

5.3. FURTHER LEASE TO DOUGLAS ARTS STUDIO GALLERY INC (DAB) LOT 14 ON RP707231, 11 MILL STREET MOSSMAN

REPORT AUTHOR(S) Graham Busby, Property Officer
GENERAL MANAGER Darryl Crees, General Manager Corporate Services
DEPARTMENT Governance

RECOMMENDATION

That Council:

- 1. Offers a further trustee lease to Douglas Arts Studio Gallery Inc (lessee) over Lot 14 on RP707231, Mill Street Mossman, for the purpose of an office, art gallery and associated art based activities, subject to but not limited to the following terms and conditions:**
 - a. for a term of ten (10) years to commence from a date to be determined;**
 - b. rent for the first year of the term to be \$110.00 (including GST) and subject to annual review in accordance with the Brisbane All Groups Consumer Price Index (CPI);**
 - c. lessee to be responsible for all rates and charges, including any costs of water usage on the premises;**
 - d. lessee to be responsible for all reasonable costs associated with the preparation and registration of the lease;**
 - e. Council's Standard Terms Document for Freehold Leasing, registered under dealing number 717940168 and amended as detailed in this report.**
- 2. Delegates authority to the Chief Executive Officer in accordance with Section 257 of the *Local Government Act 2009* to determine and finalise any and all matters associated with the lease.**

EXECUTIVE SUMMARY

The Douglas Arts Studio Gallery Inc (DAB), previously held a five (5) year lease with an option for a further five (5) years over Council freehold land described as Lot 14 on RP707231, Mill Street Mossman. At the time that the five (5) year option expired in July 2016, Council officers placed the Lessee on a periodical month by month lease arrangement, pending the development of Council's standard terms document for freehold leasing.

Since registration of the new standard terms document in April 2017, Council officers have been liaising with DAB regarding the terms of the proposed lease. DAB have now accepted the proposed terms, with an agreed amendment with respect to responsibility for maintenance associated with the heritage listed part of the premises.

Council's standard terms document for freehold leasing will need to be amended in order to reflect maintenance and repair responsibilities of the Lessee, with respect to the exterior of the heritage listed building which forms part of the leased area.

This report is prepared in order to gain Council approval to issue a further freehold lease to DAB.

BACKGROUND

Land described as Lot 14 on RP707231, Mill Street Mossman is Council freehold land. Since August 2006, DAB has held tenure over this land for the purposes of an office, art gallery and associated art based activities.

When the five (5) year option associated with the lease expired in July 2016, Council officers consented in accordance with the terms of the lease, to allow DAB to continue to occupy the premises on a monthly basis, until such time that the terms of a new lease could be developed and agreed upon by both parties.

Council's standard terms for freehold leasing were registered with the Department of Natural Resources & Mines (DNRM) in April 2017. Since that time, Council officers have been engaged in discussions with DAB regarding its acceptance of the proposed terms of a new lease. DAB has now notified its acceptance of the proposed terms and their preference for a minimum of ten (10) years with respect to the term of the new lease.

COMMENT

Part of the improvements situated on the property includes the old NAB bank building which was constructed back in 1935-6. Given the cultural significance of this building, it was heritage listed in September 2010.

During the term of the previous lease, DAB utilised the premises through workshops, groups and exhibitions and by doing so, they have maintained strong community links with the building.

Also during the term of that lease, DAB funded a large shed at the rear of the property, which is now very popular with residents within the shire, who engage in classes which teach the following activities:

- Painting – Acrylics, oil, water colour;
- Clay – pottery both hand built and thrown – sculpture;
- Mosaics – glass & ceramic pieces;
- Glass – fusing and slumping;
- Fabric – felt and collage;
- Printing – etching;
- Photography;
- Basket weaving.

Further to the art based activities which are currently undertaken on the premises, DAB also have at least two (2) exhibitions per year and feature a monthly artist within the gallery, plus they also participate in a number of community events and exhibitions which include:

- Carnivale Port Douglas;
- Mossman Show;
- Cairns Regional Gallery & Tanks Art Centre Cairns; and
- Mossman Library

DAB are also currently in the process of installing new blinds and a professional picture track hanging system within the main gallery. These improvements are being funded by a grant which was sourced by DAB.

PROPOSAL

This report is prepared in order to obtain Council approval for the issue of a freehold lease to Douglas Arts Studio Gallery Inc over lot 14 on RP707231, Mill Street Mossman for the purpose of an office, art gallery and associated art based activities.

FINANCIAL/RESOURCE IMPLICATIONS

It is recommended that the Lessee will be responsible for reasonable costs associated with the preparation and registration of the lease.

Under the terms of the proposed lease, the Lessee will be responsible for Council rates and charges including water usage associated with the premises. As DAB is eligible for rates based financial assistance from Council, 100% of the general rates levied is refunded to them.

With respect to the fact the part of the leased area (the main gallery) that is a heritage listed building, it is further recommended that the Lessee's obligations to keep the premises in good and substantial repair order and condition, does not extend to the exterior of the heritage building. Council is better equipped to ensure the longevity of this building, which is of significant value to the region's history. Should Councillors agree to the recommendation detailed above, Council's standard terms for freehold leasing will be amended accordingly.

Council has been advised that it has been successful in obtaining a Heritage Conservation Grant under the *Community Sustainability Action Grant Program*. The grant funding provided will enable Council to engage a suitably qualified heritage consultant to develop a Conservation Management Plan. This plan will identify and outline practical and achievable maintenance and implementation plans to support the heritage values of the building. In addition, the adoption of this Plan will enable Council to apply for future State and Commonwealth Heritage Grants to further preserve the heritage values of the building for future generations.

RISK MANAGEMENT IMPLICATIONS

Granting a new lease to DAB will have no impact on Council's liability exposure. Council's property section undertakes annual lease compliance inspections at all leased facilities. At the time of these inspections, facilities are inspected from a health and safety perspective and Lessee insurances are also checked to ensure they are current.

SUSTAINABILITY IMPLICATIONS

Economic: No associated cost to Council.

Environmental: There are no environmental sustainability implications.

Social: Granting a further lease to DAB will help enhance art and social activities which are available to the local community.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2014-2019 Initiatives:

Theme 5 - Governance

5.2.1 - Provide Councillors and community with accurate, unbiased and factual reporting to enable accountable and transparent decision-making.

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Asset-Owner Meeting the responsibilities associated with owning or being the custodian of assets such as infrastructure.

CONSULTATION

Internal: Manager Governance

External: Douglas Arts Studio Gallery Inc.

ATTACHMENTS

1. Aerial Photograph - Lot 14 on R P 707231 **[5.3.1]**

Lot 14 on RP707231



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Scale
1cm = (?? m or km) at A4
Map Grid of Australia
Zone 55 (GDA94)

