

9.2 Representation by Kandos Rylstone Men's Shed for Council to Acquire the Former Gang Shed Premises at Kandos

REPORT BY THE REVENUE AND PROPERTY MANAGER
TO 20 MARCH 2019 ORDINARY MEETING
GOV400067, P1509511

RECOMMENDATION

That Council:

1. **receive the report by the Revenue and Property Manager on the Representation by Kandos Rylstone Men's Shed for Council to Acquire the Former Gang Shed Premises at Kandos;**
2. **decline to purchase, at market value, the former Gang Shed premises at Kandos as described in the plan appended as Attachment 2 and instead seek opportunities and representations to acquire the premises at no or little cost to the community; and**
3. **receive a further report detailing the results of the submissions and representations in due course.**

Executive summary

The purpose of this Report is to seek Council's deliberations regarding Kandos Rylstone Men's Shed Inc. (KRMS) recent representations requesting that Council acquire the former Gang Shed premises (the Premises) at Kandos which are currently occupied by KRMS under a licence agreement.

Disclosure of Interest

Nil.

Detailed report

Recent representations have been made to Council by KRMS requesting that Council consider acquiring the Premises at Kandos which are currently occupied by KRMS. The request is appended as Attachment 1 to this Report.

The Premises comprise an area of land amounting to 440m² and the building, formally known as the Gang Shed and which forms part of the Country Regional Network state rail lines and land across NSW. The plan of the Premises is appended as Attachment 2 to this Report.

In order to expeditiously facilitate KRMS's initial occupation of the Premises in January 2010, Council entered into a head licence with the owner of the Premises, Transport for NSW (TfNSW) through TfNSW agent, John Holland Rail P/L (John Holland). This relationship then allowed Council to sub-licence the Premises to KRMS.

The head licence and the sub-licence agreements have been held for two 5 year terms since 2010. The current term for the head and sub-licences expired in January 2019 and both are now operating on holdover provisions.

The sub-licence rent is commensurate to the cost of the head licence rent being \$1,560 (inclusive of GST) for 2018/2019.

Since August 2013, KRMS has expressed interest in obtaining ownership of the Premises and to this end has made representations to the Local Member, Transport for NSW, Minister for Transport John Holland and Council.

KRMS has cited frustration in dealing with two bodies (Council as sub-licensor and John Holland as agent for TfNSW) in order to gain authorisation for improvements and works etc. and also for the desire to protect the tenure of these assets into the future as to the reasons behind pursuing acquisition instead of continuing occupation via the licence arrangement.

KRMS has always had the option to enter into a licence agreement directly with John Holland. It has been suggested to KRMS on a number of occasions that dealing directly with John Holland may alleviate the frustrations and hindrances associated with the tenure of the sub-lease and provide more security over their assets. However, KRMS has considered this option undesirable.

A number of representations have also been made by Council over this period to Minister for Transport, TfNSW and John Holland supporting KRMS's interest in obtaining ownership of the Premises. Relevant documentation regarding previous representations and advice are appended as Attachment 3 to this Report.

KRMS has continued to canvass to obtain the Premises and has now requested that Council formally consider acquiring same.

The Minister for Transport and Infrastructure has recently confirmed that the Premises must firstly be declared surplus to needs and cannot be directly sold to a single applicant - sale must be by way of expressions of interest or public auction or; if deemed surplus, the Premises may be sold directly to Council at market value on the condition that it be used exclusively for community purposes.

TfNSW has now invited Council to submit an application to purchase the Premises where, upon receipt of the application, TfNSW will conduct an in-depth assessment of the proposal.

It is estimated that the cost to purchase the Premises would be within the range of \$80,000-\$100,000 (includes valuation, survey, subdivision, legal & purchase price).

It is recommended that Council decline to purchase the Premises at market value and instead seek opportunities and representations to acquire the Premises at no or little cost to the community. A further report detailing these results will be presented to Council in due course.

In the meantime, it is proposed to enter into a new 5 year head licence and sub-licence agreement.

Community Plan implications

Theme	Good Governance
Goal	An effective and efficient organisation
Strategy	Prudently manage risks association with all Council activities

Strategic implications

Council Strategies

Not Applicable

Council Policies

Land Acquisition and Disposal Policy - consideration of individual circumstances.

Legislation

Not Applicable

Financial implications

If the current agreement between TfNSW, Council and KRMS continues, there will be no additional costs for Council. At the present time, the sub-licence rent is commensurate to the cost of the head licence rent. Costs, relating to the time taken to administer the head-licence and sub-licence, deal with authorisations etc. and licence document formalisation, would still apply.

Should KRMS secure a licence direct with TfNSW, there would be a saving in costs relating to the time taken to administer the head licence and sub-licence, deal with authorisations etc. and licence document formalisation.

Purchase of the Premises by Council would incur estimated costs within the range of \$80,000 to \$100,000. Ongoing maintenance and insurance costs would also be incurred.

Rent payable to Council by KRMS would need to be negotiated (currently \$1,560 pa inclusive of GST). Costs, including legal costs, relating to the time taken to administer the licence and deal with authorisations etc. would apply.

Associated Risks

If Council proposed to acquire the land, it is highly likely that conditions on title would restrict the use of the Premises to those of a specific nature and future transfer or sale of the Premises within the short to medium time frame, may be prohibited.

DIANE SAWYERS
REVENUE AND PROPERTY MANAGER

LEONIE JOHNSON
CHIEF FINANCIAL OFFICER

1 March 2019

Attachments:

1. KRMS request and current representations. (separately attached)
2. Plan former Gang Shed at Kandos. (separately attached)
3. Previous Council & KRMS representations. (separately attached)

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER