

MINUTES

Property Committee Meeting

9 November 2021

Committee Members

Here within are the Minutes of the Property Committee Meeting held Tuesday 9 November 2021 in the City of South Perth Council Chamber, corner Sandgate Street and South Terrace, South Perth.

As this Committee does not hold Delegated Powers or Duties in accordance with Section 5.23 of the Local Government Act 1995 the meeting was not open to the public.



MIKE BRADFORD
CHIEF EXECUTIVE OFFICER

11 November 2021

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Property Committee Meeting - Minutes

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

With the positions of Presiding Member and Deputy Presiding Member vacant, the CEO declared the meeting open at 5.58pm and welcomed everyone in attendance.

1.1 ELECTION OF PRESIDING MEMBER

In accordance with Section 5.12 of the *Local Government Act 1995*, the Presiding Member for the Property Committee was to be elected.

The CEO called for nominations for the position of Presiding Member.

Nominations were received from Councillor Glenn Cridland and Councillor Mary Choy.

In accordance with Schedule 2.3, Division 1 of the *Local Government Act 1995* ballot papers were prepared.

A ballot box was made available to Councillors and a secret ballot was undertaken.

The CEO declared Councillor Glenn Cridland Presiding Member of the Property Committee.

Councillor Glenn Cridland assumed the Chair.

1.2 ELECTION OF DEPUTY PRESIDING MEMBER

In accordance with Section 5.12 of the *Local Government Act 1995*, the Deputy Presiding Member for the Property Committee was to be elected.

The Presiding Member called for nominations for the position of Deputy Presiding Member.

Councillor Mary Choy nominated herself for the position. No other nominations were received. The Presiding Member declared Councillor Mary Choy Deputy Presiding Member of the Property Committee.

2. ATTENDANCE

Elected Members

Mayor

Como Ward

Manning Ward

Manning Ward

Mill Point Ward

Mill Point Ward

Moresby Ward

Moresby Ward

Greg Milner (from 6.49pm)

Glenn Cridland (Presiding Member)

Councillor André Brender-A-Brandis

Councillor Blake D'Souza

Councillor Mary Choy

Councillor Ken Manolas

Councillor Jennifer Nevard

Councillor Stephen Russell

External Members

Mr Lewis Brock

Mr Nigel McCombe

Officers

Chief Executive Officer	Mr Mike Bradford
Director Corporate Services	Mr Garry Adams
Director Development and Community Services	Ms Vicki Lummer
Director Infrastructure Services	Mr Mark Taylor
Manager Governance	Ms Bernadine Tucker
Manager Community, Culture and Recreation	Mr Patrick Quigley
Governance Coordinator	Ms Toni Fry
Governance Officer	Mr Morgan Hindle

2.1 APOLOGIES

Nil.

2.2 APPROVED LEAVE OF ABSENCE

- Councillor Carl Celedin for the period 27 October 2021 to 15 November 2021 inclusive.

3. DECLARATIONS OF INTEREST

- Councillor Glenn Cridland – Impartiality Interest in Item 7.2 as ‘my children play hockey for WASPS and their potential new development may affect this tenancy.’
- Councillor Mary Choy – Impartiality Interest in Item 7.2 as ‘in relation to recent WASP advertising at Collier Reserve Como, my husband has been a member and volunteer coach of the WASP’s hockey club and is also a Wesley College ‘old boy’. My son’s have played for WASP’s and they also attend Wesley College’.
- Councillor Glenn Cridland – Impartiality Interest in Item 7.3 as ‘my Mother-in-law plays bridge at this club from time to time.’
- Councillor Mary Choy – Impartiality Interest in Item 7.6 as ‘SOCO Realty are the managing agents for a number of investment properties for immediate and extended family members’.
- Councillor Glenn Cridland – Impartiality Interest in Item 7.7 as ‘my children and I are members of this tennis club.’
- External Member Nigel McCombe – Impartiality Interest in Item 7.7 as ‘I am a 20 year member of the lawn tennis club’.

4. CONFIRMATION OF MINUTES

4.1 PROPERTY COMMITTEE MEETING HELD: 11 May 2021

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Councillor Ken Manolas

Seconded: Councillor André Brender-A-Brandis

That the Minutes of the Property Committee Meeting held 11 May 2021 be taken as read and confirmed as a true and correct record.

CARRIED (9/0)

For: Councillors André Brender-A-Brandis, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Jennifer Nevard, Stephen Russell; and External Members Lewis Brock and Nigel McCombe.

Against: Nil.

5. PRESENTATIONS

Nil.

6. BUSINESS ARISING FROM PREVIOUS MEETING

Nil.

7. REPORTS

7.1 TERMS OF REFERENCE - PROPERTY COMMITTEE

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-21-80276
Meeting Date:	09 November 2021
Author(s):	Toni Fry, Governance Coordinator
Reporting Officer(s):	Mike Bradford, Chief Executive Officer
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.3 Good Governance

Summary

The Terms of Reference for the Property Committee are presented for consideration by the Committee and referral to Council for adoption.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mr Nigel McCombe
Seconded: Mr Lewis Brock

That the Property Committee recommends to Council that it adopts the Property Committee Terms of Reference as contained in **Attachment (a)**.

CARRIED (9/0)

For: Councillors André Brender-A-Brandis, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Jennifer Nevard, Stephen Russell; and External Members Lewis Brock and Nigel McCombe.

Against: Nil.

Background

The Property Committee Terms of Reference were considered by the Property Committee on 17 February 2020 and endorsed by Council at its meeting held 24 March 2020. In line with best practice and good governance the Terms of Reference have been reviewed and amended as per **Attachment (a)** for consideration by Council.

Comment

The Terms of Reference provide:

- Officers with guidance on the type of reports that are eligible to be submitted to this particular Committee; and
- The Committee with its objectives, areas of responsibility and structure.

The Terms of Reference are to be reviewed in line with the appointment of Elected Members to the Committee following the local government elections.

7.1 Terms of Reference - Property Committee

Consultation

Nil.

Policy and Legislative Implications

Section 5.8 of the *Local Government Act 1995* enables Council to establish a Committee.

Financial Implications

Nil.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance through quality decision-making

Attachments

7.1 (a): Terms of Reference - Property Committee

Councillor Glenn Cridland and Councillor Mary Choy disclosed an Impartiality Interest in Item 7.2.

7.2 PROPOSED LICENCE AGREEMENT WITH HOLLYWOOD FUNCTIONAL REHABILITATION CLINIC (HFRC) PTY LTD FOR ITS USE OF COLLIER PAVILION LOCATED AT 191 THELMA STREET, COMO

Location: 191 Thelma Street, Como
Ward: Como Ward
Applicant: Trustee for the HFRC Trust
File Ref: D-21-59270
Meeting Date: 09 November 2021
Author(s): Patrick Quigley, Manager Community, Culture and Recreation
Reporting Officer(s): Vicki Lummer, Director Development and Community Services
Strategic Direction: Community: A diverse, connected, safe and engaged community
Council Strategy: 1.2 Community Infrastructure

Summary

This report seeks Council's approval to enter into a new licence agreement with the Trustee for the HFRC Trust (trading as HFRC) for its partial use of the Collier Pavilion located at 191 Thelma Street, Como, for a five year initial period plus a five year renewal option.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Councillor Stephen Russell
Seconded: Councillor Glenn Cridland

That the Property Committee:

1. Notes an independent market rental valuation has been undertaken of the premises by a licenced valuer/property consultant who has determined the fair market rental amount to be \$14,000 ex GST per annum.
2. Recommends to Council that it:
 - a. Approves a licence agreement between the City of South Perth and the Trustee for the HFRC Trust for its partial use of the Collier Pavilion located at 191 Thelma Street, Como, subject to the following main terms and conditions:
 - i. Use of the Collier Pavilion social room/hall, office, first aid room, kitchen, kiosk, toilets and showers;
 - ii. Permitted use on Monday to Friday 7.00am – 5.00pm and Saturdays 8.00am – 1.00pm;
 - iii. Facilitation of community-based recreation, health and wellbeing programs;
 - iv. A five year initial period, plus a five year renewal option;

- v. A 50% discounted annual licence fee of \$7,000 per annum (plus GST) in recognition of the anticipated community service/benefits that will be derived through HFRC's proposed health and wellbeing programs, with the licence fee to be reviewed each year and adjusted using the Consumer Price Index (CPI);
 - vi. Payment of outgoings, utilities and building maintenance costs; and
 - vii. Ministerial consent being provided.
- b. Authorises the Mayor and Chief Executive Officer to sign and affix the Common Seal to the licence documentation between the City of South Perth and the Trustee for the HFRC Trust for its partial use of the Collier Pavilion located at 191 Thelma Street, Como.

CARRIED (9/0)

For: Councillors André Brender-A-Brandis, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Jennifer Nevard, Stephen Russell; and External Members Lewis Brock and Nigel McCombe.

Against: Nil.

Background

Collier Pavilion is situated on Collier Reserve (Reserve 26820) and is located at 191 Thelma Street in Como (i.e. Lot 502 on Deposited Plan 416118). Collier Reserve is Crown land vested to the City under a Management Order and is zoned for recreational purposes under the Metropolitan Region Scheme. The Department of Planning, Lands and Heritage has recently approved an amendment to the Management Order to provide the City with the power to lease (sub-lease or licence) the land for recreational purposes for any term not exceeding 21 years subject to Ministerial consent.

Collier Pavilion is comprised of two separate change-rooms, showers and toilets on the right-hand side for 'home team' use and 'visitor team' use; a small social room/hall, first aid room, toilets and showers in the middle section; and a kiosk/kitchen on the left-hand side. The proposed licence area has an approximate area of 150m² and excludes the change-rooms, showers and toilets on the right-hand side. The floor plan for the Pavilion is shown in **Figure 1** below.

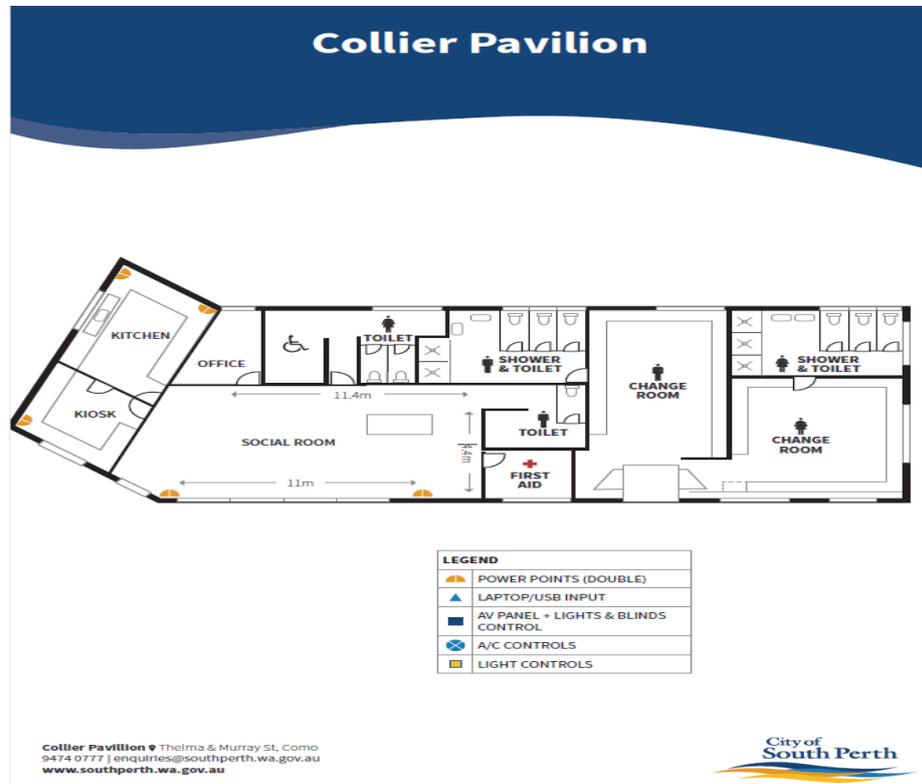


Figure 1: Collier Pavilion Floor Plan (2021)

Collier Pavilion is currently used on an infrequent basis by sporting clubs and Wesley College, and the usage is mainly confined to the changerooms area only.

The zoning of the Reserve can allow licensing of the land and/or pavilion to sporting and recreation clubs, community groups (or commercial/private businesses if its purpose is ancillary to the designated vesting).

In July 2021, the City undertook an Expression of Interest (EOI) process to assess community need/market demand for regular use of the Collier Pavilion, whereby, respondents were asked to submit EOIs outlining proposals for partial use of the building (i.e. social room/hall, office, first aid room, kitchen, kiosk, toilets and showers).

The City subsequently received one conforming EOI submission from an organisation called HFRC (formerly the Hollywood Functional Rehabilitation Clinic)

HFRC is a private business established over 20 years ago that operates within the allied health sector. HFRC provides a diverse range of health and wellbeing programs and services for the community, including: rehabilitation, exercise physiology, physiotherapy, metabolic health and weight loss programs, heart health programs, diabetes management programs and remedial massage.

In particular, HFRC is looking to utilise the Pavilion to facilitate low-cost, community-based recreation, health and wellbeing programs, designed specifically for people with chronic health conditions and seniors, including:

- Strength for Life (formally Living Longer Living Stronger): a strength training and exercise program designed specifically for adults over the age of 50.
- Cardiac Rehabilitation - a supervised exercise program for people who have experienced a cardiac event, live with a known cardiac condition, have diabetes, or have one or more 'cardiac risk factors', including obesity, hypertension, high cholesterol or a history of smoking. The program will involve a combination of aerobic and resistance training.
- Exercise for Management of Osteoarthritis – a targeted exercise program for people experiencing hip and knee osteoarthritis.
- Cancer Recovery Program - a tailored program for people diagnosed with cancer. This exercise program will be supervised by an Accredited Exercise Physiologist and will include strength training for the upper and lower body, balance and core training as well as aerobic exercise to improve cardiovascular fitness and maintain a healthy body composition.

Whilst HFRC is a private business, the programs to be offered at Collier Pavilion are planned to be low-cost, community-based programs specifically designed for people with chronic health conditions and seniors. An immediate cohort of up to 30 local residents previously participating in health and wellbeing programs at Curtin University have expressed their desire to continue their exercise programs at another location. The programs will be expanded and offered to all seniors or people with chronic health conditions in the City of South Perth. The Exercise Physiologist who will be running the Collier Pavilion programs has established relationships with a number of GPs in the area who are expected to continue to refer program participants.

Comment

HFRC has been assessed by the City as being a suitable occupier of the Collier Pavilion.

The proposed terms for the new licence agreement have been negotiated based on the following considerations that HFRC:

- The proposed use of the Pavilion by HFRC is compatible with the Management Order for the land to be used for recreational and ancillary purposes;
- Has a long history of providing community-based health and wellbeing programs and is willing and able to continue this role; and
- Is an established business so will have the capacity to meet its ongoing financial responsibilities for using the Pavilion, namely: licence fee, staffing, utilities, building maintenance, repairs, rubbish collection service, cleaning, insurance etc.

The licence will also include a 'redevelopment clause' in case the land is required for another purpose in the future.

The site plan for the proposed licence of the Collier Pavilion is highlighted in **Figure 1** below.



Figure 1: Aerial photograph of the subject site (2021)

The proposed tenant has agreed to undertake a number of building improvements inside the Pavilion to improve their service to the community, including: air-conditioning, new floor coverings and equipment/furnishings. The cost of these building improvements is estimated at \$10,000. Any fixtures installed will also benefit other users who hire the facility outside HFRC's proposed licence period; and the fixtures will remain inside the Pavilion after HFRC vacates the property.

Consultation

The City has been in consultation with HFRC regarding a proposed licence agreement and they have agreed to the majority of the proposed terms and conditions, except paying an annual licence fee of \$14,000. The feedback provided by HFRC is summarised below:

“Whilst HFRC is a private company, it will be conducting low-cost, community-based exercise programs at Collier Pavilion, designed to educate and support individuals to establish regular exercise as part of their life in order to improve their quality of life; maintain independence; and prevent or manage chronic disease; thereby decreasing the need for community and/or aged care services. Some of these programs have a capped price structure to allow affordable access to those in the community who most need the service. For example, the Council on the Ageing’s Strength for Life program is capped at \$10 per participant. The Cancer Council’s Life Now program also has agreed capped fees.

Our programs and services contribute to the City of South Perth Strategic Community Plan.

Collier Pavilion has had minimal upkeep or improvements for many years.

HFRC has committed to make significant improvements to the building to make it fit-for-purpose. This will represent a significant investment by HFRC to improve the building. Proposed capital improvements include air conditioning and appropriate floor covering, plus smaller general maintenance items as required. HFRC has also committed to maintaining the building during the term of the licence agreement.

Given these benefits to the residents of the City of South Perth and investment into the building and surrounding site, HFRC believes a fair and reasonable licence fee would be \$4,500 - \$5,000 per annum plus outgoings”.

The City has conducted subsequent consultation with HFRC regarding the licence fee and they have confirmed their willingness to pay an annual licence fee of up to \$7,000 plus GST. If the licence fee was set higher than this amount, it is unlikely that HFRC would proceed with facilitating their proposed community-based recreation, health and wellbeing programs at Collier Pavilion.

Policy and Legislative Implications

Under Section 3.58 of the *Local Government Act 1995* (the Act), a disposition of land includes leasing of local government property. If a local government does not dispose of property via a public auction or the public tender method, the proposal must be advertised for public comment – unless the proposal is an ‘exempt’ disposition.

A disposition of property is exempt from Section 3.58 under Regulation 30, Part 6 Miscellaneous Provisions of the Local Government (Functions and General) Regulations 1996 if the land is to be used for charitable, benevolent, religious, cultural, educational, recreational, sporting or other like purposes.

As HFRC is seeking use of local government property for recreation purposes, the intended use of the land is exempt from section 3.58 of the Act.

Under Policy P609 Management of City Property, leases or licences with commercial organisations are to be negotiated consistently with the following principles:

- A maximum period of 21 years; and
- Rental amount reflective of an independent market valuation of the premises, taking into account the nature of the business enterprise; and
- All organisations will be required to adhere to the Property Maintenance Schedule.

Financial Implications

HFRC is financially viable/sustainable, which is evidenced by its current financial position. HFRC’s profit and loss statement and balance sheet is attached in **Confidential Attachment (a)**.

The proposed licence agreement will attract licence fee income for the City of \$7,000 per annum plus GST that is reviewed each year; and recovery of costs from HFRC through its payment of outgoings, utilities and building maintenance costs. The City will be responsible for the cost of preparation and lodgement of the licence agreement document.

The majority of the operating costs associated with the Collier Pavilion will be the responsibility of the tenant.

Alternatively, if Council preferred to licence the premises for commercial use, the property could generate rent of approximately \$14,000 per annum according to a recent independent market valuation of the premises. See a summary below of the property valuation assessment that was undertaken by a licenced valuer/property consultant:

“The property comprises a relatively basic pavilion facility. The kiosk facility does allow a small retail type use, but the buildings would need substantial modifications for any other type of use than what it is currently used for. The location is suburban and not on a high traffic flow road, but a short distance from Curtin University and Penrhos College. The best use for the building is as a community pavilion. We have assessed the rental to be between \$90 and \$100 per square metre. As the facility is approximately 150m² in size, it would show a rental value range of \$13,500 to \$15,000. We have adopted the midpoint of this range and rounded to \$14,000 per annum excluding GST and outgoings”.

In summary, the justification for the proposed licence fee amount is:

- it is consistent with the fee calculation method prescribed in Council Policy P609;
- it reflects the current market rate for a premise of this size and standard as per the independent, professional advice provided; and
- it has been ‘reasonably’ discounted to take into account the nature of the business enterprise; in particular, it recognises that HFRC’s proposed health and wellbeing programs will derive community benefits.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council’s [Strategic Community Plan 2020-2030](#):

Strategic Direction:	Community
Aspiration:	A diverse, connected, safe and engaged community
Outcome:	1.2 Community infrastructure
Strategy:	1.2.2 Manage the provision, use and development of the City’s properties, assets and facilities

Attachments

7.2 (a): HFRC - Profit and Loss Statement and Balance Sheet
(Confidential)

Councillor Glenn Cridland disclosed an Impartiality Interest in Item 7.3.

7.3 PROPOSED LEASE AGREEMENT FOR THE SOUTH PERTH BRIDGE CLUB INC. LOCATED AT LOT 100, 2 BRITTAIN STREET, COMO

Location: Cnr Brittain Street & Barker Ave, Como
Ward: Como Ward
Applicant: South Perth Bridge Club Inc.
File Ref: D-21-50059
Meeting Date: 09 November 2021
Author(s): Patrick Quigley, Manager Community, Culture and Recreation
Reporting Officer(s): Vicki Lummer, Director Development and Community Services
Strategic Direction: Community: A diverse, connected, safe and engaged community
Council Strategy: 1.2 Community Infrastructure

Summary

This report seeks Council's approval to enter into a new lease agreement with the South Perth Bridge Club Inc. for its continued use of Lot 100, 2 Brittain Street, Como, for an initial five year term plus a five year renewal option.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Councillor Stephen Russell
Seconded: Councillor Glenn Cridland

That the Property Committee recommends to Council that it:

1. Approves a lease agreement between the City of South Perth and South Perth Bridge Club for its continued use of the Bridge Club located at Lot 100, 2 Brittain Street, Como, subject to the following main terms and conditions:
 - a. An initial term of five years, plus a five year renewal option;
 - b. An annual rental of \$1,699 per annum (plus GST), which is reviewed each year and adjusted using the Consumer Price Index (CPI); and
 - c. Payment of outgoings, utilities and building maintenance costs.
2. Authorises the Mayor and Chief Executive Officer to sign and affix the Common Seal to the lease documentation between the City of South Perth and South Perth Bridge Club for its continued use of Lot 100, 2 Brittain Street, Como.

CARRIED (9/0)

For: Councillors André Brender-A-Brandis, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Jennifer Nevard, Stephen Russell; and External Members Lewis Brock and Nigel McCombe.

Against: Nil.

Background

The South Perth Bridge Club was founded in 1981 and is the second largest bridge club in Western Australia. The land is owned freehold by the City and is zoned 'highway commercial (regional road)' because of its proximity to Canning Highway.

A former lease agreement with a peppercorn rent arrangement was in place with the Bridge Club that comprised a five year initial term and a five year renewal period. The initial term expired recently (30 June 2021) and the Bridge Club did not invoke the renewal option as required under the agreement.

The Club has expressed its desire to continue occupation of the premises, so the City has undertaken recent consultation with the Club regarding a new lease agreement. Until a new lease agreement can be developed, the tenant continues to provide bridge activities at the site under a 'holding over' arrangement with the City.

Comment

The South Perth Bridge Club is an acceptable tenant as it caters for the bridge playing requirements of men, women and children in the local area.

The proposed terms for the new lease agreement have been negotiated based on the following considerations that South Perth Bridge Club:

- Has a long history of facilitating bridge activities within the local community, and is willing and able to continue this role;
- Operates on a reasonable annual operating budget and has agreed to be responsible for paying an annual rental fee, outgoings, utilities and building maintenance costs; and
- Has good income generation ability that is mainly achieved through membership subscriptions, player fees (table monies) and bar sales.

The site plan for the proposed lease of the Bridge Club is highlighted in **Figure 1** below.



Figure 1: Aerial photograph of the subject site (2021).

The Bridge Club has 500 members. The Bridge Club has been involved in recent discussions with the City about relocating elsewhere in the future (possibly alongside the Manning Bowling Club, which will be determined as part of the Challenger Reserve Masterplan project). For this reason, the parties have reached 'in principle' agreement that a maximum term of up to 10 years is appropriate for the new lease agreement. It will also include a redevelopment clause in case the land is required for other purposes into the future.

Consultation

The City has been in consultation with the Bridge Club over a new lease agreement and they have agreed to the majority of the proposed terms and conditions, except paying a commercial rent.

The feedback provided by the Bridge Club is summarised below:

"The Club has been very fortunate with the peppercorn rent situation and this has allowed us to accumulate a significant building fund to contribute to the eventual relocation. The Club can reasonably accept there will be an increase in rent, but whatever the impost is it will inevitably impact the amount the Club can contribute to its relocation".

"The Club has embarked on some much-needed refurbishment of its facilities. This past financial year the Club completely refurbished the kitchen at a cost of \$30,000".

The Club defines the community benefits of bridge as follows:

- *"It is mentally challenging and stimulating.*
- *It provides an opportunity for ongoing learning.*
- *It is good for mental health, and for those that are older, it has been proven to assist in warding off dementia.*
- *It can be played by people who are physically incapacitated e.g. wheelchairs.*
- *It is inexpensive.*
- *It is an excellent travel hobby.*
- *It is a game that can be played by anyone and taken up at any age.*
- *It provides extensive opportunities to play competitively.*
- *It offers lots of social interaction with people of all ages and from all walks of life".*

"The Club recognises that continuing with a peppercorn lease rate is untenable for City of South Perth. It is hoped that the Council will recognise the positive contribution that South Perth Bridge Club provides to the community, particularly considering the majority of its members and visiting bridge players are seniors, pensioners and retirees. Well over 2,400 hours are enjoyed by the community at the Club every week of the year".

Policy and Legislative Implications

Under Section 3.58 of the *Local Government Act 1995* (the Act), a disposition of land includes leasing of local government property. If a local government does not dispose of property via a public auction or the public tender method, the proposal must be advertised for public comment – unless the proposal is an ‘exempt’ disposition.

A disposition of property is exempt from Section 3.58 under Regulation 30, Part 6 Miscellaneous Provisions of the Local Government (Functions and General) Regulations 1996 if the land is to be used for charitable, benevolent, religious, cultural, educational, recreational, sporting or other like purposes.

As the South Perth Bridge Club is an incorporated association/community group and is seeking use of local government property for recreation purposes, the intended use of the land is exempt from section 3.58 of the Act.

Under Policy P609 Management of City Property, leases with community groups are to be negotiated consistently with the following principles:

- Leases will be granted for a period of five years with a five year option;
- Leases to be for an annual rental amount which is calculated using the following formula: 0.1% of the insured value of the facility or a minimum of \$1,000 per annum; and
- All groups will be required to adhere to the ‘Property Maintenance Schedule’ for the respective facility; a document which sets out the responsibilities of both parties.

Financial Implications

The South Perth Bridge Club is financially viable/sustainable, which is evidenced by its current financial position. The South Perth Bridge Club’s profit and loss statement and balance sheet is attached in **Confidential Attachment (a)** and **Confidential Attachment (b)**.

The current insurance value of the facility is \$1.699 million, so in applying the City’s rental calculation method for community groups the new lease agreement will generate rental fee income from the Bridge Club of \$1,699 per annum (plus GST), which will be reviewed each year and adjusted using the Consumer Price Index (CPI). The Bridge Club will also be responsible for payment of outgoings, utilities and building maintenance costs. The City will be responsible for the cost of preparation and lodgement of the lease document.

Alternatively, if Council preferred to lease the premises for commercial use, the property could generate rent of approximately \$55,000 per annum according to a recent independent market valuation of the premises. See a summary below of the property valuation assessment that was undertaken by a licenced valuer/property consultant:

“The property is a purpose-built community facility located close to the Barker Avenue and Canning Highway intersection in Como. The building is of a good standard, highly suitable for the current use and the building could be adaptable for other community, church/religious related or educational uses. Other commercial uses may be suitable, such as a call centre or be modified onto consulting rooms. The property has good parking with 62 bays and 4 disabled bays and access from 2 street frontages.”

7.3 Proposed Lease Agreement for the South Perth Bridge Club Inc. located at Lot 100, 2 Brittain Street, Como

Based on the current good condition of the property, the location being within Como and close to Canning Highway, the large amount of parking on site, we consider that a fair market rental is in the range of \$100 to \$150 per square metre of building area. This shows a range between \$45,000 and \$67,500, where we have adopted the midpoint of \$55,000 per annum, excluding variable outgoings and GST”.

In summary, the justification for the proposed rent amount is:

- it is consistent with the fee calculation method prescribed in Council Policy P609; and
- it recognises that the Bridge Club’s activities will continue to derive community benefits.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council’s [Strategic Community Plan 2020-2030](#):

Strategic Direction: Community
Aspiration: A diverse, connected, safe and engaged community.
Outcome: 1.2 Community infrastructure
Strategy: 1.2.2 Manage the use and development of the City’s properties, assets and facilities

Attachments

- 7.3 (a): South Perth Bridge Club - Profit and Loss Statement
(Confidential)
- 7.3 (b): South Perth Bridge Club - Balance Sheet *(Confidential)*

7.4 PROPOSED LEASE AGREEMENT FOR HENSMAN STREET PRE-SCHOOL GROUP INC (TRADING AS HENSMAN STREET ELEMENTARY) LOCATED AT 46 HENSMAN STREET, SOUTH PERTH

Location:	46 Hensman Street, South Perth
Ward:	Mill Point Ward
Applicant:	Hensman Street Elementary
File Ref:	D-21-50392
Meeting Date:	09 November 2021
Author(s):	Patrick Quigley, Manager Community, Culture and Recreation
Reporting Officer(s):	Vicki Lummer, Director Development and Community Services
Strategic Direction:	Community: A diverse, connected, safe and engaged community
Council Strategy:	1.2 Community Infrastructure

Summary

This report seeks Council's approval to enter into a lease agreement with Hensman Street Pre-School Group Inc. (trading as Hensman Street Elementary) for use of part of Crown Reserve 22099 for early years learning and Western Australian education curriculum purposes for an initial term of 5 years plus a 5 year renewal option.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mr Nigel McCombe

Seconded: Mr Lewis Brock

That the Property Committee recommends to Council that it:

1. Approves a lease agreement between the City of South Perth and Hensman Street Pre-School Group Inc. (trading as Hensman Street Elementary) for use of part of Crown Reserve 22099 located at 46 Hensman Street, South Perth, subject to the following main terms and conditions:
 - a. Early years learning and Western Australian education curriculum purposes;
 - b. An initial term of 5 years plus a 5 year renewal option;
 - c. An annual rental of \$1,000 per annum (plus GST) which is reviewed each year that is calculated using the following formula: 0.1% of the insured value of the facility;
 - d. Payment of all rates, taxes, outgoings, utilities and building maintenance costs; and
 - e. Ministerial consent being provided.

2. Authorises the Mayor and Chief Executive Officer to sign and affix the Common Seal to the lease documentation between the City of South Perth and Hensman Street Pre-School Group Inc. (trading as Hensman Street Elementary) for its use of part of Crown Reserve 22099 for early years learning and Western Australian education curriculum purposes, located at 46 Hensman Street South Perth.

CARRIED (9/0)

For: Councillors André Brender-A-Brandis, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Jennifer Nevard, Stephen Russell; and External Members Lewis Brock and Nigel McCombe.

Against: Nil.

Background

Hensman Street Elementary has been operating since 1977 and is an independent, community school catering for early years education for children from pre-kindergarten up to year three.

Hensman Street Elementary is located at 46 Hensman Street, South Perth, which is a portion of Crown Reserve 22099 under a Management Order to the City. The land is vested for infant health clinic purposes and it was previously used for this purpose before the South Perth Child Health Clinic relocated to the ground floor of the South Perth Community Centre. In 2011 the Minister for Lands granted consent for the City to enter into a lease with Hensman Street Elementary to use the land for a kindergarten/educational purposes. The former lease agreement comprised a five year initial term and a five year renewal period, which expired recently (30 June 2021).

In the interim until a new lease agreement can be developed, the tenant continues to provide early years education for children from pre-kindergarten up to year three at the site under a 'holding over' arrangement with the City.

The City has the power to lease the land for any term not exceeding 21 years subject to the approval of the Minister for Lands. The City has undertaken recent consultation with Hensman Street Elementary regarding a new lease agreement, with the association expressing its desire to continue occupation of the premises under a new lease arrangement albeit with an extended tenure of 21 years. It is recommended that the new lease agreement be set at a maximum term of 10 years (i.e. an initial term of 5 years plus a 5 year renewal option) to be consistent with the lease agreement tenure approved recently for a similar local organisation (Conon Road Kindergarten). As a safeguard, the new lease agreement will include a redevelopment clause in case the land is required for other purposes into the future.

Comment

The site plan for the proposed lease of Hensman Street Elementary is highlighted in **Figure 1** below.



Figure 1: Aerial photograph of the subject site (2021).

Hensman Street Elementary currently has approval from the Education Department to provide early years learning and education curriculum from pre-kindergarten (childcare) up to year three. The school can accommodate a maximum of 30 children at any one time.

Hensman Street Elementary has been a long-standing part of the local community having operated in the area for the last 44 years. Hensman Street Elementary is committed to remain at the site into the future and is keen to pursue potential expansion options.

Consultation

The City has been in consultation with Hensman Street Elementary over a new lease agreement and they have agreed to the proposed terms and conditions, albeit would prefer a 21 year tenure. The feedback provided by Hensman Street Elementary is summarised below:

"We are asking that the school continues to be recognised as a community asset, and are seeking consideration from the City of South Perth to agree to a notional rental amount that factors in the significant and ongoing investment made by the school in the area. In turn we will continue to maintain the property as we have done to ensure that it meets with current pedagogical trends keeping us as a school positioned in the current evolving practises for education.

In consideration of this contribution and of our financial capacity, along with comparable leases agreed in the last two years in the City of South Perth with other like-minded not-for-profit community organisations, we are of the opinion that a notional rental amount of \$1,000 per annum is a fair and reasonable commitment the school is willing and able to meet.

In support of this position, we have taken the time to provide some further detail on our school, our current financial position, and a view of the key investments we have made over the last 10 years as tenant of the City.

Community Engagement

We have been heavily involved in the local community over the past few years including: assisting the City with the rehabilitation of Lake Douglas and McDougall Park; partnering with the Senior Citizen's Centre, local nursing homes, Hensman Park Tennis Club, Como Bowling Club and the City of South Perth Library to name a few; creating a community drop off point for their hard to recycle items in our sustainability hub (i.e. many of the residents within the City drop their hard to recycle items to us, where the children sort and recycle them as part of their education); and cleaning up South Perth every time we leave the grounds as part of our 'off site' school program by collecting and recycling rubbish were ever we go.

Financial Position

We are currently the only non-denominational, non-government early years school offering a child led curriculum within the City and surrounding shires and our small school size is highly sought after in the area. As a small not-for-profit school with charity status we rely on parent fees, small grants and fundraising by the parent body to ensure our survival. The school and grounds don't provide us the opportunity to raise funds from hiring out space as there is no large hall or bar area etc, and we are limited by the number of people able to be on site by the physical premises and limited facilities on the grounds with only one adult toilet facility on site.

Since 2015 we have worked closely with the Department of Education and the City of South Perth to expand our offering on site, and as of 2021 we now offer pre-kindy (3yo) through to year 3 compulsory schooling, with a view to further this offering up to year 6 in the coming years. This change has meant that we are now eligible for per capita funding from the Department of Education based on the number of students enrolled and the socio-economic environment in which we are located. Our fees are competitive within the catchment ensuring we have solid demand for our school, however, COVID shutdowns in 2020 again almost forced us to close due to our non-compulsory students withdrawing across the board and removing our primary income base, and only job-keeper payments helping keep us financial last year.

Investment in Building and Grounds

Despite our not-for-profit status and small size, we have continued to find ways to fund improvements to the premises at Hensman Street, along with leveraging parent and community volunteering to keep enhancing the premises.

The key improvements total over \$130,000 in capital investment, with the majority of this investment coming in the last three to five years, including: new kitchen, new nature play, building re-wiring, air-conditioning, new shed and fit-out, new playground, building painting, enclosure of rear patio into classroom space, new cubby house, flagpoles, smart board, electronic gate, fencing, storage and community sustainability recycling hub.

Summary

The board and our staff are highly invested in maintaining and growing our school offering at the current site, and we believe we have demonstrated our commitment over the last decade in particular bringing value to the City and its assets.

Our board is completely voluntary and made up of parents and local community members, and we are committed to a long-term offering within the local community that we feel sits well within the strategic plan and also the surrounding facilities. Our long-term sustainability however will be immediately jeopardised if the 'market rent' position as tabled by the valuer is adopted in the upcoming lease renewal and would almost certainly make our financial position unviable in the short term. We kindly request the City adopt a notional rental position as proposed and in line with recent similar agreements (including the neighbouring tennis club)".

Hensman Street Elementary has been a good tenant and the agreed terms represent an appropriate outcome for both parties. The Agreement will require consent from the Minister for Lands.

Policy and Legislative Implications

Under Section 3.58 of the *Local Government Act 1995* (the Act), a disposition of land includes leasing of local government property. If a local government does not dispose of property via a public auction or the public tender method, the proposal must be advertised for public comment – unless the proposal is an 'exempt' disposition.

A disposition of property is exempt from Section 3.58 under Regulation 30, Part 6 Miscellaneous Provisions of the Local Government (Functions and General) Regulations 1996 if the land is to be used for charitable, benevolent, religious, cultural, educational, recreational, sporting or other like purposes. As Hensman Street Elementary is seeking use of local government property for educational purposes, the intended use of the land is exempt from section 3.58 of the Act.

Hensman Street Elementary is an incorporated association that is also registered with the Australian Charities and Not-for-profits Commission.

Under Policy P609 Management of City Property, leases with not-for-profit community groups/associations are to be negotiated consistently with the following principles:

- Leases will be for a period of five years with a five-year option;
- Leases may be negotiated on a case-by-case basis for a rental amount which is calculated using the following formula: 0.1% of the insured value of the facility or a minimum of \$1,000 per annum.
- All groups will be required to adhere to the 'Property Maintenance Schedule' for the respective facility; a document which sets out the responsibilities of both parties.

Financial Implications

Hensman Street Elementary is financially viable/sustainable, which is evidenced by its current financial position. Hensman Street Elementary's profit and loss statement and balance sheet is attached in **Confidential Attachment (a)**.

Under the previous lease, a peppercorn (\$1) rental agreement was in place.

The proposed licence agreement will attract licence fee income for the City of \$1,000 per annum plus GST that is reviewed each year; and recovery of costs from Hensman Street Elementary through its payment of outgoings, utilities and building maintenance costs. The City will be responsible for the cost of preparation and lodgement of the licence agreement document.

Alternatively, if Council preferred to licence the premises for commercial use, the property could generate rent of approximately \$30,000 per annum according to a recent independent market valuation of the premises. See a summary below of the property valuation assessment that was undertaken by a licenced valuer/property consultant:

“In arriving at the current market rent of the property, we are of the opinion that the most appropriate is by direct comparison of educational/childcare type rentals and in direct comparison rate per square metre of building area. We have analysed the available rental evidence across the Perth metropolitan area for various educational/childcare premises and similar type commercial/retail property. Childcare rents have generally increased over the last five years due to strong demand and continued growth, albeit appear to be plateauing now. As a broad parameter, the rent for small basic converted older style childcare centres range between \$1,000 and \$1,850 per licenced child. The property is not a childcare centre but an independent school, and it has a permit for a maximum of 30 students. Taking into account the above and the current market conditions, as well as the age of the building and that the usage is not childcare but as a school, we are of the opinion that the property’s market rent would range between \$750 to \$1,250 per child, based on the number of children, this reflects a rental range between \$22,500 and \$37,500 per annum. We have adopted a rounded mid-range market value of \$30,000 per annum plus GST, which reflects a rate of \$1,000 per child on this basis”.

In summary, the justification for the proposed lease fees is:

- it is consistent with the fee calculation method prescribed in Council Policy P609;
- it reflects the not-for-profit, charitable status of the proposed tenant; and
- it is consistent with the lease fees levied on other similar local incorporated community associations, namely South Perth Learning Centre Inc. and South Perth Society of Art and Craft Inc.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council’s [Strategic Community Plan 2020-2030](#):

Strategic Direction: Community
 Aspiration: A diverse, connected, safe and engaged community.
 Outcome: 1.2 Community infrastructure
 Strategy: 1.2.2 Manage the provision, use and development of the City’s properties, assets and facilities

Attachments

7.4 (a): Hensman Street Elementary - Profit and Loss Statement and Balance Sheet (*Confidential*)

7.5 PROPOSED LEASE AGREEMENT FOR SOUTH PERTH TOY LIBRARY INC. LOCATED AT COMER RESERVE, COMER STREET, COMO

Location:	Comer Street, Como
Ward:	Como Ward
Applicant:	South Perth Toy Library Inc.
File Ref:	D-21-67997
Meeting Date:	09 November 2021
Author(s):	Patrick Quigley, Manager Community, Culture and Recreation
Reporting Officer(s):	Vicki Lummer, Director Development and Community Services
Strategic Direction:	Community: A diverse, connected, safe and engaged community
Council Strategy:	1.2 Community Infrastructure

Summary

This report seeks approval for the City to enter into a new lease agreement with South Perth Toy Library Inc. for its continued use of part of Comer Reserve Pavilion located at Lot 50, 19 Comer Street, Como, for a five year term with an option of renewal for a further five year term.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mr Lewis Brock
Seconded: Councillor André Brender-A-Brandis

That the Property Committee recommends to Council that it:

- Approves a lease agreement between the City of South Perth and South Perth Toy Library Inc. for its continued use of part of Comer Reserve Pavilion located at Lot 50, 19 Comer Street, Como, subject to the following main terms and conditions:
 - A term of five years;
 - A further term of five years (renewal option);
 - A peppercorn/\$1 annual rental (if demanded) to reflect the Toy Library's small-scale operation; and in recognition of the community benefits provided by the Toy Library to local families; and
 - Payment of outgoings, utilities and building maintenance costs.
- Authorises the Mayor and Chief Executive Officer to sign and affix the Common Seal to the lease documentation between the City of South Perth and South Perth Toy Library Inc. for its continued use of part of Comer Reserve Pavilion located at Lot 50, 19 Comer Street, Como.

CARRIED (9/0)

For: Councillors André Brender-A-Brandis, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Jennifer Nevard, Stephen Russell; and External Members Lewis Brock and Nigel McCombe.

Against: Nil.

Background

The South Perth Toy Library was established in 1987 and is one of the longest operating toy libraries in Western Australia, with more than 800 toys available in its collection to be loaned to local families.

The South Perth Toy Library Inc. is a small community group that only has capacity to operate one day per week (Saturday mornings from 8.30am to 10.30am).

The Toy Library occupies part of the Comer Reserve Pavilion, which is situated on land owned freehold by the City and set aside for 'parks and recreational' purposes.

The City has the power to use the land as required, which may include leasing it to a third party. A former lease agreement with a peppercorn annual rent arrangement was in place with the Toy Library that comprised a five-year initial term and a five-year renewal period. The initial term expired on 30 June 2017; however, the Toy Library did not invoke the renewal option as required under the agreement.

The Toy Library has recently expressed its desire to continue occupation of the premises, so the City has undertaken preliminary consultation with the Toy Library regarding a new lease agreement. Until a new lease agreement can be developed, the tenant continues to provide a toy sharing/loan service at the site under a 'holding over' arrangement with the City.

Comment

The Toy Library is an acceptable tenant as it meets an ongoing community need, especially assisting low-income families to share/loan toys for their children who may otherwise not be able to have access to toys.

The proposed terms for the new lease agreement have been negotiated based on the following considerations that the Toy Library:

- Has a long history of facilitating a toy sharing/loan service within the local community, and is willing and able to continue this role;
- Operates on a low annual operating budget and has agreed to be responsible for paying outgoings, utilities and building maintenance costs; and
- Has low income generation ability that is mainly achieved through membership fees and donations.

The site plan for the proposed lease of the Toy Library is highlighted in **Figure 1** below.



Figure 1: Aerial photograph of the subject site (2021).

Consultation

The City has undertaken recent consultation with the Toy Library Inc. regarding a new lease agreement, with a summary of its feedback shown below:

“We are extremely grateful for the Council's ongoing support for our local toy library, particularly during this last year, and we look forward to continuing our strong relationship for many years to come.

As you may know, South Perth Toy Library is a small volunteer run organisation. We have low cash and assets, and our only regular income comes from local families (resident within the City of South Perth) in the form of membership costs. Our priority is to put that income back into the library's resources for families to benefit from and enjoy. We are very conscious of keeping membership costs low to ensure that our library remains as inclusive and accessible as possible. If we were to have a significant rental obligation to meet each year we would have no choice but to pass that cost onto members. This would be likely to adversely affect the demographic makeup of our membership, as well as jeopardising our long-term financial viability.

We are very proud of the way our toy library operates at present, and we believe that it offers significant benefits to the local community. We currently have 56 local families who are members of the library and the benefits they enjoy include:

- *Community Connection - being part of an inclusive community and having the opportunity to interact with other local families through weekly openings, community open days and play sessions, building connections that carry across into school and other environments;*
- *Accessibility - having access to a large range of quality toys, including educational and sensory items, that members may not have the resources to purchase and/or the space to store themselves;*
- *Community Health & Wellbeing - promoting physical fitness through a focus on outdoor and active play;*

- *Sustainability - contributing to sustainability by reducing toy waste to landfill;*
- *Community Engagement - contributing to a sense of community engagement and cooperation, on the part of children as well as adults, through the experience of sharing toys and looking after those toys responsibly; and*
- *Knowledge Sharing - accessing advice from fellow parents and the broader Toy Libraries Australia community about ideas for safe, fun and educational play.*

We are also actively working on building our membership base, with a particular focus on equality of opportunity. For example, we have been in discussion with City of South Perth staff about applying for a community grant during the next year to focus on restocking our library with the kind of 'big ticket items' that are out of reach for many families - for example, large soft play equipment and updated 'party kits'. We cannot realistically support this level of expenditure through levies from our existing members, but our committee members have been willing to put in many unpaid hours over the years to secure project grants to support it, because we are conscious of our responsibility to keep enhancing the community benefits that our organisation can provide.

Whilst we very much appreciate the opportunity to be able to continue using the property that we are in, we do feel that that the proposed rent (\$1,000) is unachievable for us, both at the moment and into the future. While we manage our funds carefully and have been able to build up a small surplus in recent years, we have a responsibility to maintain this as a buffer in case of unexpected expenses or reduced income (COVID, for example, had a significant impact on membership numbers last year). Accordingly, we would like to request a continuation of the arrangement that we have, where the use of the property is provided at 'peppercorn rental' in recognition of the community benefits that we provide to local families”.

In summary, the Toy Library has expressed its desire to remain using the premises under a new lease arrangement, subject to continuation of the peppercorn rent arrangement. The Toy Library has been operating for 34 years and is keen to remain at its current site into the future. Granting a new lease of the premises will ensure continued provision of a toy sharing/loaning service at this location. As a safeguard, the new lease agreement will include a redevelopment clause in case the land is required for other purposes into the future.

Policy and Legislative Implications

Under Section 3.58 of the *Local Government Act 1995* (the Act), a disposition of land includes leasing of local government property. If a local government does not dispose of property via a public auction or the public tender method, the proposal must be advertised for public comment – unless the proposal is an ‘exempt’ disposition.

A disposition of property is exempt from Section 3.58 under Regulation 30, Part 6 Miscellaneous Provisions of the Local Government (Functions and General) Regulations 1996 if the land is to be used for charitable, benevolent, religious, cultural, educational, recreational, sporting or other like purposes.

As the Toy Library is an incorporated association/community group and is seeking use of local government property for recreation purposes, the intended use of the land is exempt from section 3.58 of the Act.

Under Policy P609 Management of City Property, leases with community groups are to be negotiated consistently with the following principles:

- Leases will be granted for a period of five years with a five-year option;
- Leases to be for an annual rental amount which is calculated using the following formula: 0.1% of the insured value of the facility or a minimum of \$1,000 per annum; and
- All groups will be required to adhere to the 'Property Maintenance Schedule' for the respective facility; a document which sets out the responsibilities of both parties.

Policy P609 also makes provision for Council to grant a donation in subsidy of the rental amount where the proposed tenancy would provide a demonstrable benefit to the local community.

Financial Implications

The Toy Library is a small-scale operation, which is evidenced by its current financial position. The Toy Library's profit and loss statement and balance sheet is attached in **Confidential Attachment (a)**.

The current insurance value of the leased facility is \$632,356, so in applying the City's rental calculation method for the Toy Library, the new lease agreement would usually be set at a minimum of \$1,000 per annum (plus GST).

The City supports continuation of a peppercorn/\$1 annual rental (if demanded), in recognition of the Toy Library's small-scale operation with low cash/assets; limited income generation ability; and in recognition of the ongoing community benefits provided by the Toy Library to local families.

The Toy Library will remain responsible for payment of outgoings, utilities and building maintenance costs. The City will be responsible for the cost of preparation and lodgement of the lease document.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

Strategic Direction:	Community
Aspiration:	A diverse, connected, safe and engaged community.
Outcome:	1.2 Community infrastructure
Strategy:	1.2.2 Manage the provision, use and development of the City's properties, assets and facilities

Attachments

7.5 (a):	South Perth Toy Library - Profit & Loss Statement and Balance Sheet (<i>Confidential</i>)
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Councillor Mary Choy disclosed an Impartiality Interest in Item 7.6.

7.6 NEW LEASE TO SOCO REALTY FOR THE PROPERTY LCOATED AT LOT 747, HOUSE NUMBER 57 ANGELO STREET, SOUTH PERTH (FORMALLY KNOWN AS THE SOUTH PERTH RSL HALL)

Location: South Perth
Ward: Mill Point Ward
Applicant: SOCO Realty
File Ref: D-21-74193
Meeting Date: 09 November 2021
Author(s): Christine Lovett, Senior Governance Officer
Reporting Officer(s): Mike Bradford, Chief Executive Officer
Strategic Direction: Economy: A thriving City activated by innovation, attractions and opportunities
Council Strategy: 2.1 Local Business

Summary

This report seeks Councils approval to enter into a new lease with SOCO Realty for the property located at Lot 747, House Number 57, Angelo Street, South Perth (formerly known as the South Perth RSL Hall).

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Councillor André Brender-A-Brandis

Seconded: Councillor Stephen Russell

That Council:

1. Approves a new lease to SOCO Realty for the property located at Lot 747, House Number 57 Angelo Street, South Perth (formally known as the South Perth RSL Hall), subject to the following terms:
 - a. A term of three years plus one further 3 year renewal option;
 - b. Annual rent at the commencement of the lease to be set at \$55,000 plus GST per annum; and
 - c. A rent review of CPI at the end of the term;
 - d. Payment of all rates, taxes, outgoings, utilities and building maintenance costs.
 - e. New lease to commence on 1 April 2022.
2. Approves the giving of local public notice of the proposed disposition of property to SOCO Realty as required by section 3.58(3) of the *Local Government Act 1995*; and
3. Requests the Chief Executive Officer to report to the Council on any submissions made during the local public notice period.
4. If no objections are received during the local public notice period, Council authorises the Mayor and Chief Executive Officer to sign and affix the Common Seal to the lease documentation between the City of South Perth

and SOCO Realty for its continued use of Lot 747, Street number 57 Angelo Street, South Perth.

CARRIED (9/0)

For: Councillors André Brender-A-Brandis, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Jennifer Nevard, Stephen Russell; and External Members Lewis Brock and Nigel McCombe.

Against: Nil.

Background

The property located at Lot 747, House Number 57, Angelo Street South Perth (formally known as the South Perth RSL Hall) comprises a 1960s face brick and iron roof single level building on a 658m² parcel of land owned freehold by the City.

Since being built, the South Perth RSL Hall has been used as a venue for Returned and Services League (RSL) South Perth Sub-Branch meetings and has also been sub-leased by banks and local real estate agents. The RSL South Perth Sub Branch has since been relocated to the Ernest Johnson Reserve.

At the Council meeting held 18 December 2018, Council resolved to lease the building to SOCO Realty with the following conditions:

1. *a new lease for the property located at Lot 747, House Number 57 Angelo Street, South Perth (formally known as the South Perth RSL Hall) with the following terms:*
 - a) *A term of three years; and*
 - b) *Annual rent at the commencement of the lease to be set at \$50,000 plus GST per annum.*
2. *That authority be given to the Mayor and Chief Executive Officer to sign and affix the Common Seal to the necessary documentation to effect the lease.*

A new lease was subsequently entered into with SOCO Realty and is due to expire on 31 March 2022.

Comment

In September 2021, SOCO Realty contacted the City requesting consideration of a further lease. They suggested a three year lease with the option of a further three years, or a two year lease with two further options of two years (six years in total).

SOCO Realty have been a good tenant and have made improvements to the building. They are also wanting to renew the kitchen and toilet facilities should a further lease be offered.

The City obtained a rental valuation from Garmony Property Consultants on 28 October 2021 detailing the current market rental value to be \$55,000 per annum net plus outgoings plus GST.

7.6 **New Lease to SOCO Realty for the property located at Lot 747, House Number 57 Angelo Street, South Perth (formally known as the South Perth RSL Hall)**

Consultation

Under section 3.58(3) the *Local Government Act 1995*, the City is required to give local public notice inviting submissions on the proposed disposition of property for not less than 2 weeks. The City is to consider any submissions made before agreeing to dispose of the property by way of a lease.

Policy and Legislative Implications

A local government may dispose of property, including by way of a lease, in accordance with Section 3.58 of the *Local Government Act 1995*.

Financial Implications

Nil.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

Strategic Direction:	Community
Aspiration:	A diverse, connected, safe and engaged community
Outcome:	1.2 Community infrastructure
Strategy:	1.2.2 Manage the provision, use and development of the City's properties, assets and facilities

Attachments

Nil.

Councillor Glenn Cridland and external member Nigel McCombe disclosed an Impartiality Interest in Item 7.7.

Mayor Greg Milner arrived at 6.49pm during consideration of Item 7.7.

7.7 PROPOSED LEASE AGREEMENT FOR THE SOUTH PERTH LAWN TENNIS CLUB INC LOCATED AT LOT 3297, 107 MURRAY STREET, COMO

Location:	Lot 3297, 107 Murray Street, Como
Ward:	Como Ward
Applicant:	South Perth Lawn Tennis Club Inc.
File Ref:	D-21-77251
Meeting Date:	09 November 2021
Author(s):	Patrick Quigley, Manager Community, Culture and Recreation
Reporting Officer(s):	Vicki Lummer, Director Development and Community Services
Strategic Direction:	Community: A diverse, connected, safe and engaged community
Council Strategy:	1.2 Community Infrastructure

Summary

This report seeks Council's approval to enter into a new lease agreement with the South Perth Lawn Tennis Club Inc. for its continued use of the Lawn Tennis Club located at Lot 3297, 107 Murray Street, Como, for a 21 year term.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Councillor Glenn Cridland
Seconded: Mr Nigel McCombe

That the Property Committee recommends to Council that it:

1. Approves a lease agreement between the City of South Perth and South Perth Lawn Tennis Club for its continued use of the Lawn Tennis Club located at Lot 3297, 107 Murray Street, Como, subject to the following main terms and conditions:
 - a. A term of 21 years;
 - b. An annual rental of \$1,052 per annum (plus GST), which is reviewed each year that is calculated using the following formula: 0.1% of the insured value of the facility;
 - c. Payment of outgoings, utilities and building maintenance costs; and
 - d. Ministerial consent being provided.
2. Authorises the Mayor and Chief Executive Officer to sign and affix the Common Seal to the lease documentation between the City of South Perth and South Perth Lawn Tennis Club for its continued use of the Lawn Tennis Club located at Lot 3297, 107 Murray Street, Como.

CARRIED (10/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Jennifer Nevard, Stephen Russell; and External Members Lewis Brock and Nigel McCombe.

Against: Nil.

Background

The South Perth Lawn Tennis Club was established in 1898 and so it has a long history within the local area. The Club is situated on Crown Reserve 40240 that is vested to the City under a Management Order to be used for 'parks and recreational' purposes.

The City has the power to lease the land for any term not exceeding 21 years, subject to the approval of the Minister for Lands.

A former lease agreement with a \$1,000 annual rent arrangement was in place with the Club that comprised a five-year initial term and a five-year renewal period. The initial term expired on 30 September 2018; however, the Club did not invoke the renewal option as required under the agreement.

The Club has recently expressed its desire to continue occupation of the premises, so the City has undertaken preliminary consultation with the Club regarding a new lease agreement. Until a new lease agreement can be developed, the tenant continues to provide tennis activities at the site under a 'holding over' arrangement with the City.

Comment

The Club is an acceptable tenant as it caters for the tennis playing requirements of men, women and children in the local area.

The proposed terms for the new lease agreement have been negotiated based on the following considerations that South Perth Lawn Tennis Club:

- Has a long history of facilitating tennis activities within the local community, and is willing and able to continue this role;
- Operates on a reasonable annual operating budget and has agreed to be responsible for paying an annual rental fee, outgoings, utilities and building maintenance costs; and
- Has good income generation ability that is mainly achieved through membership subscriptions, player fees and bar sales.

The site plan for the proposed lease of the Lawn Tennis Club is highlighted in **Figure 1** below.

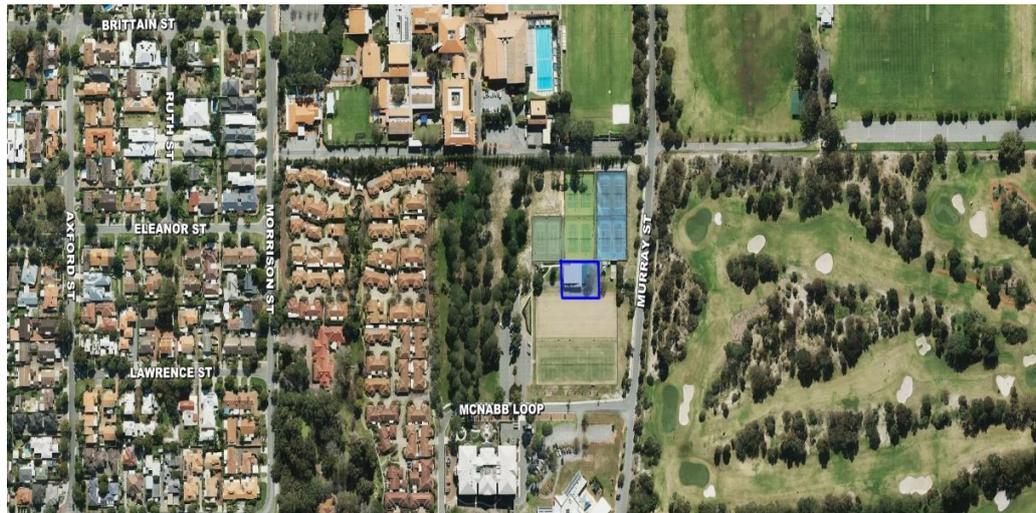


Figure 1: Aerial photograph of the subject site (2021).

The Club has 1,117 current registered tennis users (comprised of members, casual tennis participants and coaching program participants); and an additional 3,081 other tennis users (comprised of school sports, tennis club pennant team participants and tournament participants).

Consultation

The City has undertaken recent consultation with the Club regarding a new lease agreement, with the Club expressing its desire to continue occupation of the premises under a new lease arrangement, albeit with an extended tenure of 21 years.

The Agreement will require consent from the Minister for Lands.

The Club has been operating for 123 years and is keen to remain at its current site into the long-term future. The proposal to change the new lease agreement term to 21 years is in line with recent agreements granted to other local sporting clubs (Manning Bowling Club, Hensman Park Tennis Club, South Perth Cricket Club and WASPS Hockey Club). Granting a new lease of the premises for 21 years will ensure continued provision of tennis activities at this location. As a safeguard, the new lease agreement will include a redevelopment clause in case the land is required for other purposes into the future.

Policy and Legislative Implications

Under Section 3.58 of the *Local Government Act 1995* (the Act), a disposition of land includes leasing of local government property. If a local government does not dispose of property via a public auction or the public tender method, the proposal must be advertised for public comment – unless the proposal is an ‘exempt’ disposition.

A disposition of property is exempt from Section 3.58 under Regulation 30, Part 6 Miscellaneous Provisions of the Local Government (Functions and General) Regulations 1996 if the land is to be used for charitable, benevolent, religious, cultural, educational, recreational, sporting or other like purposes.

7.7 Proposed Lease Agreement for the South Perth Lawn Tennis Club Inc located at Lot 3297, 107 Murray Street, Como

As the South Perth Lawn Tennis Club is an incorporated association/sporting club and is seeking use of local government property for recreation purposes, the intended use of the land is exempt from section 3.58 of the Act.

Under Policy P609 Management of City Property, leases with sporting clubs are to be negotiated consistently with the following principles:

- Leases will be granted for a period of five years with a five-year option;
- Leases to be for an annual rental amount which is calculated using the following formula: 0.1% of the insured value of the facility or a minimum of \$1,000 per annum; and
- All groups will be required to adhere to the 'Property Maintenance Schedule' for the respective facility; a document which sets out the responsibilities of both parties.

Financial Implications

The South Perth Lawn Tennis Club is financially viable/sustainable, which is evidenced by its current financial position. The South Perth Lawn Tennis Club's profit and loss statement and balance sheet is attached in **Confidential Attachment (a)**.

The current insurance value of the facility is \$1.052 million, so in applying the City's rental calculation method for sporting clubs the new lease agreement will generate rental fee income from the Lawn Tennis Club of \$1,052 per annum (plus GST), which will be reviewed each year based on 0.1% of the insured value of the facility. The Lawn Tennis Club will also be responsible for payment of outgoings, utilities and building maintenance costs. The City will be responsible for the cost of preparation and lodgement of the lease document.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

Strategic Direction:	Community
Aspiration:	A diverse, connected, safe and engaged community.
Outcome:	1.2 Community infrastructure
Strategy:	1.2.2 Manage the use, provision and development of the City's properties, assets and facilities

Attachments

7.7 (a): South Perth Lawn Tennis Club - Profit & Loss Statement and Balance Sheet (*Confidential*)

7.8 REVIEW OF POLICY P361 STREET ADDRESSING

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-21-54370
Meeting Date:	09 November 2021
Author(s):	Fiona Mullen, Manager Development Services
Reporting Officer(s):	Vicki Lummer, Director Development and Community Services
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.3 Good Governance

Summary

This report proposes that the City's Policy P361 Street Addressing be updated to remove references to a procedure that is not current. In addition, minor changes are proposed to increase clarity in relation to street addressing.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mayor Greg Milner
Seconded: Councillor Stephen Russell

The Property Committee recommends to Council that it adopts amended Policy P361 Street Addressing as contained in **Attachment (a)**.

CARRIED (10/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Jennifer Nevard, Stephen Russell; and External Members Lewis Brock and Nigel McCombe.

Against: Nil.

Background

To ensure the City's policies are up-to-date and reflect current best practice, a review of Policy P361 Street Addressing has been undertaken and has identified amendments required to introduce points of clarification and remove reference to a process and fee that was not implemented nor included within the City's Schedule of Fees and Charges.

Comment

Policy P361 Street Addressing (the policy) was adopted in 2015 to ensure the correct street addressing and clear identification of properties within the City, and to allocate street addresses that are unique, clear, logical and unambiguous. Clear street addressing is crucial in enabling emergency service responders and service delivery providers to readily locate a property.

A review of the policy has identified an amendment required to remove reference to a 'change a street address' process that has never been implemented by the City (an application form and fee) and which it is considered is not necessary given the limited number of requests the City receives and the process involved.

In addition the amended policy will provide greater clarification in relation to street addressing and requests to change addresses, clarifying that an unimpeded access to a front door is required, the front door determines the correct street address and economic reasons (value/devaluation of property) will not be considered when allocating addresses. It is further clarified that a Lot Number provided by Landgate is required before a new address may be created. This amended policy is contained in **Attachment (a)**.

Consultation

Nil.

Policy and Legislative Implications

Local Government Act 1995

Financial Implications

The fee referenced within the Policy has never been included with the City's schedule of Fees and Charges and therefore never charged. There are no financial implications as a result of this policy amendment.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance through quality decision-making

Attachments

7.8 (a): P361 Street Addressing

8. OTHER RELATED BUSINESS

Nil.

9. CLOSURE

The Presiding Member closed the meeting at 7.10pm

These Minutes were confirmed at the next Property
Committee Meeting yet to be determined.

Signed: _____
Presiding Member at the meeting at which the Minutes were confirmed.