

DRAFT Market Testing Procedure Strategic Land and Property Opportunities

Responsible Directorate Development Services	Responsible Business Unit Strategic Planning & Property
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1. Purpose

The purpose of this Procedure is to establish a clear, consistent and transparent framework for undertaking Market Testing, which may also be referred to as Expressions of Interest (EOI) processes involving City-owned or managed land and property assets.

This Procedure applies to strategic land and property opportunities initiated by the City.

This Procedure supports fair and merit-based market testing processes relating to the sale, lease, development, activation or strategic use of land and property assets.

Market testing or an EOI is intended to test market interest and identify potential proponents, concepts or delivery models to inform future Council decision-making. The City is not obligated to proceed with any proposal or transaction arising from this process.

This Procedure does not replace or override any statutory, environmental or planning approvals.

This Procedure relates to strategic land and property market processes only and does not apply to procurement activities governed by section 3.57 of the Local Government Act 1995, the Local Government (Functions and General) Regulations 1996 or the City's Purchasing Policy.

2. Application and Scope

This Procedure applies to strategic land and property opportunities initiated by the City, including:

- sale or proposed sale of land;
- lease or licensing opportunities;
- tourism and commercial activation opportunities;
- residential, tourism, commercial or mixed-use development opportunities;
- catalyst or strategic development projects;
- underutilised or surplus land assets; and
- projects where assessment extends beyond financial return alone.

This may be used where the City:

- seeks to test market interest;
- wishes to identify innovative or alternative development outcomes;
- requires assessment of capability, experience or delivery models;
- intends to evaluate proposals against broader strategic, community or economic outcomes;
- seeks flexibility prior to committing to a transaction; or
- intends to shortlist proponents for further negotiation, refinement or a future competitive process.

Depending on the nature and complexity of the opportunity, the City may utilise:

- a market testing or EOI process only;
- market testing or an EOI followed by a tender or detailed proposal process;
- refined proposal submissions;
- presentations or interviews;
- direct negotiation; or
- other competitive market processes.

This Procedure does not apply to matters which are assessed by the Chief Executive Officer to be any of the following:

- routine property transactions;
- standard community leasing processes;
- operational procurement activities; or
- unsolicited proposals assessed under the City's Market Led Proposals Policy.

Unlike a Market Led Proposal process, which responds to unsolicited approaches from proponents, this process is initiated by the City to test market interest through a structured and competitive process.

4. Roles and Responsibilities

4.1 Council

Council retains ultimate authority regarding:

- disposition of property, subject to any current Delegations of Authority to the CEO;
- approval of lease or sale terms where required;
- selection of preferred proponents where determined appropriate;
- and approval or rejection of final transaction outcomes.

4.2 Chief Executive Officer

The Chief Executive Officer (CEO) or delegate may:

- administer market testing or EOI processes;
- appoint evaluation panels;
- engage specialist advisors;
- undertake negotiations;
- seek clarification from proponents;
- shortlist proponents;
- and prepare recommendations for Council consideration.

4.3 External Advisors

The City may engage suitably qualified advisors, consultants, probity auditors, real estate agents or other specialists to assist with:

- marketing;
- evaluation;
- valuation;
- negotiation;
- technical assessment;
- or probity oversight.

5. Typical Market Testing Process

The process will generally comprise the following stages.

Stage 1 – Opportunity Identification

The City identifies a strategic land or property opportunity and determines the preferred market approach.

Where appropriate, Council endorsement may be sought prior to commencing a market testing or EOI process.

Stage 2 – Preparation and Release

The City prepares EOI documentation relevant to the opportunity, which may include:

- site and opportunity information;
- technical investigations;
- assessment criteria;
- statutory considerations;
- commercial requirements;
- and submission requirements.

The EOI will be publicly advertised for a period determined appropriate by the City.

Stage 3 – Submission and Evaluation

Submissions will be reviewed against the published assessment criteria.

Evaluation may include:

- internal officer review;
- specialist technical assessment;
- financial assessment;
- due diligence investigations;
- clarification requests;
- presentations or interviews;
- and assessment of risks, opportunities and delivery outcomes.

One or more proponents may be shortlisted for further consideration.

Stage 4 – Negotiation and Refinement

Where appropriate, the City may:

- seek refined submissions;
- undertake negotiations;
- request additional information;
- invite shortlisted proponents to present to the City;
- or undertake a subsequent tender or detailed proposal process.

Council may authorise the CEO to negotiate commercial terms with preferred proponents prior to final consideration of any agreement.

Stage 5 – Council Consideration

Council may:

- endorse a preferred proponent;
- approve negotiations to proceed;
- reject all submissions;
- require a further competitive process;
- or discontinue the process.

Selection of a preferred proponent does not constitute approval of a land transaction or binding agreement.

Stage 6 – Statutory Compliance and Finalisation

Where required, the City will undertake statutory processes under the Local Government Act 1995, including:

- section 3.58 disposition requirements;
- section 3.59 Major Land Transaction requirements;
- business plan advertising requirements for long-term leases;
- or any other applicable statutory processes.

Following completion of statutory requirements and final approvals, the City may proceed to execute relevant agreements.

6. Evaluation and Assessment

Submissions will be evaluated on overall merit having regard to criteria relevant to the opportunity.

Assessment may include consideration of:

- strategic and land use alignment;
- community and public benefit;
- financial return and value optimisation;
- sustainability and environmental outcomes;
- urban design and place outcomes;
- infrastructure integration and servicing;
- project delivery and staging;
- support or facilitation sought from the City;
- proponent capability, experience and financial capacity;
- and innovation or quality of proposal.

The weighting of assessment criteria may vary depending on the nature and objectives of the opportunity.

The City is not obligated to accept the highest priced or highest financial offer and may determine the preferred outcome having regard to overall strategic merit and public value.

7. General

The City may:

- discontinue a market testing or EOI process at any stage;
- seek clarification or additional information;
- shortlist one or more proponents;
- negotiate with one or more proponents;
- reject all submissions;

- amend the process;
- recommence the process in another form;
- or withdraw land or opportunities from the market.

Participation in a market testing or EOI process does not create any contractual relationship between the City and any respondent unless and until formally approved and executed by the City.