

19.2 AUSTRALIAN INDUSTRY TRADE COLLEGE - 233 MIDDLE STREET CLEVELAND**Objective Reference:****Authorising Officer:** Louise Rusan, General Manager Community & Customer Services**Responsible Officer:** Graham Simpson, Group Manager Environment & Regulation**Report Author:** Damien Jolley, Senior Property Officer**Attachments:**

1. Locality Map
2. AITC Areas Occupied

The Council is satisfied that, pursuant to Section 275(1) of the *Local Government Regulation 2012*, the information to be received, discussed or considered in relation to this agenda item is:

- (e) *contracts proposed to be made by it*
- (h) *other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.*

PURPOSE

The purpose of this report is to recommend that Council approve the disposal of land or an interest in land under the *Local Government Regulation 2012*, being the granting of a lease to the Australian Industry Trade College (AITC) at 233 Middle Street Cleveland (the premises).

BACKGROUND

Council resolved on 17 December 2014 (Item 4.2) to enter into a memorandum of understanding (MOU) with the AITC to work collaboratively to establish a college campus. A MOU was signed in 2015 for AITC to use the ground floor and annex of the former CSIRO building.

A permit to occupy (PTO) agreement to use the premises, specifically the ground floor of the building and annexure was then executed. The PTO was initially for the period 10 July 2015 to 31 December 2017 and extended on 15 December 2016 by agreement to 31 December 2019. The school commenced operating in Redland City in 2016.

The current PTO expires on 31 December 2019 and AITC has expressed an interest in maintaining the campus in its present location and have requested a more formal tenure arrangement with Council.

ISSUES

The AITC

AITC is a fully accredited independent school based in Queensland providing a co-educational trade school for Year 10, 11 and 12 students to complete their senior secondary education while beginning a school-based apprenticeship in a trade-related industry.

The AITC is a private company that operates under not-for-profit guidelines and receives recurrent funding from both the State and Federal Governments.

AITC currently operates four campuses in South East Queensland being Gold Coast, Sunshine Coast, Toowoomba and Redland City. The city campus has approximately 250 students and 30 staff.

Building maintenance and improvements

Given the limited future life of the buildings being occupied, the AITC has also been made aware that Council will not be undertaking any improvements or upgrades on the buildings and the lease will be on an “as is” basis.

Proposed lease terms

AITC provided a proposal for lease terms based on its not-for-profit status, with the main clauses:

- Lease term – twelve (12) months with 1 x six (6) month option
- Base rent – \$1 per annum
- Outgoings – \$28,645.00* (estimate 2020/21 FY)
- Council to maintain garden areas and building maintenance
- Lease area approximately 1800m² (excluding grounds and car parking)

Comment was sought from Council’s Community and Economic Development Group, who is supportive of the proposed terms.

It is also noted that Redland Water and RedWaste Officers, who occupy the first floor, will continue to require unimpeded access to the premises through the main entrance in the ground floor of the building via the lift and stairwell.

Based on the factors identified above, particularly the not-for-profit status of AITC, it is considered that the proposed lease terms are fair and reasonable and will allow the AITC to continue to operate from the premises while continuing to source another campus site in the city.

The basis of a peppercorn rent amount is consistent with other leases of Council land and buildings to not-for-profit organisations, such as MyHorizon at Runnymede Road Capalaba.

STRATEGIC IMPLICATIONS

Legislative Requirements

The *Local Government Regulation 2012 (LGR 2012)* describes land as a “Valuable Non-Current Asset” and prescribes a number of options available to enter into a contract to dispose of the land including

granting of a lease. Sale by tender or auction is the prescribed method of disposing of land, however the *LGR 2012* provides for exceptions to this rule in certain circumstances.

In particular, reference is made to sub paragraph 236(1)(b)(ii) of the *LGR 2012* which states an exception can apply if:-

(b) the valuable non-current asset is disposed of to—

(i) a government agency; or

(ii) a community organisation

Under the *LGR 2012* a community organisation means—

(a) an entity that carries on activities for a public purpose; or

(b) another entity whose primary object is not directed at making a profit.

The AITC is considered to meet the definition of a community organisation for the purposes of the *LGR 2012*.

The *LGR 2012* also provides that the requirement for consideration for the disposal to be equal to, or more than, the market value of the land or the interest in land, including the market value of any improvements on the land, and does not apply to community organisations.

Risk Management

No risks identified.

Financial

In the 2019/20 financial year new accounting standards AASB15 Revenue from Contracts with Customers and AASB16 Leases have taken effect. Council acknowledges that there is no change to the current accounting treatment for leases of this nature, where Council is lessor. This position is supported by the Queensland Audit Office.

The agreed rental terms will increase the amount Council is currently receiving under the existing PTO.

People

There are no staff implications.

Environmental

There are no environmental implications.

Social

There have been no known adverse social impacts since the AITC commenced operation. The AITC has provided educational and training opportunities for local students to assist with gaining trade qualifications.

Alignment with Council's Policy and Plans

The continuation of the AITC providing educational services in Redland City aligns with Council's strategic priorities, policies and plans. The project specifically aligns with:

Corporate Plan 2018-2023

- Supportive and Vibrant Economy. Businesses will thrive and jobs will from opportunities generated by low impact industries, cultural and outdoor lifestyle activities, ecotourism and quality educational experiences. Council is committed to:

- Identify opportunities to partner with the private sector to develop and commercialise sites and provide community infrastructure
- Support growth in key sectors identified in Council's Economic Development Framework
- Strong and connected communities
 - Council maximises community benefit from the use of its parklands and facilities by improving access to, and quality and shared use of, public spaces and facilities by groups for sporting, recreational and community activities

Redland City Economic Development Framework 2014-2041

- Ensures that Redlands will be a vibrant inclusive economy and be the destination of choice for businesses, workers, residents and tourists because of its proactive, innovative and creative approach to business development and expansion.

POL 2884 Economic Sustainability Policy

- Develop partnerships with a range of providers to promote the delivery of expanded range of educational opportunities together with training that supports local business needs.

Redland City Education and Training Industry Sector Plan 2018-2023

Council recognises that the Education and Training Industry Sector is a key driver of the local economy and so it is committed to

- Support training and educational opportunities for the current and future workforce
- Build partnerships and linkages with the education and training stakeholders
- Advocate for higher education and vocational pathways to increase tertiary options for students

POL 3071 Leasing of Council Land and Facilities

- Provide access to Council owned or managed land and facilities for the delivery of opportunities which contribute to building safe, strong and self-reliant communities.
- Leasing of land must benefit wider community and fall within the following purposes:
 - Sporting
 - Recreational
 - Community Services
 - Arts and Cultural
 - Educational
 - Volunteer Emergency Organisations

POL 3088 Social Infrastructure

Council is committed to building safe, strong and self-reliant communities with good access to social infrastructure including social services, community facilities, housing options, open spaces, movement networks, cultural activities, sport and recreation and educational and employment opportunities.

CONSULTATION

Consulted	Consultation Date	Comments/Actions
Service Manager Strategic Economic Development, Community and Economic Development	7 August 2019	Supports proposed lease terms.
Service Manager Strengthening Communities. Community and Economic Development	7 August 2019	Supports proposed lease terms.
Division 2 Councillor – Cr Peter Mitchell	24 September 2019	No concerns with moving to a lease arrangement.

OPTIONS**Option One**

That Council resolves as follows:

1. To apply the exception to dispose of land or an interest in land, other than by tender or auction, under sub paragraph 236(1)(b)(ii) of the *Local Government Regulation 2012* for granting a lease to the AITC for the premises for a period of twelve (12) months with the option for a further 1 x six (6) month period.
2. That the proposed terms are considered acceptable.
3. To delegate the Chief Executive Officer under s.257(1)(b) of the *Local Government Act 2009* to make, vary, negotiate and discharge the lease of the premises.
4. That this report remains confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

Option Two

That Council resolves as follows:

1. To apply the exception to dispose of land or an interest in land, other than by tender or auction, under sub paragraph 236(1)(b)(ii) of the *Local Government Regulation 2012* for granting a lease

to the AITC for the premises for a period of twelve (12) months with the option for a further 1 x six (6) month period.

2. That the proposed terms are not considered acceptable and commercial terms are to be negotiated at a rate commensurate with a lease for a similar use.
3. To delegate the Chief Executive Officer under s.257(1)(b) of the *Local Government Act 2009* to make, vary, negotiate and discharge the lease of the premises.
4. That this report remains confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

Option Three

That Council resolves as follows:

1. Not to apply the exception to dispose of land or an interest in land, other than by tender or auction, under sub paragraph 236(1)(b)(ii) of the *Local Government Regulation 2009* for granting a lease to the AITC for the premises for a period twelve (12) months with the option for a further 1 x six (6) month period.
2. To further extend the existing Permit to Occupy to 31 December 2020.
3. That this report remains confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

Option Four

That Council resolves as follows:

1. Dispose of the premises by inviting written tenders to lease the premises under section 228 of the *Local Government Regulation 2012*.
2. To further extend the Permit to Occupy to allow the AITC to continue to occupy the premises until such time as the tender process has been finalised.
3. Delegate the Chief Executive Officer under s.257(1)(b) of the *Local Government Act 2009* to make, vary, negotiate and discharge a sub-lease for the premises to the successful tender.
4. That this report remains confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

OFFICER'S RECOMMENDATION

That Council resolves as follows:

1. To apply the exception to dispose of land or an interest in land, other than by tender or auction, under sub paragraph 236(1)(b)(ii) of the *Local Government Regulation 2012* for granting a lease to the AITC for the premises for a period of twelve (12) months with the option for a further 1 x six (6) month period.
2. That the proposed terms are considered acceptable.
3. To delegate the Chief Executive Officer under s.257(1)(b) of the *Local Government Act 2009* to make, vary, negotiate and discharge the lease of the premises.
4. That this report remains confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.



Red-e-map Plot

Legend


Land

Current Land


Current Lot

Scale:
1:1200

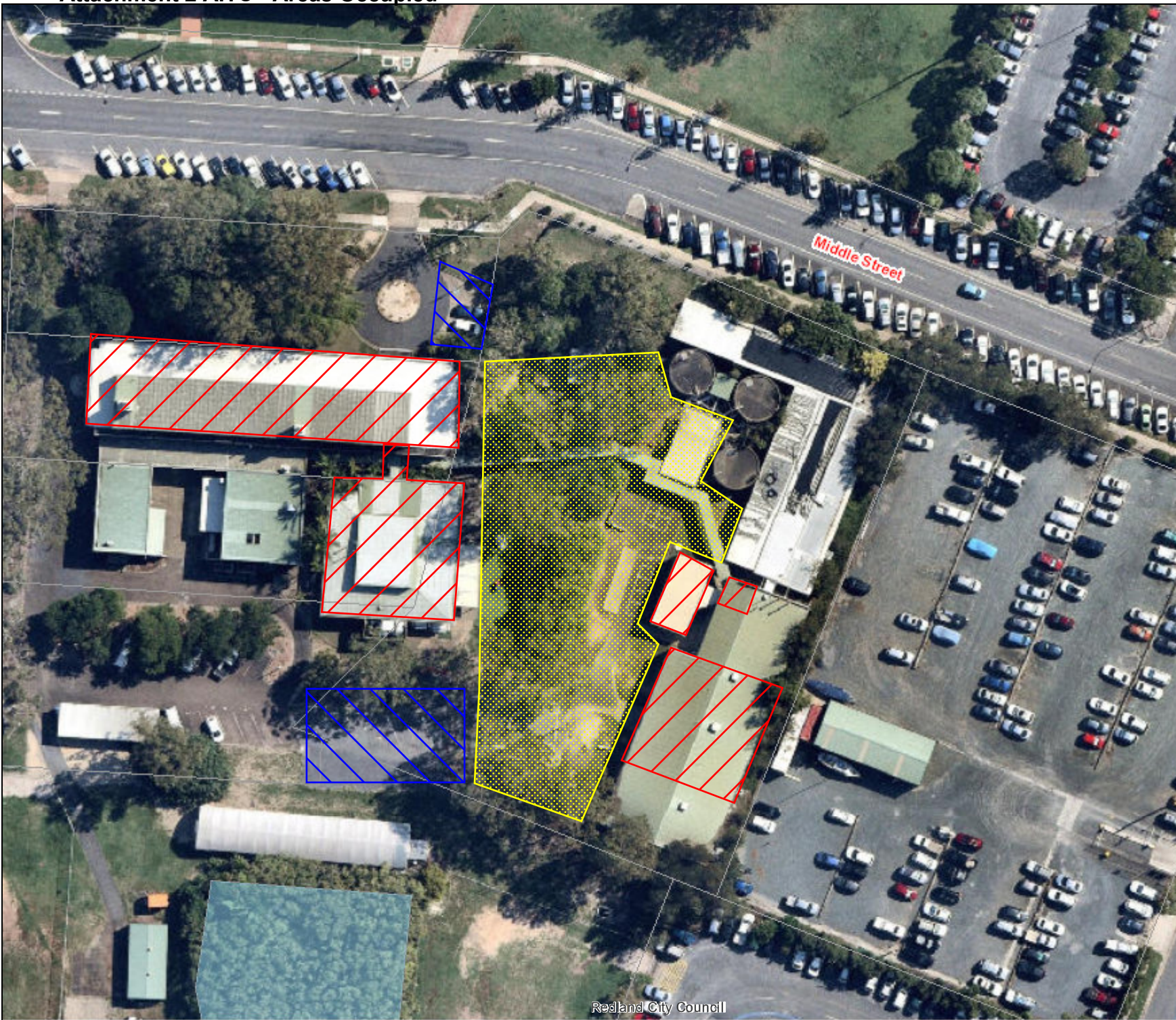
Date:
29/08/2019

 **Redland**
CITY COUNCIL




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Redemap Portal Map

-  Occupied buildings
-  Car parking
-  outdoor areas

Scale @ A4:
1:826

Date:
29/08/2019



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