sites have not provided the greatest public benefit and return to the Tasmanian Taxpayers. The Committee recommends that the Standing Committee of Public Account should investigate and report upon the three property deals, the H.E.C. property and the Civic Square, the Luck and Haines' property purchase and the old maternity hospital site. The Committee was placed in a position where there was no reasonable alternative site for the Centre to be built by the time it made a decision about this project. The Committee then used its powers to explain the original proposal was under funded and substandard, and the Department of Community and Health Services responded by revising its submission, which led to increased funding and therefore a better facility for the public it is to be provided for.'

3.7 Throughout the enquiry it became obvious that the Devonport City Council played an important part in site selection for the project. This was in accordance with its own plans for the development of the City of Devonport as a whole. The following is relevant:—

- (a) Regarding the sale of the H.E.C. building in Fenton Way evidence received from the H.E.C. on 31 August 1994 included:—

'... Consequently we ensured that expressions of interest were canvassed from both the public and the private sectors and we were encouraged en route by the Devonport City Council's preference for sharing this Fenton Way site with a general/electrical retailer.'

Further

Question by Committee member.

'... This is in relation to the Health polyclinic and the rejection of it by the Council on 12 August 1992 and if I hear correctly you are saying that that Health polyclinic proposal was rejected by the Council on the basis that there was inadequate parking predominantly?'

H.E.C. answer 'yes'.

Further

... Mr _____ advised the following in regard to Health's interest in the site (H.E.C. building):—

'The concept of a polyclinic offered for expressions of interest in 1991, no satisfactory expressions were received. A submission based on the H.E.C. site was inadvertently sent by the Health department to the Devonport Council in 1991 and was rejected by Council on the basis of parking.'

- (b) The Report includes the comment that the Devonport City Council has made adequate provision for parking for the current occupants of the H.E.C. site in Fenton Way. While this is not a criticism of the Council's policy in this issue it is noted that lack of parking was a factor in the non-selection of the H.E.C. building for the Devonport Community Health Centre.

3.8 Evidence received indicated that an important consideration in the selection of the final site for the Devonport Community Health Centre was the amalgamation of the Department of Health and the Department of Community Services. Whilst the official amalgamation took place on 1 July 1993 planning for the amalgamation took place much earlier. Rather than providing just medical services, the Devonport Community Health Centre was anticipated to provide a whole range of community preventative and support services (see Section 4). The pending amalgamation of departments obviously posed uncertainties regarding the organisation, structure, manning, responsibilities and the services to be provided. This placed considerable uncertainty on the eventual size, shape, physical structure and infrastructure within the Health Centre and planning for the amalgamation was taking place throughout the period when site selection for the Health Centre was being considered.

3.9 While evidence received maintained that the amalgamation of the two Departments was an important element in the final site selection, the Committee is not persuaded of that importance because both sites had extra adjacent properties that could have been acquired.

3.10 While public comment and some evidence maintained that the Government owned Old Maternity Hospital site at 169 Steele Street was a suitable site for the project, this site was clearly outside the selection guidelines provided to all planning committees and working groups in that selection of the site for the Health Centre should be within the Central Business District. 169 Steele Street is clearly outside the Central Business District. Additionally, evidence was given that the cost of refurbishment of that facility would have been prohibitive.

3.11 The Committee concludes that the sale of the Old Maternity Hospital was appropriate and that the expenditure of funds for maintenance was in accordance with the terms of the Contract and sale conditions.

3.12 It is understandable that there were concerns within the Devonport Community, and these are addressed in the body of the Report.

Attachment to Section 3

Mr V. J. Smith
Chairman
North West Regional Health Board
53 Alexander Street
Burnie Tas 7320

Dear Mr Smith

I refer to your letter of 13 April this year regarding the Devonport Community Health Centre. As you would be aware subsequent discussions have furthered the project to a point where a specific option is now being investigated in greater detail.

I am advised that the 'Luck and Haines' building in Steele Street is the Region's preferred option, and that it can be purchased and re-modelled within the \$2.4M allocation.

On this basis I have agreed that negotiations for purchase of the building should proceed.

I am also advised that alternative purchase options will be explored before negotiations are concluded.

Yours sincerely

Roger F. Groom, Minister

SECTION 4—DEFINITIONS, ABBREVIATIONS, ACRONYMS

‘Polyclinic’

The Department of Health’s submission defines and explains ‘polyclinic’ as a term:—

‘... coined in the United States of America to describe a community-based health care clinic for acute, episodic care at which a range of medical services were provided. The term has limited use in Australia but was applied to the development now referred to as the Devonport Community Health and Medical Centre to denote the proposed inclusion of out-patient services as well as the services normally offered by community health centres.’

Devonport Community Health Centre

At the time of release of the North West Regional Health Board Working Party Report in August 1991 the following services were being considered for inclusion within the Devonport Community Health Centre:—

- Health Promotion
- Community Nursing
- Home Help
- Home Maintenance
- Dental Health
- Mental Health Counselling Service
- Child and Adolescent Services
- Drug and Alcohol Service
- Family and Child Health
- Women’s Health Service
- Podiatry
- Occupational Therapy
- Speech Pathology
- Hearing Services (Commonwealth—funding to be explored)
- Social Work
- North West Chest Clinic (feasibility of relocation to Mersey Division, Latrobe to be explored)
- Nutrition Services
- Visiting Specialists
- Ante Natal Classes
- Diabetes Education
- A.R.A.F.M.I.
- Family Planning
- Australian Multiple Births Association
- Child Birth Education Association
- Hospice Care Association
- Termcare Tasmania
- G.R.O.W.
- Asthma Foundation
- Meals on Wheels
- A.D.A.R.D.S.
- Mersey-Leven Community Association
- David Collins Leukemia Foundation
- Pensioners’ Association
- Facilities to be Provided in Common to all Services

C.B.D.—Central Business District.

Crown Land—Unalienated Crown Land (land never granted), or land in the name of the Crown.

D.C.C.—Devonport City Council.

D.E.L.M.—Department for Environment and Land Management.

D.o.H.—Department of Health.

D.O.T.A.F.—Department of Treasury and Finance.

H.E.C.—Hydro-Electric Commission.

N.W.R.H.B.W.P.—North West Region Health Board Working Party.

Old Maternity Hospital—the total property at 169 Steele Street, Devonport.

O.V.G.—Office of the Valuer-General.

P.D.U.—Property Disposal Unit.

Project Executive Group (or Executive Group)—the group formed in January 1992.

T.P.S.G.—Tasmanian Property Services Group.

SECTION 5—BACKGROUND TO REPORT

5.1 The Devonport Community Health Centre (initially known as 'Polyclinic') proposal was first suggested in the Ernst Young Report of 1989.

5.2 The Ernst Young Report observed that the Devonport Community Health Centre site should be located 'in the central business district of Devonport'. Studies conducted on the location of Community Health Centres interstate have shown that the usage of a Centre is dependent on location. Centres located close to where people shop and pay their accounts are the best utilised while Centres outside the central business district have been poorly attended. A further factor to be considered with regard to siting of the Polyclinic is the proximity to other health and welfare services. These include both Commonwealth and State Government services, private health practitioners and services provided by voluntary agencies.

5.3 The then North West Regional Hospital Board set up a Working Party (N.W.R.H.B.W.P.) to develop the proposal. The Terms of Reference, workings and findings of this Working Party are discussed further in Section 10. Briefly the Working Party considered a number of options for the siting of the Devonport Community Health Centre, however, the 'Luck and Haines' site was not one of the options considered.

5.4 It is important to note that: At the same time that the N.W.R.H.B.W.P. was working on the Devonport Community Health Centre and in particular to identify possible sites for the Centre in or adjacent to the C.B.D. of Devonport, the Devonport City Council was developing policies for the most favourable use of the C.B.D. as a whole.

5.5 The Anderson Report of February 1990 outlined a strategic plan for the City of Devonport. Part of that report stated:—

'We recommend in the longer term through various measures the Devonport City Council take steps to facilitate the provision of a greater supply of comparison goods shopping for its residents.'

and further on

'We recommend the Devonport City Council enforce planning restrictions on retail development within Devonport in order to reduce any likelihood of further undesirable fragmentation of the centre.'

and further on

'Take immediate steps to improve and develop the image of Devonport retail area, especially the C.B.D., with initiatives such as sidewalk sales etcetera which must be developed to attract shoppers, both visitors and locals, to the centre.'

5.6 In evidence, the Manger of D.C.C. further stated:—

'So what they did was, as one of several strategies, identify a problem with the C.B.D. in terms of retailing.

Subsequent to that, Council then engaged a firm called Ratio Planning and Development Consultants who are based in Melbourne, with a particular brief to look at Council's central business district and they were engaged in mid-1991 or towards the end of 1991. It was a staged engagement where we could renew it after each stage if we were happy with the work they were doing. At the end of Stage 1 which was mid-1992, they issued Council with an interim report and it identified some of the problems in the C.B.D. and they related to the fragmentation, similar to the sort of things that Arthur Anderson had drawn attention to.

They had given us the details in a number of workshops but in May 1993 they actually produced a report which basically recommends that a number of the shopping areas on the waterfront be removed and a large open area be developed on the waterfront and that retail areas be moved into this area here. Opposite us the Gateway be moved or the hotel development be moved somewhere else and that this area here becomes the central retail development area so that you have a more concentrated retail area. That is the background to Council's consideration of the first indications to us that this particular site on the corner opposite (H.E.C. Building) was one of the sites under consideration for the health centre—I will just call it that for the time being.

5.7 In its Report No. 15, the Parliamentary Standing Committee on Public Works stated that:—

'There had been a working party established to recommend a site for the Centre, but the proposed "Luck and Haines" site was not one of the options considered. The Luck and Haines site had been acquired by the Government before the Committee had begun its investigation at a cost of over \$1 000 000 and committed itself to building the Centre on that site. The Committee does not have the power to force the Government to alter its proposal, only to accept or reject it. The Committee did request the Government to consider alternative sites, particularly the former Steele Street maternity hospital where the Committee actually had some indicative plans drawn up and preliminary costings done but before the Committee had concluded its inquiry the Government sold the site, although the Committee had specifically requested the Government not to do so before it had completed its inquiry.'

'The Committee was left with few alternatives, but had formed the view that the project as it had been presented to it was not acceptable and if it was not brought up to an acceptable standard would not receive the Committee's recommendation.'

'The location of the Centre was a matter which the Committee could not control and it was submitted to the Committee that the Luck and Haines site was the only option the Government was going to propose. The Committee then concentrated its efforts on the standard of facility to be provided. The Department of Community and Health Services then revised its submission and boosted the funding to provide for increased demolition of old buildings to allow for more new and specific purpose buildings as well as providing additional car parking on site.'

5.8 In its 'Conclusions and Recommendations', the Public Works Committee stated:—

'The Committee remains unconvinced that the site chosen was the best available when the decision was made by the Government, as there was the old maternity hospital site and site in the Civic Square zone, either of which would have been preferable. The Committee shares the concern expressed to it by some witnesses, that the property dealings by the Government in Devonport involving these sites have not provided the greatest public benefit and return to the Tasmanian taxpayers. The Committee recommends that the Standing Committee of Public Accounts should investigate and report upon the three property deals, The H.E.C. property in the Civic Square, the Luck and Haines' property purchase and the old maternity hospital site. The Committee was placed in a position where there was no reasonable alternative site for the Centre to be built by the time it made a decision about this project. The Committee then used its powers to explain that the original proposal was under funded and sub-standard, and the Department of Community and Health Services responded by revising its submission, which led to increased funding and therefore a better facility for the public it is to be provided for.'

5.9 The Public Accounts Committee accepted the request from the Public Works Committee and commenced the enquiry in August 1994.

5.10 A further important factor in the selection of a suitable site for the Devonport Community Health Centre was the amalgamation of the Department of Health and Department of Community Services. During evidence the Chairman of the N.W.R.H.B.W.P. stated that:—

'That did make a big difference because the number of people who we were going to base at the centre doubled; it went from 50 to 100. So this site, (H.E.C. site) which was always tight, from a single-storey building—which was what we were looking at to keep costs down—was going to be pretty small.'

(Further corroborating evidence was received from the Department of Health and Community Services, D.C.C. and others).

5.11 The Public Accounts Committee concluded that the original concept of the 'Polyclinic' (Devonport Community Health Centre) was not widely understood and this was seen to be a contributing factor arising to the confusion.

SECTION 6—RELEVANT RESPONSIBILITIES OF GOVERNMENT BODIES IN THE SALE/PURCHASE OF PROPERTIES

6.1 Office of the Valuer-General

Responsible to:—

- (a) Administer the Land Valuation Act—predominantly the Act which requires valuations for rating and taxation purposes to be provided to local government and also upon request, valuations for special purposes by Department Authorities and owners of land.
- (b) Administer the Valuer's Registration Act in Tasmania which is the regulatory Act concerning the activities of practising valuers, both private and public.
- (c) With the new Land Acquisition Act which received royal assent in 1993, the office is responsible for the administration, direction and assessment of compensation under that act and as such the office provides professional advice to the Minister and the Government on real estate matters.
- (d) Miscellaneous functions are referred to in other Acts and the Office of the Valuer-General provides a consultative service to local government and statutory authorities.

6.2 Department of Environment and Land Management

Department of Environment and Land Management has responsibility for the management of all Crown Land, including the sale of surplus real estate under the control of other agencies.

6.3 Ministerial Committee on Property Management

The Ministerial Committee on Property Management is comprised of senior members of Government, including the Minister for Environment and Land Management, Treasurer and Attorney-General, together with senior officers from the Department of Environment and Land Management and the Department of Treasury and Finance. The Committee reviews the progress, expenditure and performance of all major dealings with Crown Land. The Ministerial Committee is serviced by a Property Management Working Group comprising:—

- Secretary of Department of Environment and Land Management (Chairman)
- Valuer-General
- Director, Tasmanian Property Services Group
- Deputy Secretary, Department of Treasury and Finance.

6.4 Tasmanian Property Services Group

The Tasmanian Property Services Group is a division of the Department of Environment and Land Management. Tasmanian Property Services Group is comprised of six branches: Property Branch, Public Offices Branch, Services to Government Branch, Information and Administration Branch and Property Disposals Unit. The Tasmanian Property Services Group is responsible for the management, leasing and sale of all Crown Land.

6.5 Property Disposal Unit

Responsible to dispose of property approved for sale by the Ministerial Committee on Property Management, and those declared surplus by individual agencies.

6.6 Sale and Purchase of Crown Land

The sale of Crown Land is conducted exclusively by Department of Environment and Land Management, through the Tasmanian Property Services Group. It should be noted that land standing in the name of Government Authorities such as the former housing department, may be, and is, sold direct by the relevant agencies.

The majority of surplus Crown Land, in terms of value, is sold by the Property Disposals Unit. However, some surplus Crown Land at a relatively minor value is processed for sale by the Property Branch (including shack sites).

All Crown land must be sold under provision of the Crown Lands Act 1976.

6.7 Municipal Councils and powers of councils (from the Act)

- (1) The council of a municipal area has the following functions:—
 - (a) to formulate, implement and monitor policies, plans and programmes for the provision of appropriate services and facilities to meet the present and future needs of the community;
 - (b) to facilitate and encourage the proper planning and development of the municipal area in the best interests of the community;
 - (c) to manage, improve and develop efficiently and effectively the resources available to the municipal area;
 - (d) to develop, implement and monitor strategic plans for the development and management of the municipal area;
 - (e) to provide for the health, safety and welfare of the community;
 - (f) to represent and promote the interests of the community;
 - (g) to provide for the peace, order and good government of the municipal area.
- (2) In performing its functions, the council may do any one or more of the following either within or outside its municipal area:—
 - (a) develop, implement and monitor programmes to ensure adequate levels of its accountability to the community;
 - (b) develop, implement and monitor effective management systems;
 - (c) develop, implement and monitor procedures for effective consultation between the council and the community;
 - (d) inform the community of its activities and provide reasonable opportunities for involvement in those activities;
 - (e) any other thing necessary or convenient.
- (3) In performing its functions or exercising its powers, a council may enter any land—
 - (a) if it has given the owner or occupier of the land notice of its intention to enter; or
 - (b) without such notice in cases of emergency.

SECTION 7—ESTABLISHED PRACTICE FOR VALUATION OF PROPERTIES

7.1 During evidence given to the Committee, the Valuer-General outlined the established practice of the valuation of Government or public authority assets in relation to the valuations that are made. He stated:—

‘ . . . It is relevant to say that for valuation purposes—and this is for valuations for local government rating and taxing purposes and for asset valuations for the government trading enterprises—what we call specialised or core assets are virtually assets where the buildings are necessary for the ongoing delivery of a service to that particular agency and that could be hospitals, schools; specially built premises for those particular uses. Where the valuation is required of those specialised properties that are actually in use and being effectively utilised by the agency or by the authority and because of their special design, these buildings cannot be readily sold or purchased on a secondary market, the approach that is adopted by my office is on the basis of a building replacement cost less depreciation. That is they are taking into account the replacement cost of the buildings as far as buildings costs are concerned and applying an appropriate depreciation factor to those properties. Of course the land content would have to take into account the restricted use of the land by reason of zoning for public purposes.

I just want to make that quite clear, Mr Chairman: that is the practice that is adopted. It was a practice adopted in the valuation of the Devonport Maternity Hospital upon revaluation of the City of Devonport, and it is a practice that is acceptable to D.O.T.A.F.—that is our Treasury and Finance Department—and the Auditor-General and, more recently, with the emphasis now being placed on asset valuations for government trading enterprises and others; this is a practice which is adopted in all States.’

The Valuer-General further stated:—

'We then look to the situation of what has transpired with the hospital where what has previously been specialised types of buildings becomes surplus to the Government or to the agency and are not considered for long-term retention. There have been examples of that, not only with the Devonport Maternity Hospital but with such things, I think, as the Mornington Primary School, which was a case in point; the ferry terminal at George Town, which became surplus to requirements and was sold at a greatly reduced price, well below the initial replacement cost.

So where these properties become surplus and the agency considers they are not required for long-term retention, the basis again which is established and accepted is that they are assessed on market value or highest best use in a competitive market assuming normal terms and conditions of sale—that is, that the property is properly advertised and properly marketed.'

SECTION 8—DISPOSAL OF SURPLUS GOVERNMENT PROPERTY: METHODS OF SALE

8.1 The following information contained in this Section was provided by the Tasmanian Property Services Group.

8.2 *General Policy*—The Tasmanian Property Services Group follows a policy of selling Government land by public means unless there are special circumstances. The intention is to give all interested parties an opportunity to bid for a property and to achieve the best price.

8.3 *Methods of Sale*—

(a) Auction:—

When selling by public means the preferred method of sale is public auction unless marketing advice and circumstances dictate that public tender or calling for expressions of interest are commercially or economically better alternatives.

(b) Public Tender:—

Tenders are called principally for marketing reasons:—

- There is only one likely purchaser.
- There may be no clearly defined market for the property.
- Where one or more defined parcels of land are on offer. This allows purchasers to make offers on one or more or even the whole property and enables the Government to select the combination of purchasers which best suit.

Tenders can also be used to promote economic development and employment opportunity. Additional information as to the purchaser's intentions for the property can be requested and a decision made on other factors as well as price. To date where tenders have exceeded reserve price the highest tender has always been accepted.

Tenders are a single stage process with Tasmanian Property Services Group and/or the Property Management Group making the final decision provided the reserve price has been reached.

(c) Expressions of Interest:—

Expressions of Interest are called:—

- Where a property is offered for sale as part or all and there are no defined internal boundaries.
- The Government wants certain criteria to be addressed in submissions, i.e. development scope, heritage matters, town planning issues and price. Examples are the Henry Jones Building, the Gas Works site and 16 Gladstone Street.

Normally calling for Expressions of Interest involves a 2 stage process requiring complex and detailed submissions together with interviews. A final decision is made by the Minister for Environment and Land Management or in some instances Cabinet.

(d) Private Treaty

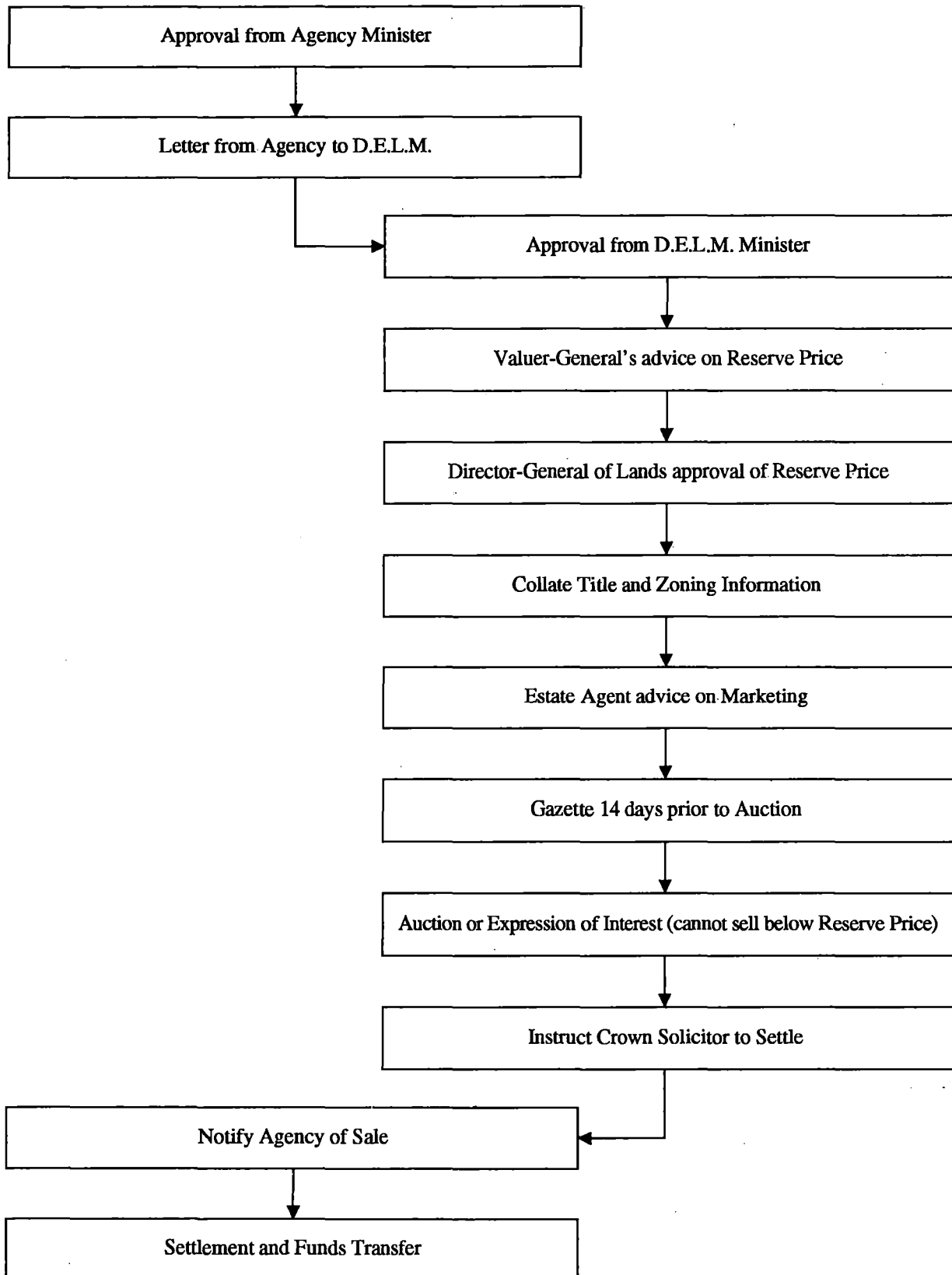
Where there are special circumstances properties can be sold by private treaty. Private treaty sales follow policy guidelines which have been approved by the Property Management Group and the Ministerial Committee on Property Management. Cases where special circumstances exist are:—

- Sales to lessees where improvements have been made to the land.
- Sales to lessees where a business is reliant on obtaining the freehold title.

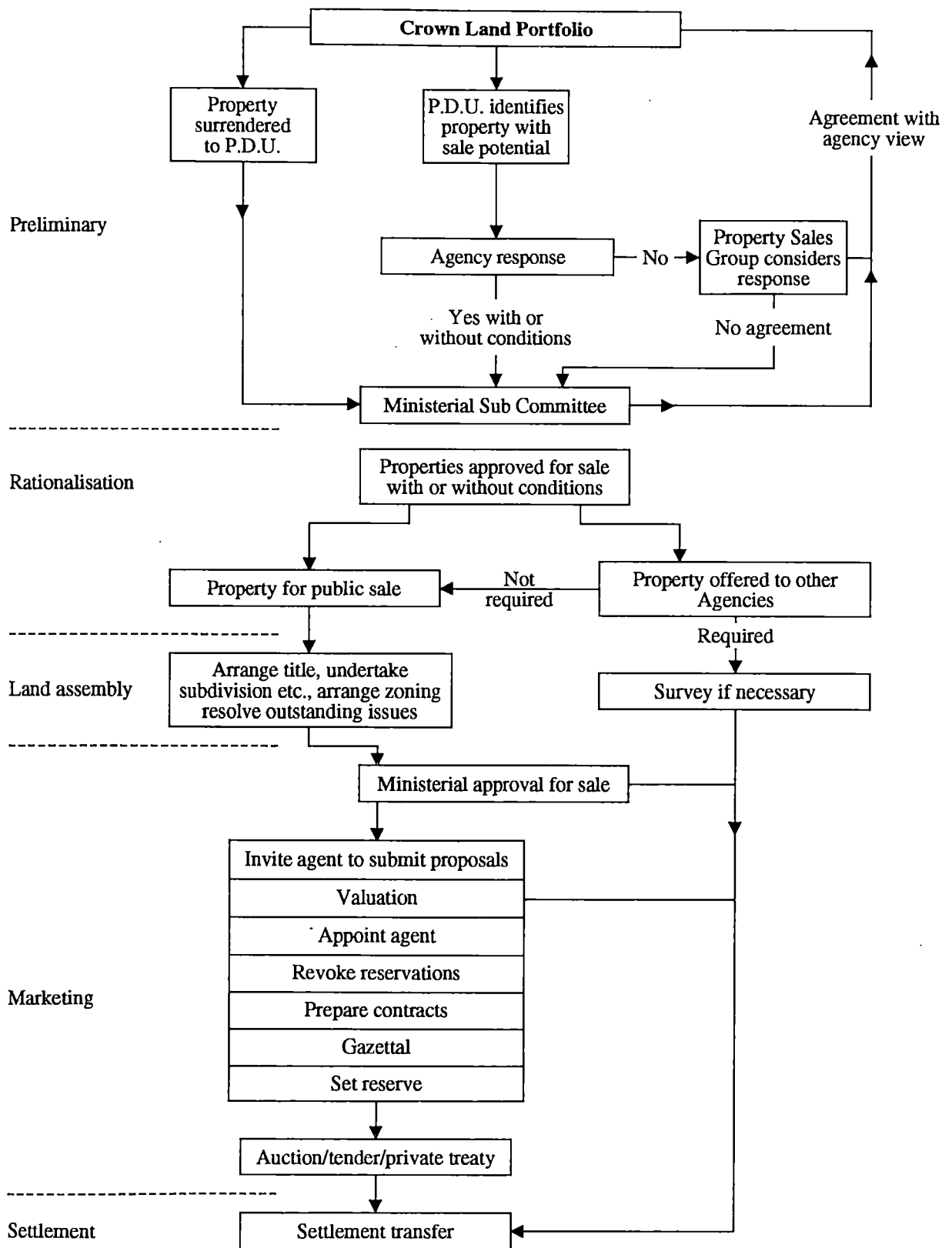
- Sale of residences occupied by Police Officers on recommendation by Police.
- Sale of small parcels of Crown Land to adjoining owners for boundary realignment etc.
- Sales to local Municipalities and community based organisations where full market value is to be paid.
- Following unsuccessful offer of the property for sale by public means.
- Transfer between Government agencies.
- Where rights of pre-emption exist following the compulsory acquisition of property.
- By Cabinet or Ministerial direction and where the Minister administering the Crown Lands Act agrees with the recommendation of another Minister.

8.4 Following are flow diagrams relating to:—

- (a) Procedural Sequence—Disposal of Property; and
- (b) Procedures for Disposal of Crown Land—Property Sales Group.

PROCEDURAL SEQUENCE—DISPOSAL OF PROPERTY

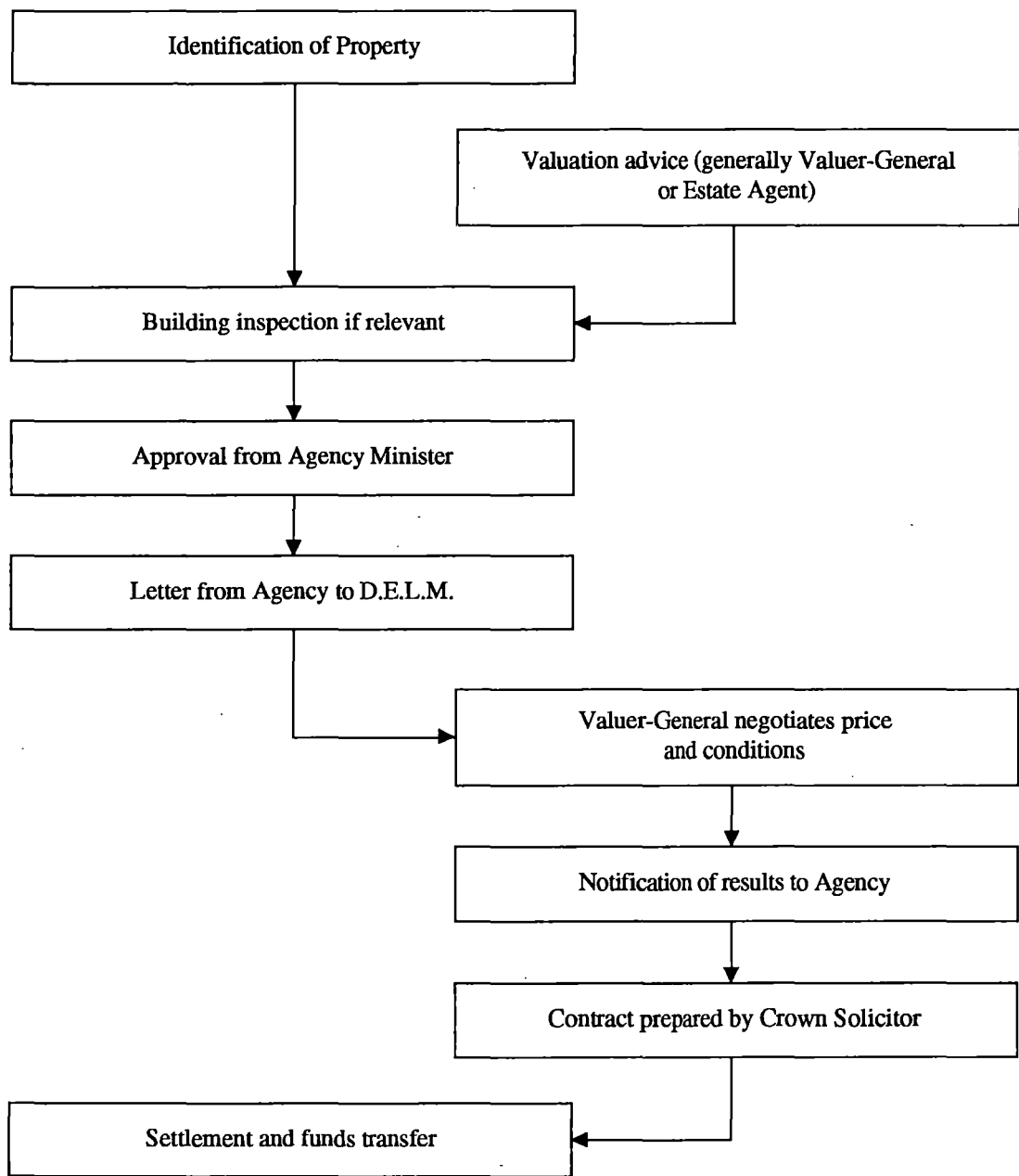
PROPERTY SALES GROUP
Flow Chart: Procedures for Disposal of Crown Land



SECTION 9—PROCEDURAL SEQUENCE FOR THE PURCHASE OF PROPERTY

9.1 The procedural sequence for the purchase of property is shown in the following flow diagram:—

Procedural Sequence—Purchase of Property



9.2 Separate detailed comments regarding the purchase of the Luck and Haines’ property are made in the appropriate chapter.

SECTION 10—CHOICE OF THE SITE

Sale/Purchase of Properties—Sequence of Events

The following sequence of events has been compiled to enable an appreciation of the timing and association of occurrences affecting the final selection of a site.

<i>Date</i>	<i>Old Maternity Hospital Site</i>	<i>Luck and Haines Property</i>	<i>Assembly of God Site</i>	<i>H.E.C. Building 17 Fenton Street</i>
Sept. 89	Ernst and Young North West/West Coast Health Planning Study Released			
Feb. 90				Arthur Anderson consultants prepared strategy plan for Devonport City. Made recommendations regarding C.B.D.
Aug. 91				N.W.R.H.B.W.P. Report submitted.
20/09/91				Report of Working Party Received by Council. Section relating to site not included.
16/10/91				D.C.C. received letter from Chairman N.W.R.H.B. dated 11/10/91 advising he was seeking Minister's co-operation to acquire H.E.C. site for Polyclinic.
28/10/91				D.C.C. resolved to write to N.W.R.H.B. to seek input into site selection.
02/12/91				D.C.C. received letter from N.W.R.H.B. re Council concerns. N.B. Ald. Berwick was regional representative not Council's and had deliberately not informed Council about specific sites due to possible commercial advantage being obtained by vendors. Although D.C.C. received copy of report as stated, site selection chapter was omitted.
20/01/92				D.C.C. resolves to respond to N.W.R.H.B. letter.
24/01/92				Letter sent as per above resolution.
Jan. 92				Project Executive Group Convened.
Jan.-April 1992				Discussions with H.E.C. stalled.
09/03/92				N.W.H. Region advise establishment of Executive Group to look at site selection for the Devonport Health Clinic.
23/03/92				Meeting of Executive Group at which it was agreed that Luck and Haines at 31 Steele Street was the preferred option.

<i>Date</i>	<i>Old Maternity Hospital Site</i>	<i>Luck and Haines Property</i>	<i>Assembly of God Site</i>	<i>H.E.C. Building 17 Fenton Street</i>
11/05/92		The Executive Group met—reference was made to evaluate the Steele Street site to identify reasons if this option is not pursued. In summary it was agreed that at this stage the Luck and Haines site is the preferred option and that the Department of Environment and Planning should now become involved and to be asked to examine this proposal. Minutes of that meeting also stated in part—'It was moved by Mr _____ and seconded Mr _____ that planning proceed on the basis of the Luck Haines proposal being the preferred option. Such proposal to include the additional land and shed at the rear of the main site.		
14/05/92		Request from D.o.H. to negotiate purchase.		
May 92		D.o.H. initial negotiations with Luck and Haines failed.		
28/05/92	D.o.H. seeks advice from D.E.L.M on disposal options for Old Hospital site.			
01/06/92		Letter from Minister D.o.H. indicating that 'Luck and Haines' was preferred option of the Region (as recommended by the Executive Group).		
22/06/92		(In response to Minister's letter) D.C.C. resolved that its preferred option was Luck and Haines site.		
June–Sept. 1992				D.o.H. discussions with H.E.C. and Council.
20/08/92		D.C.C. visit to Minister regarding siting of project.		
24/08/92		D.C.C. further considered preferred option of Luck and Haines site and reaffirmed decision.		D.C.C. further considered preferred option of Luck and Haines site and reaffirmed decision.

<i>Date</i>	<i>Old Maternity Hospital Site</i>	<i>Luck and Haines Property</i>	<i>Assembly of God Site</i>	<i>H.E.C. Building 17 Fenton Street</i>
31/08/92	Extraordinary meeting of Executive Group noted that three site options under present consideration, as the Luck and Haines property, the H.E.C. and/or adjacent land, and the Steele street campus.	Extraordinary meeting of Executive Group noted that three site options under present consideration, as the Luck and Haines property, the H.E.C. and/or adjacent land, and the Steele street campus. After considerable discussion it was proposed, seconded and carried 'that the Luck and Haines site be no longer considered as an option', and also 'that the H.E.C. and adjacent sites be confirmed as strongly preferred.'		Extraordinary meeting of Executive Group noted that three site options under present consideration, as the Luck and Haines property, the H.E.C. and/or adjacent land, and the Steele street campus. After considerable discussion it was proposed, seconded and carried 'that the Luck and Haines site be no longer considered as an option', and also 'that the H.E.C. and adjacent sites be confirmed as strongly preferred.'
07/09/92				D.o.H. submission to Council on Fenton Way/H.E.C. proposal.
14/09/92		Lower offer received on Luck and Haines. Purchase Luck and Haines.		
08/10/92				Application from H.E.C. to amend scheme to allow showrooms in Civic and Cultural zoning.
16/11/92				D.C.C. resolves to amend planning scheme to permit showrooms in Civic and Cultural zoning.
22/12/92		Government purchased 'Luck and Haines' site and settlement completed.		
30/04/93				Above application given provisional approval by Commissioner for Town and County Planning. Advertised publicity for prescribed period—no submissions received.
22/06/93				Final approval to amend Planning Scheme given by Commissioner for Town and Country Planning.
07/09/93				Application received by Council for Showroom, Offices and Service Building on H.E.C. site—advertised no objection received.
11/10/93				D.C.C. approved development subject to conditions.
22/02/93			Estate Agent advice received on property.	
22/02/93			Ministerial Approval sought to purchase Assembly of God.	
28/02/93			Instruction to proceed with purchase to D.E.L.M.	
15/03/93			Purchase concluded.	

<i>Date</i>	<i>Old Maternity Hospital Site</i>	<i>Luck and Haines Property</i>	<i>Assembly of God Site</i>	<i>H.E.C. Building 17 Fenton Street</i>
19/07/93	Ministerial approval to call for Expressions of Interest and advice to D.E.L.M.			
18/10/93	Valuation for sale received from D.E.L.M.			
08/11/93	Notice from D.E.L.M. that an offer has been received.			
19/11/93	Ministerial decision to accept advice.			
Late 1993 Exact date unknown	D.C.C. officers indicate to officer in Valuer-General's Department that preferred use for maternity site would be residential, see reference to V.G.'s report under General Comments paragraph 4.			
07/12/93				Request H.E.C. to Minister to authorise sale/lease.
06/01/94	Denmat Pty Ltd applies for rezoning—Semi-Residential and Closed Residential. Letter to Solicitor P. Swan from Tas Property Services Group stating no objections to Mr Payne seeking rezoning.			
18/01/94	Purchase agreement being concluded.			
28.02.94	D.C.C. resolved to amend Planning Scheme to change 169 Steele Street from Public Purposes Reservation to Closed Residential Zone.			
03/03/94	Council requested amendment to Land Use Planning Approvals Panel.			
09/05/94	Panel certified amendment for public exhibition (21 days).			
14/05/94	Amendment advertised—one representation received—Ambulance Service—noise from sirens and radios and light from security lights.			
27/06/94	Council resolved a report be forwarded to Land Use Planning Review Panel requesting final approval. Council awaiting final approval.			
July 1994	Sale completed.			

NORTH WEST REGIONAL HEALTH BOARD WORKING PARTY ASPECTS

10.1 The Ernst and Young North West/West Coast Health Planning Study released in September 1989 included amongst its recommendations that:—

‘provision be made for the delivery of out-patient and community health services in Devonport in a “multi-purpose” clinic located in the central business district.’

10.2 Following the preparation of an issues paper submitted to the Strategic Planning and Development Committee, (a sub-committee of the North West Regional Hospital Board), it was recommended that a Working Party be set up to consider the issue. The Working Party was known as the North West Regional Health Board Working Group and had the following membership:—

- (a) Representative of Department of Health, Health Operations Division;
- (b) Representative from North West Regional Hospital Board (to Chair Working Party);
- (c) Representative from Local Government;
- (d) Representative from Chamber of Commerce;
- (e) a local medical specialist in area;
- (f) a local General Practitioner;
- (g) Senior Policy Officer, Primary Health Care, Department of Health;
- (h) Representative from Psychiatric Services;
- (i) Representative from Capital Works; and
- (j) Community Representative.

10.3 The recommendation was accepted by the North West Regional Hospital Board. Invitations to Organisations to nominate representatives were sent out in September 1990.

10.4 The Working Party first met on 21 November 1990. It was required to prepare a report for the Board to consider by 31 May 1991. As the period for receiving submissions was extended, the final date for the report was later extended to 31 July 1991.

10.5 The North West Regional Health Board Working Party Report was released in August 1991 and quoted its Terms of Reference as being to:—

1. Make recommendations concerning the provision of services by the Devonport Polyclinic. Services may include:—

- (a) specialist out-patient services of the North West Regional Hospital;
- (b) Community Health Services (including the H.A.C.C. Programme);
- (c) Dental Health Services;
- (d) Family and Child Health Services;
- (e) Pharmacy Services;
- (f) Diagnostic Services—Pathology, X-Ray;
- (g) Paramedical Services—Physiotherapy, Speech Pathology, Podiatry etc.; and
- (h) Health education and health promotion services.

All existing services to out-patients currently available on the Devonport site of the Mersey Division, North West Regional Hospital should be provided by the Polyclinic and in addition all services which Mersey Division ceases to offer should be available as out-patient services through the Polyclinic.

2. Identify management and funding options for the Polyclinic and make recommendations on the desired levels of involvement of:—

- (a) State Government
- (b) Local Government
- (c) Private Enterprise

The Project Planning Team should comment on the advantages and disadvantages of the involvement of each of the above individually and in combination.

3. Discuss fees for services at the Devonport Polyclinic with regard to options identified for the management and funding of the Polyclinic.

4. Identify possible sites for the Polyclinic in or adjacent to the central business district of Devonport. This should include an assessment of how the identified sites would affect client usage of the Polyclinic.
5. Prepare recommendations on a functional design brief for use by building architects.'

Methodology and Approach

10.6 The Devonport Polyclinic Working Party (N.W.R.H.B.W.P.) set out to satisfy the requirements contained in the Terms of Reference through the following steps:—

- (a) a process of consultation with the public and with service providers; and
- (b) the gathering of information on health services provision from the Department of Health, the North West Regional Hospital Board and other Government and non-Government providers of health related services.

The North West Regional Hospital Board sought community input into the Planning of the Polyclinic in several ways. Firstly the composition of the Working Party included representatives from local government and the local chamber of commerce, a general practitioner and a specialist from the area and a representative from a health related community group active in the Devonport area.

Secondly, submissions were invited from service providers, professional associations and community organisations active in the health and welfare sectors.

Thirdly, public consultations were held over two days to allow individuals, service providers or community groups to meet with members of the Working Party to discuss the Polyclinic proposal and their involvement in the planning process.

In addition members of the Working Party were available to meet with interested groups to discuss the Polyclinic proposal.

Finally, the general public was kept informed of progress by press releases, advertisements, newspaper articles and radio community service announcements and regional news items.

Title of Project

10.7 The Working Party was not satisfied with the name 'Polyclinic' for the planned development in Devonport. The Working Party eventually decided that the development should be known as the Devonport Community Health Centre as the proposal put forward was for a community health centre type development which also included provision for specialist medical outpatient services.

Presentation of Report

10.8 The North West Regional Health Board Working Party presented its report to the North West Regional Health Board on 24 July 1991.

Sites Considered

10.9 The Ernst Young Report observed that the 'Polyclinic' site should be located 'in the central business district of Devonport'. This Report concluded that the location of Community Health Centres interstate have shown that the usage of a Centre is dependent on location. Centres located close to where people shop and pay their accounts are best utilised while Centres outside the central business district have been poorly attended. A further factor to be considered with regard to siting was the proximity to other health and welfare services. These include both Commonwealth and State Government services, private health practitioners and services provided by voluntary agencies.

10.10 In their Report, the North West Regional Hospital Board Working Party identified the following selection criteria to assess various sites for their suitability with regard to the Devonport Community Health Centre Development:—

- (a) availability of the site in the next year to two years;
- (b) size of site;
- (c) cost of acquiring the site (based on current valuation);
- (d) physical access;
- (e) current state of the site, i.e. developed or undeveloped, existing buildings, use;

- (f) immediate Environment/Zoning; and
- (g) Proximity to other services including health and health related services, other Government agencies, shopping, banking, bill paying and other commercial services.

Note Of these criteria the last was considered to be the most important as the centre must be located within the easy access of its client base to be viable.

10.11 Sites were identified within the central area of Devonport as a possible location for the Community Health Centre. The existing Steele Street Hospital site was also considered. The full list of sites considered was:—

H.E.C. Maintenance Yards, Best Street
 Department of Social Security Building
 Corner of Oldaker and Griffiths Streets
 Telecom Maintenance Yards, Formby Road
 Red Cross Society site, Edward Street
 Adjacent to Michael Betts Motors, Kenneth Street
 Mersey Division, Devonport, Steele Street

The Committee noted that the Luck and Haines' property is not included in this list.

10.12 The Public Accounts Committee also notes that Mr Ian Fletcher, the then secretary of the Department of Health, wrote on 1 September 1992 to the Legislative Council Select Committee into the North West and West Coast Health Services, in which he stated in part:—

'... The Luck and Haines building, which was also being considered, has been assessed as less than optimum for a community health centre ...'

Conclusions and Recommendations

10.13 The North West Regional Health Board Working Party recommended that:—

'The priority order of sites based on location should be:—

1. H.E.C. site—Fenton Street
2. Red Cross site—Edward Street
3. Telecom site—Formby Road
4. Kenneth Street site

That the Steele Street site (Old Maternity Hospital) only be considered as an interim site as its relative isolation precludes its use as a permanent centre.'

Sites 2, 3, 4 are not within the Terms of Reference of this Report.

10.14 The Working Party reported that the H.E.C. site in Fenton Street was the most central with respect to health and health related services, and further reported that:—

'The H.E.C. site in Fenton Street is within 750 metres of all but five private health services at Devonport located on the western bank of the Mersey. The majority of services are within a 500 m radius of this site. These services include four chemists, three general practices, two specialist services, a physiotherapist, an occupational therapist, four optometrists, an orthodontist, three dentists, three dental mechanics, a chiropractor, one other health practitioner, three private health insurance agencies and Medicare (a total of 28 services).'

10.15 With regard to the Old Maternity Hospital Site, the Working Party also reported that:—

'Although the Steele Street site is already owned by the Board, is the largest site and suitably zoned, its relative isolation from all relevant services precludes its use as a site for the Community Health Centre. As the site will be available and there will be empty buildings on site for services to relocate to, the site could be used on an interim basis until a superior site becomes available. However, the preferred option would be to build a new Community Health Centre within the city centre and dispose of the Steele Street site as soon as practicable as the site is potentially a valuable asset.'

Devonport City Council Aspects

10.16 The Devonport City Council has a clear responsibility to develop the City in the best interests of the community and commissioned a number of consultancy reports during the late 1980's/early 1990's. These reports included:—

- (a) The Anderson Report (commissioned in the late 1980's)—a strategic plan for the City. This Report was produced in February 1990 and in part stated:—

'We recommend in the longer term through various measures the Devonport City Council take steps to facilitate the provision of a greater supply of comparison goods shopping for its residents.

We recommend the Devonport City Council enforce planning restrictions on retail development within Devonport in order to reduce any likelihood of further undesirable fragmentation of the centre and take immediate steps to improve and develop the image of Devonport retail area, especially the C.B.D., with initiatives such as sidewalk sales etcetera which must be developed to attract shoppers, both visitors and locals, to the centre.'

As one of several strategies, the Anderson Report identified a problem with the Central Business District in terms of retailing;

- (b) A Melbourne firm, Ratio Planning and Development Consultants, were engaged in mid-late 1991 and they had a particular brief to look at Devonport's Central Business District. This Report identified some of the problems in the Central Business District and they related to the fragmentation similar to the matters that had been covered in the Anderson Report. During evidence the General Manager of Devonport City Council stated:—

'They had given us the details in a number of workshops but in May 1993 they actually produced a report which basically recommends that a number of the shopping areas on the waterfront be removed and a large open area be developed on the waterfront and that retail areas be moved into this area here. Opposite us the Gateway be moved or the hotel development be moved somewhere else and that this area here become the central retail development area so that you have a more concentrated retail area. That is the background to Council's consideration of the first indication to us that this particular site on the corner opposite was one of the sites under consideration for the health centre—I will just call it that for the time being.'

10.17 In this particular project the Devonport City Council looked towards its responsibilities in the development of Devonport City as a whole, rather than the development of a small, but vitally important project, namely the case of the Devonport Community Health Centre.

10.18 With regards to membership of the North West Regional Health Board Working Party, the Devonport City Council General Manager gave further evidence:—

'You are probably all aware, and you referred to it, that the North West Regional Health Board had a working party which issued this particular report. On that particular working party were two council aldermen, but can I say they were on that committee not as representatives council, it just happens they were aldermen. We had Alderman Kerry Berwick who is representative of the north-west municipal region and Alderman Brian Dowse who is a representative of the Devonport Chamber of Commerce. If you look at this particular report which was issued in September 1992, chapter 9, site selection, is omitted from the report because of the delicate nature of the particular information and the commercial implications it may have on the valuation site.

The Council, at that stage, still had no indication of the sites that were under consideration by the working party and any intentions of the working party in relation to the sites. It was not until we received a letter dated 11 October 1991 from the chairman of the board of management of the North West Regional Health Board, Mr Vince Smith, in which he indicated that he was writing to the Minister for Health, Mr White, requesting a liaison with the Hon. Michael Weldon regarding the requirement of the current Hydro-Electric Commission facility on the corner of Best Street and Fenton Way, that we had any information as a Council that that site was actually under consideration.'

Public Accounts Committee Comments

10.19 There appears to have been a considerable lack of co-ordination and communication between various bodies that had a vital interest in the development of the Devonport Community Health Centre:—

- (a) The Working Party (North West Regional Health Board Working Party) was progressing towards selection of a suitable site in the Devonport Central Business District, preferably adjacent to other general community service centres. Their preferred site was clearly the H.E.C. site in Fenton Way. Their Report was concluded in August 1991.
- (b) At the same time Devonport City Council was progressing towards the development of the City of Devonport as a whole, using as a basis its own development strategy plan resulting from consultancies originating from, and funded by the Council. It is clear to the Committee that the Council did not see Fenton Way as a site for the Health Centre, preferring the site for a retail development.
- (c) On 1 June 1992 the Minister for Health, Hon. Roger Groom, M.H.A. wrote to the Devonport City Council indicating the Region's preference for the Luck and Haines site.
- (d) On 22 June 1992 Devonport City Council resolved to support the Luck and Haines site.

10.20 In view of the above, the Committee is surprised by two subsequent events:—

- (a) On 31 August 1992 the Executive Group held an extraordinary meeting. At that meeting the Committee noted the three site options under present consideration, as the Luck and Haines property, the H.E.C. and/or adjacent land and the Steele Street campus and, after further considerable discussion, carried the following resolutions:—
 - 1. that the Luck and Haines site be no longer considered as an option; and
 - 2. that the H.E.C. and adjacent sites be strongly preferred.
- (b) The letter from the then Secretary of the Department of Health in his 1 September 1992 letter as previously mentioned, and in particular the paragraph which stated:—
 'The Luck and Haines building which was also being considered has been assessed as less than optimum for a community health centre. In addition, the asking price is well above its real value, it is on the fringes of the retail area and its multi-storey configuration is not conducive to the provision of community service functions.'

(The full letter is attached to this Section).

10.21 The Committee accepts that the Devonport City Council has acted within its authority. The Committee recognises that the Council have their own priorities and are working towards the overall development of the City of Devonport following recommendations from the various consultants it had employed.

10.22 The Committee is of the opinion that the Devonport City Council could have been more co-operative when the matter of parking availability at the H.E.C. site was being considered in relation to the possible development of the Devonport Community Health Centre at that site. There was, however, an apparent high level of co-operation with Loughrans regarding parking, and substantial areas were made available for parking.

10.23 As a further example of poor communication, the Committee notes that the North West Regional Health Board Working Party understood Mr (Ald.) Kerry Berwick to be a representative from the Devonport City Council. However, the Council advised the Committee that this was not the case and that he was a representative of the North West Municipal Region.

Attachment to Section 10

1 September 1992

Ms Inta Mezgailis
 Secretary
 Legislative Council Select Committee
 on Health Services in the North West
 Parliament House
 Hobart

Dear Ms Mezgailis

Location of Devonport Community Health Centre

As you will recall I and officers of the Department of Health appeared before your Select Committee on Wednesday 29 July. There was significant discussion at that appearance about the preferred location of the new Devonport Community Health Centre and the most efficient utilisation of resources to obtain such a health centre. I undertook to provide the Select Committee members with further information on the preferred location and the reasons for such preference.

Since that time I have had a number of discussions with the Chairman of the North West Regional Health Board, Mr Vince Smith, the North West Regional General Manager, Dr Dick Butfield, and members of his staff as well as with officers concerned with Capital Works within Central Office. I have also had a number of discussions with the Minister.

After extensive investigation of available sites both by the original working party on the Devonport Community Health Centre and by the North West Regional Strategic Planning Group it has been concluded that a central business district location is strongly preferred. This preference is supported both by the Department and by the Minister. Discussions are now underway with the Devonport City Council to locate the health centre in the area around the Council Chambers. It is believed that this area will grow to be a key service delivery and commercial link between the two current main retail precincts.

Costings have been carried out and I have been assured by relevant staff that the new centrally located community health centre can be developed for the same price as a refurbishment of the old Women's Division in Steele Street. Additional work has been done on the design requirements and it is believed that an entirely functional community health centre can be developed within a very reasonable budget. It is also expected that the new building will have a lower operating cost particularly as modern energy efficient construction methods will be used.

The North West Regional Health Board will then proceed with its plans to completely vacate the old Devonport Hospital site and that asset will then be disposed of.

The Luck and Haines building which was also being considered has been assessed as less than optimum for a community health centre. In addition, the asking price is well above its real value, it is on the fringes of the retail area and its multi-storey configuration is not conducive to the provision of community service functions.

I am now convinced that the correct decision is being made and that is being made correctly on both grounds of financial and optimum service delivery. The new concept of community health centres of providing multi-functional services which focus on 'wellness' rather than 'sickness' means that a high profile and accessible location is very important. We believe that such a facility will blend in very well with other service delivery and retail functions in the immediate vicinity and the opportunity exists to develop a 'health precinct' which will eventually include a range of private and public health services.

I have attached some additional information on the site selection and those services proposed to be offered which I received from the Regional General Manager of the North West Region.

Please do not hesitate to contact me if I can be of any further assistance.

Yours sincerely

Ian Fletcher, Secretary

cc Dick Butfield, General Manager North West

SECTION 11—SALE OF THE OLD MATERNITY HOSPITAL SITE, 169 STEELE STREET, DEVONPORT

11.1 The total area of this property is 4.654 hectares and has long frontages to both Steele and Tasman Streets. Internal roads provide through access, with traffic entering of Steele Street and departing via Tasman Street.

11.2 Under the Devonport and Environs Planning Scheme 1984, the land was primarily zoned 'Public Purposes'. In November 1994 the land was rezoned 'Closed Residential'.

11.3 Key events concerning the sale of this property are shown in Chapter 10.

11.4 Description of the property

Ex Maternity Hospital

Three storey concrete structure with a concrete roof constructed in 1961. Internal walls are rendered plaster over concrete with acoustic tiled ceilings. Vinyl tiles are laid on the floors. Tow lifts provide access to upper floors. The building has an approximate area of 4 046 square metres.

The ground floor comprises reception, offices and amenities at the front and a kitchen and service rooms at the rear. The first and second floors comprise wards at the front and an operating theatre and labour ward at the rear respectively.

Outpatients Building

One and a half storey concrete structure with a concrete roof constructed in 1954. Internal walls are rendered plaster over concrete with acoustic tiled ceilings. Vinyl tiles are laid on the floors. The building has an approximate area of 3 340 square metres.

The ground floor comprises a central circular core office with main access and radiating from the central core are three wings each having a central passage with offices/consulting rooms on each side. There is a lower ground floor under the eastern and southern wings. The eastern wing comprises offices and the southern wing comprises workshops and garages.

Tasman House

One and a half storey concrete structure with a galvanised iron roof constructed in 1961. Internal walls are rendered plaster over concrete with acoustic tiled ceilings. Vinyl tiles are laid on the floors. The building has an approximate area of 1 676 square metres.

The ground floor comprises kitchen, dining facilities, amenities, twenty two single rooms and service rooms. The first floor comprises fourteen single bedrooms, amenities and service rooms. Storage is provided under the southern wing on the lower ground floor.

House

Brick veneer residence with a galvanised iron roof constructed in 1967. Plaster sheet internal walls and ceiling, timber floor and timber window frames. The building has an approximate area of 142 square metres.

Accommodation comprises lounge/dining area, kitchen, three bedrooms and amenities.

Service Block

Single storey concrete structure with a concrete roof. Internal walls are concrete and the building has an area of approximately 696 square metres.

The building comprises a boiler room, with two oil fired boilers, a carpenter's workshop and a number of service rooms.

Other Improvements

Comprise bitumen sealed carparking areas and bitumen sealed roadways providing access from Steele Street to Tasman Street. The grounds are developed with lawns and shrubs and the site is fenced on all boundaries.

General

The property comprises the old Mersey General Hospital site which was developed between 1955 and 1967. The Maternity Hospital and Tasman House, a geriatric home for the aged, were vacated in 1992 and the Outpatients will be vacated when the new Devonport Community Health Centre is completed.

The buildings are very specialised and due to their construction would be very expensive to alter or renovate. The property was built to comply with building regulations in the 1960's and there has been no major upgrading of the Property since it was built.

The Health and Community Services engineer indicated that the building services were adequate in the 1960's but because of the lack of a maintenance programme it would probably be cheaper to completely replace the heating and cooling plant than to upgrade the existing plant. The lifts in the Maternity Hospital are still in commission but any redevelopment of this building would have to include upgrading the lifts to the current regulations.

The Town Planning Department of the Devonport Council indicated that it would like to see the land rezoned to residential and it would be unlikely to allow any commercial zoning on the site. While it may be possible to convert the buildings to residential use it would be very expensive and there would only be limited appeal on the market in Devonport.

There would be potential to subdivide some residential blocks off the Tasman Street frontage of the property, including the existing house, but this would also involve extending the sewerage main westwards along Tasman Street and providing a new connection from Tasman House and the existing house into this new sewerage main. There is also an elevated bitumen sealed carpark in the south eastern corner of the property which would have to be removed.

Asbestos insulation has been identified in the boiler house and in the steam lines from the boiler house to the Out-patients building. A local company has quoted approximately \$15 000 to remove this asbestos from the property.

The property would have very limited appeal on the open market due to the specialist design, its current condition and lack of viable alternative uses for the present buildings.

A similar problem was experienced by Wander Australia when they sold their vacant Devonport Factory recently. The property which comprised 4.983 hectares of industrial zoned land, a substantial four storey brick factory built in 1942 with a building area of approximately 3 808 square metres, an office block which was built in 1991 at a cost of approximately \$200 000 and associated buildings sold to the adjoining owner, Edgells, in 1992 for \$450 000.

This sale of an obsolete property illustrates that unless there is a viable alternative use for the specialised buildings it is difficult to make a sale which will realise what the community may perceive as value for money.

Valuation

11.5 The property was inspected in January 1992 during the revaluation of the City of Devonport—a capital value of \$M1 was given.

11.6 The property was inspected in January 1992 during the normal revaluation of the City of Devonport, and was assessed on the basis of 'existing use'. That assessment was:—

- (a) land value \$370 000; and
- (b) capital value \$M1 (capital value includes land value).

Sale of the Property

11.7 The property was placed on the market, and subsequently sold, using established procedures. At the end of the marketing period there was only one offer which was for \$450 000.

11.8 During evidence the Valuer-General advised:—

'My office was instructed on 1 November (1993) last to provide a recommendation on the offer. My office advised on 8 November that the offer of \$450 000 was fair and reasonable and should be accepted having regard to the condition of the buildings and the substantial capital upgrade to use them for another purpose or the need to be demolished.

I think it is relevant to say that the property was offered around other agencies within Government and other agencies declined to take up the use or purchase of the building because of the work involved.

As I say, my recommendation was based on the obsolescence of the building; the fact that the Devonport Council would require the property to be rezoned to residential zoning, which would preclude any industrial or commercial use of the buildings. It is relevant to comment on a similar sale of the ex-Ovaltine factory at Quoiba, where Mr _____ might like to comment on that, but the fact is that the property did have very substantial amounts of building additions and alterations in the early 1990's, but was subsequently sold at a price well below its replacement cost on today's market.

11.9 The Ministerial Committee on Property Management, at a meeting on 7 June 1993 had, as part of its agenda the sale of this property, with a likely result of \$450 000.

Lease-back of Out-patients Facility

11.10 On 17 September the North West Regional Health Board advised that it would seek a sale of this property with a lease-back of the Out-patients facility.

11.11 On 27 July 1993 a rental evaluation on the out-patients facility was received from the Valuer-General. A gross rental figure of \$81 000 per annum was determined. The rental was based on comparable rentals in Devonport. Day and Halliwell was then instructed to provide a marketing submission for the sale of the property. They were notified that the sale was subject to the lease-back of the out-patients facility at a gross rental of \$81 000 per annum.

Comments by the Public Accounts Committee

11.12 During evidence, a concern was expressed regarding the legality of sale of this property. Advice has been received from the Solicitor-General:—

‘On the instruction that I have received via the Department of Lands, the subject property was acquired by the Crown on 7th January 1948 pursuant to the provisions of the *Lands Resumption Act 1910*. The valuation at the time was 3 595 Pounds, and in the event 4 000 Pounds was paid for the property. Far from receiving a donation, therefore, it would appear that the Crown paid full market value.

The area in question was 10 acres 3 roods 9 ⁹/₁₀ perches, and that is the area which was sold in July this year. The land was not, either by any terms upon which the acquisition took place or by any conditions on the title, subjected to any limitation in relation to its sale.

The short answers to your three queries are:—

- (a) Neither the land nor any portion of it was given to the Government. It was purchased by the Crown for its full value.
- (b) There is no legislation requiring that the land continue to be used for the purpose for which it was acquired.
- (c) Land which is not longer needed by the Crown for the purpose for which it was acquired may be sold, and there is no reason why the subject land could not be sold.’

11.13 The Committee is satisfied that proper procedures were followed during the sale of this property. The Auditor-General stated during evidence:—

‘I noted in the letter that the sale process had involved both Tasmanian and national advertising and that that had occurred over a process of some months; and that despite that extensive advertising process, only one serious purchaser fronted up. I think you can probably draw certain conclusions from that. But certainly the sale process, as far as we could determine, was completely in accordance with best practice in that respect.’

11.14 Whilst it was thought by some that the sale price of \$450 000 was too low it should be noted that:—

- (a) the property was offered to other agencies, however, there were no offers of interest;
- (b) despite the normal marketing processes being used to advertise this property, there was only one offer (\$450 000) made from a local person;
- (c) the purchase price of \$450 000 was approved by the Valuer-General as part of his normal responsibilities;
- (d) lease-back of the Out-patients department (\$81 000 per annum) was established prior to the property being advertised for sale, in fact was condition of sale, and was agreed to by the purchaser in the contract of sale;
- (e) with regard to delaying the sale until a later date, the Auditor-General during evidence, stated in part:—

‘... it is arguable that a decision to delay and sell at a later time say, when the property market improved—could have produced a better result. But then equally it might not because the site, once unoccupied, was being subject to vandalism. It was an old building, it was in need of extensive refurbishment and therefore it seemed to use that it was arguable one way or the other and the Minister was within his rights to act at the time he did on the advice that he was given.’; and
- (f) The January 1992 valuation of land value of \$370 000 and a capital value of \$M1 was based on continuation of the property being used for its current purpose. The costly restrictions of development, and the impending rezoning on sale, heavily impacted on the value of the property.

11.15 An Indicative Estimate of Costs to redevelop the existing Maternity Hospital to meet the Devonport Community Health Centre requirements was given at \$3 229 000.

11.16 With regard to maintenance costs, written evidence has been received that clearly indicates to the Committee that expenditure of funds by the Department of Health and Community Services has been in accordance with undertakings included in the Contract of Sale.

SECTION 12—PURCHASE OF LUCK AND HAINES PROPERTY, 31 STEELE STREET, DEVONPORT

Background

12.1 The North West Regional Health Board Working Party had not considered this property when they submitted their Working Party Report in August 1991. The Department of Health convened a Project Executive Group on 13 January 1992 and at this meeting a draft brief was tabled and the Luck and Haines property raised as a possibility for the siting of the proposed Devonport Community Health Centre. The property was privately owned with estate agents Day and Halliwell appointed as sole selling agents for 29/31 Steele Street, Devonport.

Sequence of events for purchase of this property

12.2 During evidence, the Office of the Valuer-General advised the following sequence of events for the purchase of the Luck and Haines property:—

- (a) 14.05.92—Request from Department of Health to negotiate the purchase of 31 Steele Street, Devonport;
- (b) 10.06.92—Correspondence from Mr _____ to estate agents Day and Halliwell appointing that firm as sole selling agents for 29/31 Steele Street, Devonport at a price of \$950 000;
- (c) 10.06.92—Report by the District Valuer, Mr P. J. Walden, to the Department of Health relating to 31 Steele Street, Devonport; site area 2 529 m²—valuation \$735 000;
- (d) 17.09.92—Instruction from the Department of Health to negotiate at the Valuer-General valuation for the Luck and Haines building in Steele Street and adjacent land in Wenvoe Street;

Total area	29-31 Steele Street	2 529 m ²
	6 Wenvoe Street	734 m ²
Total		3 263 m ²
- (e) 18.09.92—Office of the Valuer-General correspondence to Day and Halliwell offering to purchase the Luck and Haines building and adjoining land fronting Wenvoe Street for Office of Valuer-General valuation of \$773 000;
- (f) 18.09.92—Correspondence from the owner to the agent confirming the acceptance offer of \$773 000;
- (g) 22.09.92—Correspondence from the Office of the Valuer-General to the Department of Health confirming completion of negotiations and preparation of contract of sale; and
- (h) 08.01.93—Correspondence from the Crown Solicitor to Office of the Valuer-General advising settlement of the purchase on 22.12.92.

12.3 Upon the amalgamation of the Department of Health and the Department of Community Services it became obvious that the Luck and Haines property was not going to be large enough to accommodate all staff for the Devonport Community and Health Centre (an approximate doubling in the size of staff as a result of the amalgamation). Formal amalgamation of the departments took place on 1 July 1993.

12.4 The Assembly of God Christian Family Centre Incorporated at 25 Steele Street, Devonport was identified as being available for purchase, and the sequence of events for the purchase of this property was as follows:—

- (a) 12.02.93—Verbal request from the Department of Health to negotiate the purchase of 25 Steele Street, Devonport;
- (b) 22.02.93—Office of the Valuer-General advice to Department of Health that negotiations had been completed to purchase the property at \$287 000; and
- (c) 11.05.93—Crown Solicitor advised settlement of the property had been made on 11 May 1993.

Comments by Public Accounts Committee

12.5 The Government exercised its prerogative through the Minister responsible to purchase the Luck and Haines property, the adjacent land located at 6 Wenvoe Street, Devonport, and the property known as the Assembly of God Christian Family Centre Incorporated at 25 Steele Street, Devonport.

12.6 Evidence given to the Committee indicates that normal procedures were followed in the purchase of the three properties and that there were no irregularities.

12.7 The subject of any traffic plans and road construction to satisfy requirements of the Devonport Community and Health Centre being located in this particular part of Devonport have not yet been addressed. Devonport City Council advised that this matter will be considered in some months' time. The Public Accounts Committee is concerned that any changes to traffic plans or road construction as a result of the siting of the Devonport Community and Health Centre in this area will be an additional cost to Devonport ratepayers.

12.8 It is apparent that there could have been better communication between the Devonport City Council and Government representatives on some town planning issues relating to the establishment of the Devonport Community Health Centre.

12.9 It is noted that:—

- (a) as previously mentioned in this report, the Luck and Haines site at 31 Steele Street was not considered by the North West Regional Health Board Working Party. This Working Party had established approved 'site selection criteria' and included these in their report of August 1991; and
- (b) the amalgamation of the two departments took place (1 July 1993) after the North West Regional Health Board Working Party had concluded their report (August 1991).

SECTION 13—SALE OF H.E.C. BUILDING, FENTON WAY, DEVONPORT

13.1 With regards to the sale of this property, the Committee has received extensive evidence from the H.E.C. and from other relevant authorities. See Chapter 10 (flowchart) for additional information.

13.2 The basic reasons why the H.E.C. Building was not selected as the site of the Devonport Community Health Centre included:—

- (a) the Executive Group on 23 March 1992 agreed that the Luck and Haines site was the preferred option. This was conveyed by the Minister for Health to Devonport City Council in his letter of 1 June 1993 (see attachment to Section 3 for a copy of the letter); and
- (b) such a siting was not included in the Devonport City Council master plan, and was not supported by the Council.

13.3 Further to Section 10, paragraph 10.21, evidence was given that the Devonport City Council did not favour the development of the Devonport Community Health Centre on the H.E.C. site at Fenton Way because of insufficient parking, and the Council preferred a retail development consistent with Council plan.

13.4 The sale was handled in the appropriate manner. On 7 December 1993 the H.E.C. wrote to the Minister requesting Sale/Lease approval. The transaction was completed soon after.

SECTION 14—DEVONPORT COMMUNITY REACTIONS

14.1 Whilst it is understood that the Devonport community in general supported the development of the Devonport Community Health Centre, there was considerable adverse public reaction to the chosen site and to the general manner in which relevant properties were purchased and sold.

14.2 The Public Works Committee in its Report No. 15 commented that:—

'Whilst the Committee accepted the rationale behind the locating of a range of community and health services on the one site, there was considerable public disquiet about the proposed location of the facility. There were a number of witnesses who submitted that the facility should be located at the site of the previous Devonport Maternity Hospital at Steele Street, which is adjacent to the existing Out-patients facility which is part of the new proposal.

There had been a working party established to recommend a site for the Centre, but the proposed 'Luck and Haines' site was not one of the options considered. The Luck and Haines site had been acquired by the Government before the Committee had begun its investigation at a cost of over \$1 000 000 and committed itself to building the Centre on that site. The Committee does not have the power to force the Government to alter its proposal, only to accept or reject it. The Committee did request the Government to consider alternative sites, particularly the former Steele Street maternity hospital where the Committee actually had some indicative plans drawn up and preliminary costings done but before the Committee had concluded its inquiry the Government sold the site, although the Committee had specifically requested the Government not to do so before it had completed its inquiry.'

Evidence and Public Accounts Committee Comments

14.3 Evidence given to the Public Accounts Committee confirmed the community feeling of concern over the way this project was handled in general.

14.4 Whilst detailed comments regarding each property are given in the relevant section, general feelings of concern were expressed to the Public Accounts Committee. The prime concerns are outlined below, together with the comments by the Public Accounts Committee.

1. *Concern*:—that extremely poor value for money was achieved from the sale of the old maternity hospital site at 169 Steele Street, Devonport.

This concern is understandable but the reality is that after an extensive advertising campaign, there was only one interested buyer and the contract price reached the reserve price.

2. *Concern*:—the belief by some people that the sale of 169 Steele Street could have been delayed until better value for money could be achieved.

The Committee notes, and agrees with the following comments made by the Auditor-General:—

‘ . . . it was clearly open to the Minister for Environment and Land Management to decline to accept the offer of \$450 000. Had he done so, the cost to Government would have been the foregone interest on the amount of the sale price, any holding costs of the rates and taxes, recurrent upkeep plus the expected deterioration in the condition of the buildings owing to the age and vandalism. The benefits would have been the saving in the lease payments for the continued temporary use of the out-patients centre and the variation, positive or negative in a future sale price different to the offer. All of the above save the last could be estimated with some degree of precision. There is no documentation to my knowledge, indicating whether the Minister requested advice on the option of postponing the sale and the possible consequences but it is implicit in the conclusion reached by the office of the Valuer-General.

Delay could have been beneficial but equally it might not. In all the circumstances, the Minister for Environment and Land Management acted within his rights and in conformity with professional advice given in response to the query as to whether the offer should be accepted.’

3. *Concern*:—that the lease-back arrangement for the ‘out-patients’ building was considered too generous, particularly considering the value of sale of the total property.

The value of rental was assessed by the Office of the Valuer-General. Many factors were taken into consideration and the offer of rental was made to the purchaser and he accepted the rental value of \$81 000 which was incorporated in the contract of sale.

The following evidence from the Office of the Valuer-General is relevant:—

‘*Mr Wilkinson*—the property was offered on the basis of the sale of the freehold, together with a lease-back for initially twelve months, but now it is twelve months with a further option of six months thereafter. Mr Walden assessed the rent, that portion to be used by the North West Hospital, having regard to comparable rentals in Devonport.

‘*Mr Walden*—the mere fact they were in occupation was taken into account. The initial instructions were for a one-year period, so it was basically a one-off rent. I considered other rentals within the business area. I also considered warehouse properties to get a bottom line so I had a cross-section of rentals and I came up with that figure based on those rentals, but very much at the bottom line of commercial rent but equating more or less to a warehouse-type rental level. But for them to move and find other well, they would be lucky to find other alternative accommodation; they would have had the cost of moving for a twelve-month period, and it would not really pay. So that factor was taken into account is assessing the rental.’

4. *Concern*:—that there was considerable public support for the site of the old H.E.C. building in Fenton Way to be developed as the Devonport Community Health Centre, but this did not eventuate. The final site chosen, the Luck and Haines property, was not the best available from a community service aspect.

This concern is understandable, however, the Committee recognises the rights of the Minister responsible and the Devonport City Council to make decisions regarding this matter.

The Committee also notes and congratulates the Public Works Committee in seeking and obtaining additional funds from the Government for the project at the Luck and Haines site. This will enable a community health centre of a higher standard from that initially envisaged at that site. The Committee agrees with comments from the Public Works Committee regarding siting of the project when they stated in their Report No. 15:—

‘These matters caused serious concern for the Committee as it was apparent that the views of the people of Devonport and the surrounding areas which the new centre is proposed to serve had not adequately been taken into consideration.’

5. *Concern:*—that 169 Steele Street was given to the Government of the day for the purpose of providing a medical/old age home facility or equivalent on a continuing basis.

This understanding is unfounded. The property was acquired by the Crown on 7 January 1948 for 4 000 Pounds (valuation 3 500 Pounds). There is no legislation requiring that the land continue to be used for the purpose for which it was acquired, and there is no reason why the land could not be sold.

6. *Concern:*—that the belief that, in addition to the low income from the sale of 169 Steele Street (\$450 000) and the lease-back of the out-patients department (\$81 000) considerable maintenance had been effected at public expense, which further reduced value for money for sale of the property.

The Committee has received the following written evidence from the Minister for Community and Health Services which states in part:—

‘The Property Disposals Unit, Department of Environment and Land Management were commissioned to undertake disposal of the Steele Street Campus.

I am advised that in their negotiations with the prospective purchaser (Mr Trevor Payne of Denmat Pty Ltd), it was agreed that works would be undertaken prior to handover.

The nature of these works and associated costs are as follows:—

	\$
The installation of a new Electrical Distribution Board	18 414
Asbestos removal in the old Boiler house and service trenches ..	8 752
Replacement of broken windows	6 113
	<u>33 279</u>

Other evidence has been received regarding the sale, and proceeds from the property. Tasmanian Property Services Group in their letter of 8 March 1995 stated in part:—

‘Former maternity hospital, 169 Steele Street, Devonport.

Enclosed is a copy of the sales report for the property generated from our records. The report represents a statement of account for the sale of the above property. Please note provision for an amount of \$4 144.85 paid by North West Regional Health Board for glazing for broken windows. The claim has been presented but has not been debited because of lack of substantiation.

Revenue and Details of Costs Relating to Sale

	\$
Survey Fee	-29.17
Valuation Fee	-482.40
Gazette Notice	-17.50
Valuation Fee	-842.40
Advertising Various	-3 422.80
Survey Fee	-810.00
Connect Power Meter	-17 000.00
Connect Power	-480.00
Maintenance	-934.00
Airport Engineering	-10 215.00
Settlement Price	405 000.00
Rates	-95.23
Rent on Property	-6750.00
P.D.U. Management Fee	-9 000.00
Deposit	45 000.00
Agents Commission	<u>-11 060.00</u>
NET PROCEEDS	388 861.50

The North West Regional Health Board has advised that no further maintenance costs were incurred after 7 July 1994.

7. *Concern*:—that the Devonport City Council did not pay sufficient attention to the general aspects of parking and traffic flow.

The Committee agrees with this concern.

Parliament House Hobart, 25 May 1995

Honourable G. A. SHAW, M.L.C. (Chairman).