

ADDITIONAL ITEM

23 September 2015

To the Ordinary Council Meeting

Councillor

1.6 Mayoral Minute - The Entrance Surf Club Lease

TRIM REFERENCE: F2010/00500 - D12091342

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1 Lease and proposed amendment to the lease

Wyong Shire Council entered into a Lease with The Entrance Surf Life Saving Inc. (the "Club") commencing 1 July 2012 for a term of 10 years with a further option to renew for a period of 10 years commencing 1 July 2022.

Current rental is \$1,585.60 p.a. + GST paid quarterly in advance.

Council received a request from the Club on 24 July 2015 for approval of a sub-lease to a potential commercial operator for the top floor of the Clubhouse.

Further information was requested, by Council, from the Club and following review, an email was sent to the Club on 12 August 2015 advising that the proposed sub-lease is not in-line with the Permitted Use of the Lease. However, Council made it clear that a potential variation of Lease would be considered.

The Club has proposed a sub-lease to an external commercial operator for a 1 year sub-lease with another 3x3 year options at a commercial rental of \$41,600 - \$56,727 p.a. + GST.

As the Lease is situated on Crown Land, further advice was sought from Crown. They have advised that as the current gazetted purpose for the Reserve is recreational only, Council resolution is required to request for additional purpose to be added to the Reserve under Section 121A of the Crown Lands Act 1989. Only once this has been completed a variation of lease and sub-lease can be dealt with.

2 Outstanding rates owed by The Entrance Surf Club to Wyong Shire Council.

The current outstanding amount of \$15,334.35 can be broken down to 3 components:

- 1 Water, drainage, sewer and waste collection service charges - \$14,693
- 2 Interest on late payment - \$598.16
- 3 Pending charge (presumably more interest) - \$43.19

As per Clauses 12-14 of their Lease, the Club is responsible for all the above.

Under Clause 12.1 of the Lease, the Club is also responsible for payment of Council Rates. However, as the building resides on Crown Land, Council Rates are exempt unless if the building is leased out for a private purpose and surf clubs are not considered as a private purpose.

The Local Government Act states that Council are not permitted to waive rates, charges and accrued interest. Finance can only waive these charges through a resolution of Council

I formally move:

- 1** *That Council request The Entrance Surf club enter into suitable arrangements with Council for the clearance of the outstanding rates and charges.*
- 2** *That Council request for additional purpose to be added to the Reserve under Section 121A of the Crown Lands Act 1989*
- 3** *That Council amend the lease to include a sub-lease permitting a café/restaurant to be included in the footprint of The Entrance Surf Club.*
- 4** *That Council equally share the rental derived from the commercial operation with The Entrance Surf Club.*
- 5** *That Council require The Entrance Surf Club to spend their share of the rental on Surf Life Saving activities and/or equipment, and provide annual financial statements to show how these funds have been distributed.*

ATTACHMENTS

Nil.