MANNINGHAM
BALANCE OF CITY AND COUNTRY

Dear Editor,

Re: Centre's $100 sale price 'not good value'

I wish to correct some of the statements made by Cr Macmillan in his letter to the editor of Wednesday, 22 June 2011.

Firstly, Manningham Council did not vote to 'sell' the residential aged-care business to the MCA for $100. The sale agreement is also a buy-back agreement requiring MCA to return the business back to Council at the end of the four-year term for a nominal fee.

The $10 million in cash assets Cr Macmillan referred to as Council assets are in fact the money held in accommodation bonds from the residents of the MCA, so this is not ratepayers' money. Along with the transfer of this cash there will also be a transfer of liability, so the bottom line impact is zero.

Furthermore, the Sale of Business Agreement does not involve any land or buildings; these will continue to be owned by Council and leased to MCA. The MCA currently pays $1 per year in rent whereas under the new agreement, the MCA will be paying rent of $2.447 million over the four-year period. The rent will be slightly higher than the interest foregone when Council transfers the accommodation bonds to the MCA.

On signing the agreement on 1 July, the MCA will be paying $740,000 to Council as the final instalment for works undertaken by Council in 2004. In addition, the MCA will contribute a further $2.985 million to capital and structural improvements to Council's buildings as well as being responsible for the maintenance of the Manningham Centre.

When these facts are considered it is clear to see that the agreement is not to sell Council assets for $100.

The most important thing for the community to understand is that while there is a new agreement in place, there will be no change in the operational management of the Manningham Centre as a result of the transition.

Yours sincerely

Geoff Gough
Mayor