

# CONFIDENTIAL



REPORT FOR:	<b>Operations Committee</b>		
MEETING DATE:	9 September 2013		
REPORT FROM:	Director – City & Cultural Services		
REPORT TITLE:	<b>Transfer of Cinema Augusta &amp; Other TAFE SA Port Augusta Buildings</b>		
FILE NAME:	F11/3909	RECORD NO:	AR13/23272

## COMMUNITY VISION & STRATEGIC PLAN OUTCOMES

### **1 We Thrive**

1.6 Develop and maintain effective infrastructure connections that support economic and social development.

### **2 We Create**

2.2 Establish dedicated created spaces that contribute to a vibrant community.

### **3 We Connect**

3.3 Provide infrastructure and resources that promote a healthy environment and improve social development.

### **5 We Celebrate**

5.1 Design, provide and maintain a range of places and spaces where people can gather formally and informally.

## **PURPOSE**

The purpose of this report is to provide Elected Members an update in relation to negotiations that have occurred with representatives from the Department of Further Education, Employment, Science and Technology (DFEEST) and to obtain a position of Council in relation to the proposed option put forward by DFEEST.

***Please note an inspection has been arranged for 4:45pm on Monday 9 September 2013 to provide Elected Members an opportunity to view the premises prior to considering this report at the Operations Committee. Please meet outside the Cinema Augusta complex.***

## **RECOMMENDATION**

### **Operations Committee recommends Council:**

1. In principle supports the proposal of the State Government for Council to assume responsibility for the portion of Section 1167 in CT5554/414 which comprises the Cinema Augusta, adjoining office and two storey building, at no cost and in fee simple from the State Government with no trusts, dedications or reservations attached, subject to Council reaching agreement with Cinema Augusta to ongoing leasing arrangements.
2. Seeks Ministerial approval for the transfer of the property in fee simple, as stated above.
3. Receives a further report, once the Minister has made a determination in regard to Council's preferred transfer option, outlining the financial impact of taking over responsibility for this property.

## **BACKGROUND**

Elected Members would be aware that the operators of Cinema Augusta, Roger and Michelle Coles, have been in negotiations with the State Government for some time around the ongoing lease arrangements for the area they occupy within the Port Augusta TAFE SA facility.

Council at its meeting held on 24 June 2013, following consideration of a report regarding the Cinema Augusta site and the ongoing liability of maintaining the air conditioning unit, which is at the end of its life, plumbing problems, and the structural integrity of a portion of the Cinema Augusta complex, resolved to authorise the City Manager to negotiate with Minister Portolesi and/or her Officers regarding the State Government's proposal and to determine their commitment to financing the identified structural building repairs, air-conditioning replacement and to working with Council to achieve a positive outcome for Cinema Augusta.

The State Government have indicated that the portion of the building occupied by Cinema Augusta and the adjoining two storey building are surplus to their requirements and they do not intend to spend funds upgrading this area of the TAFE SA Port Augusta facility.

## **DISCUSSION**

Further negotiations have taken place with Peter Klar and Jenny Letford from DFEEST regarding the Cinema Augusta and as part of these negotiations they have indicated that the adjoining office and two storey building are surplus to their requirements. Mr Klar has advised that demolition of the two storey building has been considered, as maintaining this area of TAFE SA Port Augusta is a liability to the Department.

Mr Klar has indicated however, that if Council considered retaining the Cinema Augusta complex including the adjoining office and two storey building, that the building may be able to be transferred to Council as a further community asset linked to the Central Oval Community and Sporting Hub.

If Council consider that the building could further support the 'community hub' component of the Central Oval precinct, then from a community point of view, it may be worth seriously considering taking over ownership of this site.

To do so, would relieve DFEEST of their ongoing maintenance liability of the site and they would not have the cost of demolition, at some time in the future. Council would be required however to take over responsibility of this building and would be required to upgrade the air-conditioning to the Cinema Augusta portion of the building, replace damaged plumbing from the female toilets to relieve constant blocking of the toilets, secure the back wall section of the Cinema complex to ensure its ongoing structural integrity and make urgent repairs to the box gutters and downpipes to stop flooding of the internal area of the back section of the Cinema complex during heavy rainfall occurrences. Council would also be required to pay for any refurbishment costs required for future use of the office and two storey building space.

The two storey building is structurally sound, however on inspection it is considered that a lift would need to be installed. Although there is a chair lift installed similar to the one in the Civic Centre, it is considered that the lift would be an essential installation for easy access to the building's first floor.

Indicative costs associated with the urgent upgrade work that would be required to the Cinema Complex include:

- 1) Air-conditioning – estimate \$120,000 (max)
- 2) Plumbing, stormwater and structural repairs – estimate \$100,000

There would be other costs required to refurbish the two storey building over time, however at this time until the end users have been identified, it is difficult to know what refurbishment requirements will be needed. Annual operating costs for the building also need to be determined to ascertain the full financial impact on the Council budget.

It is considered that this building could become a very beneficial asset to the community of Port Augusta and would secure the ongoing operation of Cinema Augusta, which is important to achieve. There are many community groups looking for an appropriate meeting space to hold monthly meetings or even a permanent home for their activities. If the Civic Precinct Land is redeveloped the Boxing Club will need to be relocated, Calisthenics are looking for a permanent home, Yoga, Zumba, Gymnastics, *be active* Parties and Kindergym could relocate to better facilities and the smaller groups using the Old Croquet Club, such as Relaxation classes, German Club and Schools Mentoring Programs could also utilise this area.

Another option could be that the Public Library occupies the first floor and could then manage meeting room access within the other areas of the building. The space would be excellent for Public Library purposes and the area would provide enough space to expand the computer/internet/digital hub area. Actually the options are endless, however at this time, it is not essential that the community groups be identified for the space but rather to determine if Council believe that the space would be beneficial to the community and should be retained.

If Council consider that retaining the building would achieve a positive community outcome, then it is recommended that the State Government be advised that Council would accept the property upon which the building is located, however it must be transferred to Council in fee simple. It is considered that the State Government have made the offer of the additional building space to offset the costs that will be incur to upgrade the Cinema Augusta complex.

It is recommended that Council does not accept the building under any other terms, as Council would be responsible for all future upgrades and ongoing maintenance, and it would not be in the community's best interest to spend valuable finances on a building that was not owned outright by Council. Council also need to have the capacity to earn income from the building, and therefore should not be confined in its use by dedications or similar.

The bottom floor of the two storey building is currently occupied by TAFE's Electrical Workshop, however it is TAFE's intention to relocate this workshop to another area within the TAFE complex, at some time. The adjoining single storey building is planned to be demolished and new upgraded car-parking facilities provided. Department of Education and Children's Services occupy the first floor and have a five year lease, which is three years into its term, however TAFE representative Phil Strike has advised that DECS have indicated that they may be vacating these premises, due to departmental changes towards the end of this year.

It is important for the State Government to be seen as a good corporate citizen, and supporting regional growth within the State. It is hoped that the State Government, in offering the adjoining two storey building to Council, in addition to taking on the Cinema Augusta complex portion of the building, will make the appropriate decision to support our local community.

The Director – City and Cultural Services has made it clear to the State Government, that Council is not in a financial position to purchase this site, but may be willing to take on the building if it were to be transferred to Council at no cost. This action would, subject to negotiation with the Cinema operators, ensure the ongoing operation of Cinema Augusta and provide the community with an added asset which could be utilised for various groups.

A land division may have to be undertaken to facilitate the transfer of the land to Council, and this should be arranged and paid for by the State Government. As part of this sub division the separation of services (water, power, sewer, communications etc) would need to be completed at the State Government's cost.

Pursuant to Section 193(4) of the *Local Government Act 1999* provides that local government land (other than a road) that is acquired by, or is brought under the care, control and management of the Council after the commencement date is taken to have been classified as community land unless the Council resolves before it becomes local government land that it is to be excluded from classification as community land. If Council did take on this building it is recommended that Council consider excluding the land from the classification as Community Land. This issue will be considered in a further report.

## **CONFIDENTIALITY PROVISIONS**

The Council is satisfied that, pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this report is information the disclosure of which could reasonably be expected to confer a commercial advantage on an entity with whom the Council is proposing to conduct business.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because Council needs to be able to negotiate an acceptable arrangement with the State Government to continue the Cinema Augusta operation for the betterment of the community.

That having considered this report in confidence under Section 90(2) and (3)(b) of the *Local Government Act 1999*, the Council, pursuant to Section 91(7) of that Act orders that the 'Transfer of Cinema Augusta and Other TAFE SA Port Augusta Buildings' report be retained in confidence until negotiations have been finalised and that this order be reviewed every 12 months if negotiations extend past a twelve month period.

## **RISK MANAGEMENT**

### **1: Financial/Budget**

It will be necessary to undertake a full financial impact study into this proposal to ensure that Council are fully aware of any budgetary implication that will result if Council take on this building. In the first instance, it is necessary to determine if the State Government is willing to transfer the property to Council, at no cost.

### **2: Legal**

Section 190 of the *Local Government Act 1999* provides that Council may acquire land by agreement.

### **3: Environment**

It is proposed as part of the Central Oval redevelopment to improve the garden area of the TAFE complex along the National Highway boundary to improve the amenity of this precinct and provide an improved vision of Central Oval to passing vehicles.

**4: Community**4.1 General

The community have been very vocal with regard to supporting Cinema Augusta's ongoing service to the community and the State Government have made it clear that they do not wish to continue the current leasing arrangement with the Cinema operators, as this is not part of their core business. State Government would like to have Council assist in taking over this responsibility for the benefit of the community and it is important that Council provide support where possible. It is also important that Council very carefully consider the full financial impact of taking on this whole area, prior to making a final decision on the matter.

4.2 OPAL Program

Not applicable

**Lee Heron**  
**03/09/2013**

