

19.3 LEASE - TRUSTEE LAND THORNLANDS

Objective Reference:

Authorising Officer: David Jeanes, Acting General Manager Community & Customer Services

Responsible Officer: Graham Simpson, Group Manager Environment & Regulation

Report Author: Kristen Banks, Executive Officer Community and Customer Services

Attachments:

1. The Land
2. Potential Site Overlay

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.*

PURPOSE

To enter into a lease for 'Redland City Council as Trustee' property located at 240 South Street, Thornlands, which is described as part of Lot 161/SP101318 (the land), with Eureka Productions Pty Ltd (the Applicant).

BACKGROUND

Redland City Council is part of Screen Queensland's Film Friendly Pathways Program.

In late September 2019 Screen Queensland contacted Redland City Council regarding an inquiry from a production company looking for a vacant block to potentially be leased for a television program.

Council officers identified that the land (refer to Attachment 1) could potentially be a viable option for the television program and a lease. Following a successful site visit to the land with a Screen Queensland representative on 3 October 2019, an introduction was then made directly between Council and Eureka Productions on 21 October 2019.

Ongoing discussions with Eureka Productions have since progressed to formal lease negotiations in April 2020.

General overview of use for the land

Seven Network Australia has commissioned the Applicant to produce *Holey Moley* for the Australian and international market.

Holey Moley is an Australian reality game show based on the international *Holey Moley* format (the United States of America version premiered on ABC on 20 June 2019 with solid ratings and the second season premiered on 21 May 2020).

Each season of the series features 96 contestants competing against each other on the world's largest super-sized miniature golf obstacle course to ultimately win \$100,000.

The Applicant is proposing to build and operate the *Holey Moley* HUB (the HUB) on the land (refer to Attachment 2).

It is proposed that the HUB will service the Australian version of the series in 2020 but will also be available for international territories such as Germany, United Kingdom and France who would look to fly in their crew, talent and contestants to film the series locally from 2021 onwards.

The Applicant requests vacant possession of the land on the terms set out in the proposal Agreement provided to Redland City Council.

In addition to revenue to Redland City Council through the Agreement, there will be direct flow-on effects to the Redlands Coast economy. These include:

- The Applicant will employ more than 800 staff who will work across construction, art, production, editorial and technical departments to build and maintain the HUB. Staff will be employed from Sydney, Brisbane and the local area.
- Local services including construction, landscape and gardening, cleaning, security, catering, unit and many other general and specialised services will be sourced locally throughout the construction period and on an ongoing basis for site maintenance and support.
- Approximately 1200 hotel room nights will be required in Redlands Coast and surrounding areas to accommodate crew and contestants.
- Approximately 35,000 meals for crew and contestants will be sourced from local suppliers to service production requirements, with further stimulus to local shops, cafes, bars and restaurants.

Further in-kind benefits for Council and Redlands Coast including branding and promotional opportunities will be negotiated at the appropriate time.

ISSUES

Subject land

The land is approximately 33,000 square metres (subject to survey) and adjoins the Redland Animal Shelter to the east and JJ Richards premises to the north east. The land is mostly cleared with some mature vegetation around the broader perimeter (and outside of the proposed footprint for the Hub).

It is held in Trust by Council but owned by the State of Queensland through the Department of Natural Resources, Mines and Energy (DNRME).

The land is zoned Community Purposes and approval has been sought from DNRME for Council to enter into a commercial lease with the Applicant.

Council's standard lease terms include mandatory provisions required by DNRME as land owner and will apply except where necessary to give effect to the commercial arrangements set out in the Agreement.

Former site use

The land was formerly used for night soil and animal burial. This activity ceased in the late 1990s and the land is registered on the contaminated land register. RedWaste are responsible for managing the ongoing contamination monitoring. The Applicant will be responsible for ensuring regulatory and compliance plans to ensure safety of people and environment under this framework.

Environmental and land assessments

To ensure all opportunities and constraints associated with the land are known, and to be aware of any information gaps, Council required the production to undertake a land survey and geotechnical assessment of the land.

The lease agreement also contains obligations on the Applicant to comply with existing Council environmental conditions for the site, as well as the standard legislative and other regulatory environmental requirements.

Planning assessment

The proposed set (HUB), which included structures and incidental building works, has been reviewed by City Planning and Assessment and meets the definition of a temporary use under the *Planning Regulation 2017*.

Site access

It is proposed that a licence agreement be executed for lot 267A (refer to Attachment 1), cross-referenced and included as an Appendix to the Agreement, to allow safe and controlled travel to and from the land.

Schedule overview

Once the Applicant takes possession of the land, it is anticipated that set build would take approximately eight (8) to 12 weeks, followed by production and technical bump in for a period approximately five (5) weeks, then a filming (shoot) period of approximately two (2) weeks.

Of note, the production and technical bump in and shoot period may be affected by COVID-19 restrictions and the production are monitoring – and would comply – with those restrictions.

Lease term

In principal agreement has been reached between Council and the Applicant that a lease should be executed in accordance with the terms of the Agreement.

It is also considered appropriate that to maximise the potential economic and other benefits for Council and Redlands Coast, and to provide some surety to the Applicant for their investment, that the a one (1) year lease is granted for the period 1 July 2020 to 30 June 2021. Commitment to a further two one-year option periods will be subject to further application with DNRME.

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)(c)(iv) of the *LGR 2012* which states an exception can apply if:-

The land is disposed of to a person who owns adjoining land if—

- a) The land is not suitable to be offered for disposal by tender or auction for a particular reason, including, for example, the size of the land or the existence of particular infrastructure on the land.
- b) There is not another person who owns other adjoining land who wishes to acquire the land.
- c) It is in the public interest to dispose of the land without a tender or auction.

d) The disposal is otherwise in accordance with sound contracting principles.

The legal advice obtained included that the exception under section 236(1)(c)(iv) of the *Local Government Regulation 2012* can apply in this circumstance.

The Applicant must at its own expense comply with and observe any law or requirement concerning the use or occupation of the premises, and meet all local government requirements including development applications if necessary.

Risk Management

No risks have been identified. The lease will provide some measure of security for both Council and the lessees ensuring the land is maintained and managed within the terms of the lease and in accordance with the agreement.

The Applicant is to provide a bank guarantee equivalent to the remediation of the site back to its original state. At commencement, the amount to be secured will be [REDACTED]. This amount will be reviewed quarterly and adjusted to reflect earthworks and construction undertaken.

The Applicant must also provide a refundable holding deposit equivalent to three (3) months gross rent plus GST.

At the end of the Term, the Applicant must restore the land to its original state (make good) including the removal of all structures, hard surfaces and objects as well as appropriate restoration of original ground levels including re-establishing vegetation cover of exposed ground.

Financial

There are no financial implications for the current financial year (2019-20).

Beyond this financial year, Council expects there to be a positive net revenue impact for the Redlands community due to the following:

The applicant will bear Redland City Council's reasonable administration costs incurred in setting up the transaction, estimated at [REDACTED].

The agreement sets the original lease amount as [REDACTED] per year excluding GST. The Agreement will also include a bond amount (to be determined) based on estimated remediation costs for works undertaken by the lessee.

The applicant will be responsible for

- Any maintenance of the land, which is a future cost saving for Council, and there is no public access.
- All applicable outgoings (i.e. electricity and water) and rates, taxes and charges (including Land Tax).

People

There are no staff implications. The Agreement will be managed by the Environment and Regulation Group and the film liaison role for the city is undertaken by the Executive Officer – Community and Customer Services.

Environmental

As outlined under the Issues section, there are no identified environmental implications.

Social

As outlined under the Background section, the Agreement will afford significant social and economic benefits for Council and Redlands Coast.

Human Rights

There are no known human rights implications associated with this report.

Alignment with Council's Policy and Plans

The Agreement supports Council's *Redland City Economic Development Framework 2014-2041* by diversifying the local economy in Services, Tourism, and Education and Training industry sectors and will deliver local employment opportunities.

CONSULTATION

Consulted	Consultation Date	Comments/Actions
Screen Queensland	September 2019 – December 2020	Inquiry about potential for land to be leased within Redland City to a production company.
Environment and Regulation Group <ul style="list-style-type: none"> • Group Manager • Strategic Property Manager • Senior Property Officer • Service Manager – Compliance Services 	September 2019 – May 2020	Investigate and action opportunity for the land to be leased.
Group Manager – City Planning and Assessment	October 2019 – May 2020	Reviewed proposed use of the land.
Service Manager – Legal Services	December 2019 – May 2020	Reviewed proposed use of the land and agreements.
Department of Natural Resources, Mines and Energy	December 2019 – June 2020	Reviewed and provided in-principle approval for use of the land.
Service Manager – RedWaste	20 May 2020	Briefed on proposed use of the land and site access and to request notification (as lease managers) to JJ Richards
Executive Leadership Team	25 May 2020	Reviewed proposed use of the land. ELT supports opportunity.

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 subparagraph 236(1)(c)(iii) of the *Local Government Regulation 2012*, for granting a lease for part of 240 South Street, Thornlands for the period 1 July 2020 to 30 June 2021 with an option term of one (1) year plus one (1) year, subject to application.
2. To delegate the Chief Executive Officer under s.257(1)(b) of the *Local Government Act 2009* to negotiate, make, vary and discharge the lease of the property at fair market value.
3. That this report and attachment remain confidential until the contract is awarded, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

Option Two

That Council resolves as follows:

1. Not to agree to grant a lease.
2. That this report and attachment remain confidential until the contract is awarded, 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 subparagraph 236(1)(c)(iii) of the *Local Government Regulation 2012*, for granting a lease for part of 240 South Street, Thornlands for the period 1 July 2020 to 30 June 2021 with an option term of one (1) year plus one (1) year, subject to application.
2. To delegate the Chief Executive Officer under s.257(1)(b) of the *Local Government Act 2009* to negotiate, make, vary and discharge the lease of the property at fair market value.
3. That this report and attachment remain confidential until the contract is awarded, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

Attachment 1 The land



SERVICE LEGEND				
DRAINAGE				
COMBO PIT				
GRATE				
SIDE ENTRY PIT				
STORM WATER MANHOLE				
ELECTRICITY				
CABLE MANHOLE				
CABLE PIT / BOX				
CABLE DOME				
CONSUMER POLE				
LIGHT POLE				
POWER POLE				
STAY POLE				
STAY WIRE ANCHOR				
O/H POWER LINE				
GAS				
GAS MANHOLE				
GAS MARKER				
GAS METER				
GAS VALVE				
SEWERAGE				
SEWER MANHOLE				
PROPERTY CONNECTION				
SEWER LINE				
TELECOMMUNICATION				
TEL / COMMS MANHOLE				
TEL / COMMS MARKER				
TEL / COMMS PIT				
WATER				
FLUSH POINT				
HYDRANT				
STOP VALVE				
TAP				
WATER MARKER				
WATER METER				
WATER LINE				
SURVEY				
DATUM				
PEG FOUND				
OTHER				
AWNING / LEAVES				
ROOF RIDGE				
FLOOR RL				
WINDOW / DOOR				
BANK - BOTTOM				
BANK - TOP				
SERVICE RECORD				
STATUS				
	LOCATED	AVAILABLE	NO SERVICE	CONFIRM
SERVICE				
WATER				
SEWERAGE				
GAS				
TEL / COMM				
POWER				
SERVICES MARKED CONFIRM REQUIRE BUILDER / CLIENT TO CONFIRM POSITION AND/OR AVAILABILITY ON SITE.				



NOTE: AREAS SHOWN ARE THE OUTLINES OF PILES OF VARIOUS DUMP / SCRAP / RUBBISH MATERIALS.

NOTE: AHD LEVEL DERIVED FROM GPS USING CORS NETWORK, CHECKED ONTO SSM 71457 & 105514

THIS PLAN HAS BEEN PREPARED WITH 3D VALUES AND HAS GROUND COORDINATES WITH THE ORIGIN POINT BEING PSM 71457 THE SURVEYED CO-ORDINATE OF PSM 71457 (E = 524540.398, N = 6952931.457) HAS BEEN ADOPTED AS THE ORIGIN POINT FOR THE SCALING OF THE PROJECT FROM MGA 56 TO GROUND CO-ORDINATES USING A POINT SCALE FACTOR = 1/0.99960743.

BOUNDARY INFORMATION SHOWN HAS BEEN EXTRACTED FROM QLD GLOBE. DISTANCES SHOWN ARE AS PER SURVEY PLAN SP101318. BOUNDARY RE-ESTABLISHMENT SURVEY REQUIRED TO CONFIRM LOT BOUNDARY POSITION AND DIMENSIONS.



LOT	: 161 (# 240) SOUTH STREET	CLIENT	: EUREKA PRODUCTIONS
SUBURB	: CLEVELAND	SURVEY PLAN	SP101318
AUTHORITY	: REDLAND CITY	SURVEYED ON	: 5-6/05/2020
BUILDERS / CLIENTS	: SITE SURVEY only. The information shown on this plan is current at the time of survey. Verify boundary information, easements etc. from the Certificate of Title, Plan / Diagram or a Boundary Repeg. Boundary position approximate only. Location of boundary pegs or fences in relation to the boundary lines are not guaranteed. Sewer / water may vary from schematic presentation, clearances to be checked on site. Confirm service information with relevant Authorities. Refer to 'Dial Before You Dig' for underground service confirmation. Consult Land Surveys on any anomaly before design and construction.	SURVEYOR	: EC
SCALE	: 1:500	DRAFTER	: MR
		JOB No	: 2000554
	@ A1 Landscape	PLAN	: FS
		DRG	: 001
		REV	: A
		SHEET	: 1 OF 1