

TOWN OF COTTESLOE



Works and Corporate Services  
Committee

**ATTACHMENT 10.2.4**

Meeting Date: 21 August 2012

1. The first part of the report discusses the current state of the world economy and the impact of the Asian financial crisis. It notes that the crisis has led to a sharp decline in global growth and has had a significant impact on developing countries.

2. The second part of the report examines the impact of the crisis on the global financial system. It highlights the role of international organizations such as the International Monetary Fund (IMF) and the World Bank in providing financial assistance to affected countries.

3. The third part of the report discusses the impact of the crisis on the global labor market. It notes that the crisis has led to a significant increase in unemployment and a decline in wages in many countries.

4. The fourth part of the report examines the impact of the crisis on the global environment. It notes that the crisis has led to a decline in investment in infrastructure and environmental protection, which could have long-term consequences for the planet.

5. The fifth part of the report discusses the impact of the crisis on the global political system. It notes that the crisis has led to a decline in trust in international institutions and a rise in protectionist policies.

6. The sixth part of the report examines the impact of the crisis on the global social system. It notes that the crisis has led to a decline in social services and a rise in poverty and inequality in many countries.

7. The seventh part of the report discusses the impact of the crisis on the global health system. It notes that the crisis has led to a decline in investment in health care and a rise in the number of people living in poverty, which could have significant consequences for global health.

8. The eighth part of the report examines the impact of the crisis on the global education system. It notes that the crisis has led to a decline in investment in education and a rise in the number of people living in poverty, which could have significant consequences for global education.

9. The ninth part of the report discusses the impact of the crisis on the global culture system. It notes that the crisis has led to a decline in investment in cultural institutions and a rise in the number of people living in poverty, which could have significant consequences for global culture.

10. The tenth part of the report examines the impact of the crisis on the global science system. It notes that the crisis has led to a decline in investment in science and a rise in the number of people living in poverty, which could have significant consequences for global science.

11. The eleventh part of the report discusses the impact of the crisis on the global technology system. It notes that the crisis has led to a decline in investment in technology and a rise in the number of people living in poverty, which could have significant consequences for global technology.

**11.1.7 LEASE – MARMION STREET PRE-PRIMARY BUILDING**

**File No:** SUB/985  
**Responsible Officer:** Carl Askew  
Chief Executive Officer  
**Author:** Mat Humfrey  
Manager Corporate Services

**Proposed Meeting Date:** 17 July 2012  
**Author Disclosure of Interest** Nil

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**SUMMARY**

Council is being asked to authorise the Mayor and Chief Executive Officer to sign a lease with the Cottesloe Community Child Care Centre, for the Marmion Street Child and Family Centre (formerly Pre-Primary Building).

**BACKGROUND**

As a part of a series of community projects, Cottesloe Community Child Care Centre have been successful in obtaining funding from LotteryWest that will allow the pre-primary located on-site at North Cottesloe Primary School as part of the North Cottesloe Primary School Early Childhood Education Centre and for the Community Child Care Centre to move to the existing pre-primary building on Marmion Street. Both buildings require improvements and refurbishing in order to make this possible – the costs of which has been covered from number of sources including the National Trust, Education Department and LotteryWest.

The Marmion Street Pre-Primary site is currently vested in the Town, for the purposes of a “pre-primary”. The process of having the vesting amended to also include child care activities has been initiated, and the pre-primary have already vacated the building. The Town is currently in discussions with the Department of Education to terminate the existing lease for this site.

As part of the grant application by Cottesloe Community Child Care the CEO, on behalf of the Town, acted as a referee for the application. An indication was also given that the Town would favourably consider a request for a donation (cash and/or in kind) in support of this project. Whilst the overall grant includes an allocation for redevelopment and refurbishment as well as professional and project management costs, it would be appropriate that Council, as the beneficiary of an upgraded facility set aside an allocation toward the project, which will be completed in two stages. It is recommended that Council consider a donation of up to \$20,000 in the form of *in kind* works (eg. site landscaping) and/or cash as part of its mid year budget review when the project is further advanced.

**STRATEGIC IMPLICATIONS**

Objective 1 of the current Strategic Plan is to “Protect and Enhance the Lifestyle of Residents” and objective 5 is to “Maintain infrastructure and Council buildings in a sustainable way”.

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**POLICY IMPLICATIONS**

Nil

**STATUTORY ENVIRONMENT**

Nil

**FINANCIAL IMPLICATIONS**

The Town currently receives annual lease payments from the Department of Education of approximately \$3,500. The Town is also responsible for some of the maintenance associated with the building. If a "peppercorn" arrangement were entered into with the Child Care Centre there would be no lease payments – however this would be offset by having no maintenance obligations.

The improvements being made to the building are being funded by LotteryWest. Given there can often be hidden costs with such projects, and that the Town has a community grants program, it is appropriate that the Child Care Centre be favourably considered for future support, as part of this project.

**SUSTAINABILITY IMPLICATIONS**

Nil

**CONSULTATION**

Jill Cameron and Associates, who are coordinating the project on behalf of LotteryWest, have liaised with all parties involved to ensure the process runs smoothly.

A number of community group within the Town are involved and will benefit from this project including; North Cottesloe Primary School, Cottesloe Child Care Centre, Cottesloe Playgroup, Cottesloe Toy Library, North Cottesloe Surf Club and Scouts WA.

This project has been supported by; Department of Education, National Trust, LotteryWest and the Town of Cottesloe.

**STAFF COMMENT**

The improvements being made to the Marmion Street building as a part of this project will reduce the Town's liabilities in the future years by reducing the need for major maintenance items, such as re-painting. It will also provide some level of security of tenure for the Child Care Centre, which provides a valuable service to the community.

As the funds for this project are not being provided by the Town and that as a result of this project, the building will be in a significantly improved condition, a "peppercorn lease" is seen as the most appropriate option for all parties. It will not necessarily burden the child care centre with large maintenance bills, while at the same time minimising the cash expenses of the child care centre. The Town for its part has one of its buildings refurbished and improved at little or no cost to the Town.

There is some urgency with the lease situation, in that the pre-primary have already vacated and will need their building at North Cottesloe Primary School from mid 2013. While the school can accommodate them in temporary accommodation for the remainder of this year, and part of 2013, this is not "ideal" and the sooner works can be completed the better. The stage 1 works at the Marmion Street site need to start as soon as possible, will take approximately 2-3 months and need to be completed before the Child Care Centre can re-locate.

As a part of the recommendation, it has been suggested that the Chief Executive Officer be authorised to enter into an agreement to allow works to start on the Marmion Street building, on the condition that a lease be entered into as soon as practicable. The lease will need to be endorsed by the Minister for Lands and recent experience with the Seaview Kindergarten Lease has shown that this could take between 4 and 6 weeks.

**VOTING**

Simple Majority

**COMMITTEE DISCUSSION**

Committee discussed the term of the lease and were of the opinion that the initial term should be for 10 years, with the opportunity after that time for both the Council and Child Care Centre to renegotiate the lease for a further period. As the building redevelopment included a significant grant from LotteryWest it was requested that the CEO liaise with them to confirm that there are no conditions within the application or Board determination that may be impacted by the term of the Lease. As a consequence of their discussion Cr Pyvis proposed an amendment to the officer recommendation.

**OFFICER RECOMMENDATION**

Moved Cr Strzina, seconded Cr Boland

THAT Council

1. Authorise the Mayor and Chief Executive Officer to execute a deed under Common Seal ending the Department of Education's lease on the Marmion Street Pre-Primary building with no penalties and both parties responsible for their own costs associated with ending the lease.
2. Authorise the Mayor and Chief Executive Officer to sign under Common Seal a lease with the Cottesloe Child Care Centre for the Marmion Street Pre-Primary building with the following conditions;
  - a) The lease be on a peppercorn basis, with similar requirements and conditions to the Seaview Kindergarten lease; and
  - b) The Term of the lease to be for 10 years with a 10 year extension
3. Authorise the Chief Executive Officer to enter into an agreement with the Cottesloe Child Care Centre that;
  - a) Sets out all of the conditions that will be in the final lease;

- b) Commits the Town and Cottesloe Child Care Centre to entering a lease subject to the approval of the Minister for Lands; and
  - c) Allows the Cottesloe Child Care Centre to take immediate possession of the building, subject to the terms specified, to allow the works required to the building to be carried out.
4. Consider an allocation of up to \$20,000 cash and/or *in kind* as part of the mid year budget review.

AMENDMENT

Moved Cr Pyvis, Seconded Cr Strzina

That in part 2(b) of the officer recommendation the words "with a 10 year extension" be deleted.

Carried 4/0

COMMITTEE RECOMMENDATION

THAT Council

- 1. Authorise the Mayor and Chief Executive Officer to execute a deed under Common Seal ending the Department of Education's lease on the Marmion Street Pre-Primary building with no penalties and both parties responsible for their own costs associated with ending the lease.
- 2. Authorise the Mayor and Chief Executive Officer to sign under Common Seal a lease with the Cottesloe Child Care Centre for the Marmion Street Pre-Primary building with the following conditions;
  - a) The lease be on a peppercorn basis, with similar requirements and conditions to the Seaview Kindergarten lease; and
  - b) The Term of the lease to be for 10 years.
- 3. Authorise the Chief Executive Officer to enter into an agreement with the Cottesloe Child Care Centre that;
  - a) Sets out all of the conditions that will be in the final lease;
  - b) Commits the Town and Cottesloe Child Care Centre to entering a lease subject to the approval of the Minister for Lands; and
  - c) Allows the Cottesloe Child Care Centre to take immediate possession of the building, subject to the terms specified, to allow the works required to the building to be carried out.
- 4. Consider an allocation of up to \$20,000 cash and/or *in kind* as part of the mid year budget review.

**AMENDMENT**

Moved Cr Boland, seconded Mayor Morgan

That in part 2(b) of the recommendation the word "initial" be inserted before the word "Term" and the words "with an option for the lessee of a 10 year extension" be added after the word years.

Carried 8/0

**COUNCIL RESOLUTION**

THAT Council

1. Authorise the Mayor and Chief Executive Officer to execute a deed under Common Seal ending the Department of Education's lease on the Marmion Street Pre-Primary building with no penalties and both parties responsible for their own costs associated with ending the lease.
2. Authorise the Mayor and Chief Executive Officer to sign under Common Seal a lease with the Cottesloe Child Care Centre for the Marmion Street Pre-Primary building with the following conditions;
  - a) The lease be on a peppercorn basis, with similar requirements and conditions to the Seaview Kindergarten lease; and
  - b) The initial Term of the lease to be for 10 years with an option for the lessee of a 10 year extension.
3. Authorise the Chief Executive Officer to enter into an agreement with the Cottesloe Child Care Centre that;
  - a) Sets out all of the conditions that will be in the final lease;
  - b) Commits the Town and Cottesloe Child Care Centre to entering a lease subject to the approval of the Minister for Lands; and
  - c) Allows the Cottesloe Child Care Centre to take immediate possession of the building, subject to the terms specified, to allow the works required to the building to be carried out.
4. Consider an allocation of up to \$20,000 cash and/or *in kind* as part of the mid year budget review.

THE AMENDED SUBSTANTIVE MOTION WAS PUT

Carried 8/0

