



**KEMPSEY**  
Shire Council

## **DIRECTOR CORPORATE AND COMMUNITY SERVICES REPORT**

12<sup>th</sup> June 2007

<b>DCCS11</b>	<b>RENEWAL OF LEASES FOR CRESCENT HEAD AND STUARTS POINT COMMUNITY PRESCHOOLS FILE: LA9447 &amp; LA11231 KRW {Folio No. *}</b>
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### **SUMMARY:**

Report on the renewal of leases for the properties at 3 Killuke Crescent, Crescent Head, and 9 - 11 Fourth Street, Stuarts Point, to the respective Community Preschools.

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### **DESCRIPTION:**

The Crescent Head and Stuarts Point Community Preschools have been operating in the above premises for the past twenty years and sixteen years respectively under lease agreements with rental charges of \$52 per annum.

Both Preschools are situated on Crown land (Council is Trust Manager) which is non-rateable. All water and sewerage charges are paid by the Pre Schools.

The Department of Lands is currently revising its Rental Subsidy Policy for Community Groups and at the time of writing this report the Department advised that the policy was still to be finalised.

The Department of Lands recommended minimum rental charge for this type of lease is set at \$376.00 per annum. Both the Pre-Schools have provided copies of their annual financial statements and from these it would appear that both organisations would be in the position to pay the minimum rental fee of \$376.00 per annum.

When finalised, the consent of the Department of Lands is to be obtained by its signing off on the Lease documents.

### **REPORT IMPLICATIONS:**

- ***Environmental***

***There are no environmental implications from this report.***

- ***Social***

*The Pre Schools have become part of the social fabric supporting the villages of Crescent Head and Stuarts Point providing what has become almost an essential service for young working families.*

- *Economic (Financial)*

*A current market rental appraisal has valued the Crescent Head site on the open market at approximately \$12,000.00 per annum. By granting a rebate rental of \$376.00 per annum in recognition of the permitted use of the site by a non-profit organisation a subsidy of approximately \$11,624.00 is provided. Unfortunately at the time of writing this report a market appraisal for the Stuarts Point property was not available, but on the basis of a market rental of say \$6000.00 per annum and rebate rental of \$376.00 the subsidy would amount to \$5,624.00 per annum.*

- *Policy or Statutory*

*In accordance with the Department of Lands "Trust Handbook", the term of a lease of a Crown Reserve should be as short as possible taking into account the particular circumstances of the Reserve and the Lessees proposed use of it. When the proposed Lease is for a term of more than five (5) years, the proposal must be advertised in a local newspaper for at least fourteen (14) days before the Minister grants the consent. Terms of more than twenty years will not normally be offered by the Department. The rent should normally be a commercial market rent.*

- *Director's Review*

*The recommendation is supported as the funds earned by a Reserve Trust must be used for the purpose of improving and maintaining that Reserve. Council as Reserve Trust Manager must ensure that the proceeds of these leases are appropriately expended.*

**RECOMMENDATION:**

1. That Council as Reserve Trust Manager of Reserve R98039 offer to Lease that part of the Reserve used for Community purposes to Crescent Head Pre-School Inc. for a term of five (5) years at a rebated rental of \$376.00 per annum with annual CPI increases.
2. That Council as Reserve Trust Manager of Reserve R210065 offer to lease that part of the Reserve used for Kindergarten and Community purposes to Stuarts Point Community Pre-School Inc. for a term of five (5) years at a rebated rental of \$376.00 per annum with annual CPI increases.
3. That Council authorise the affixing of its seal to the lease documents for the Crescent Head and Stuarts Point Pre-Schools.

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**G B Snape**  
**DIRECTOR CORPORATE & COMMUNITY SERVICES**