

15.2	Lease of Public Land - Cygnet Town Hall
Report Number	15.006/25*
Strategic Plan	4. Vibrant towns and villages 5. A transparent and trusted Council
File Reference	7898984 and 22/220
Responsible Officer	General Counsel
Reporting Brief	General Counsel presenting a report on the proposed lease of public land at the Cygnet Town Hall
Conflict of Interest	No officer declared an interest under the <i>Local Government Act</i> 1993 (LGA 1993) in the preparation of this report.
Attachments	1. EOI Cygnet Town Hall 2024 [15.006/25*.1 - 7 pages] 2. Submissions [15.006/25*.2 - 29 pages]

Background

1. The Cygnet Town Hall contains the offices of the former Port Cygnet Council, which are located at the front of the building.
2. The office space has been leased since 1993.
3. There are currently two leases over the office space with PFLAG Tasmania Inc. and Southern Business Services Pty Ltd, respectively. Both leases are in hold over to expire 31 March 2025.
4. The Cygnet Town Hall also contains a room to the rear of the building that fronts onto the car park. The Huon Arts Exhibition Group Inc (HAEG) has leased this space since 2008.
5. Prior to this time, the room had been left vacant, and the HAEG has undertaken works to safely occupy the space. The room contains the Lovett Gallery and exhibition and working space. The current lease is also in hold over to expire 31 March 2025.
6. A review of the Cygnet Town Hall was conducted in 2023. It identified a series of activities and types of businesses preferably for the Cygnet Town Hall from a community perspective, and opportunities for the space available for lease.
7. Further consideration of the future use of the Cygnet Town Hall came from the Council's Annual General Meeting for the 2023/2024 financial year held on Wednesday, 11 December 2024, where the following motion was resolved:

"That in developing the strategic plan for Cygnet, a "vision" for the future of the Cygnet Town Hall be included as an integral part of the project, with potential to make space available for local Councillors and/or Council staff to talk with local residents, and so that Cygnet Town Hall becomes once more the "heart of Cygnet" as it was for 100 years until the centenary celebrations in 2014.

That before making decision on the immediate uses of spaces of the Cygnet town Hall, and in order to budget for its future roles(s), the Council

- Seeks comments and suggestions on the SGS report from the community*
- Considers whether the two large rooms on the right of the entrance hallway should be leased as a single unit or separately*
- Ensures that, as a condition of all leases, the front door is not locked during business hours, and, if the hallway continues to be used as a visitor information centre, it is well lit, attractive and welcoming."*

8. The Council considered that motion at its ordinary meeting of 29 January 2025 and resolved as follows:

"That:

- a) The Report on AGM Resolutions - Cygnet Town Hall be received and noted.*
- b) Council is to take the results of the General Halls Review to inform the future use of the Cygnet Town Hall and integrate the future of the Cygnet Town Hall within the Cygnet Structure Plan.*
- c) Council is to consider the recommendations presented in the resolution in conjunction with assessing the EOI and implementing the General Halls Review."*

9. The General Hall Review is underway. However, its results and recommendations have not been presented to the community nor formally endorsed by Council. It is important to mention that Cygnet Town Hall was excluded from the General Hall Review since it underwent a specific review in 2023. Nonetheless, the findings and suggestions from the General Hall Review are anticipated to establish the overarching management strategy and principles for Council's hall assets, impacting how Cygnet Town Hall will be utilised and operated in the future.

10. The expiry of the leases in March 2025 presents the Council with an opportunity to further explore the future use of the Cygnet Town Hall, with the 2023 review recommendations and the AGM resolution in mind.

11. To understand the market and expectations from the community groups, an Expressions of Interest (EOI) was called for the lease of what are the 3 current lease areas (EOI document included as Attachment 1 to this Report).

12. The three (3) lease areas as follows:

- 72m² with respect to the space at the front of the town hall, as shown in blue on the plan in Attachment 1 (marked Store, Rear office, Main office). The leased space includes the use of existing furniture and equipment (available on request). The lease will also include shared use of the toilets, main entrance, hallway, and kitchen.
- 36m² with respect to the space at the front of the town hall, as shown in dark grey on the plan in Attachment 1 (marked Meeting room and Front room). The lease will also include shared use of the toilets, main entrance, hallway, and kitchen.
- 55m² with respect to the space shown in yellow on the plan in Attachment 1 (marked Gallery Space and Gallery Store).





13. A total of five (5) EOIs were received upon the closure of the EOI on 31 January 2025 (extended from the original closure date of 6 January 2025).
14. The details of the EOIs received contain commercial-in-confidence information such as financial data and, therefore, will only be discussed generally in this Report. The evaluation of the EOIs will otherwise be considered in the Closed Council.
15. A number of general submissions were received during the EOI period regarding the use of the Town Hall Office spaces. These submissions are not qualified as valid EOIs and will be discussed below and are included as Attachment 2 to this Report.
16. After the closure of the EOI period, a petition was received regarding the Renewal of the Lease for the Cygnet Community Hub in the Cygnet Town Hall. The petition is to be formally tabled at this Council meeting in Agenda Item 9.001/25* and will be considered as part of this Report.
17. The purpose of this Report is to consider the granting of leases to allow for the assessment of the EOIs received, governed by the recommendations from the 2023 review and in light of the AGM motion resolved by the Council thereafter.

Council Policy

18. Council's *Lease Policy GOV-CORP 007* applies to lease of the land.
19. The land is public land within the meaning of section 177A of the *Local Government Act 1993* (the Act) and clause 3.2.1 of the Lease Policy provides as follows:

Where the land is public land the default position is that an expression of interest process will be undertaken except where:

- *The Lessee is an existing Lessee and is a Sporting and Community Organisation that has a strong historical and/or social or recreational ties to the Premises they use.*
- *The existing Lessee has contributed cash or in-kind to the development of the Premises.*
- *The existing Lessee owns permanent approved structures on the Premises.*

Where the Council resolves not to undertake an expression of interest process for the lease of public land then the reasons for doing so under this clause will be stated within the Report.

20. In this case the Council has conducted an EOI despite all three current tenants meeting the exception provisions. The rationale for the EOI is that all three tenancies have maintained long-term exclusive use of the tenancies and community consultation has identified that this may no longer be providing the greatest public benefit.

Legislative Requirements

21. The Council land containing the Cygnet Town Hall is described in PID 7898984, Certificate of Title 249559/1. It is public land as defined under Section 177A of the *Local Government Act 1993*.

22. Pursuant to Section 178 of the Act Council is required to advertise its intention to lease public land and receive any objections, however, Section 179 of the Act allows Council to grant a lease over public land for a period of up to five years, without those requirements.
23. Section 179 of the Act provides for a public interest test on any lease exceeding five years.
24. In accordance with the Council's standard lease policy, expression of interest has been placed for a term not exceeding five years.
25. There are no specific legislative requirements in relation to the calling for an expression of interest in this instance.
26. Proposals for the lease of public land are to be discussed in the portion of the Council meeting that is open to the public pursuant to Regulation 15(3)(c) of the *Local Government (Meeting Procedures) Regulations 2015*.

Risk Implications

27. Whilst not necessary while making a decision under Section 179, consideration has been given as to whether the decision to lease the land, as public land, would not be in the public interest in that:
 - The community may suffer undue hardship due to the loss of access to, and the use of public land; or
 - There is no similar facility available to users of that facility.
28. The office space within the Town Hall has been leased since 1993.
29. The room at the rear of the Town Hall has been leased since 2008 and had been unoccupied or used since amalgamation in 1993 until HAEG leased this space in 2008.
30. The land has been isolated from any opportunity for public use or for any use by other third parties since that time.
31. Accordingly, there is no particular undue hardship that can be suffered as there is no loss of access to the public as a result of consideration of this lease, and there is no relevant public facility being accessed in relation to these premises. There is, therefore, no *prima facie* evidence that the lease of the land is not in the public interest.
32. Additional risks of leasing or not leasing the premises without any clear direction for management include:
 - A failure of the Lessee and not receiving agreed lease rentals. It is noted that both Lessees are longer-term with strong payment histories.
 - There may be inadequate maintenance of the premises and potential for damage to premises.
 - If remaining vacant subject to engagement there will be a loss of lease rental income.

33. Based on the Cygnet Town Hall review feedback, opening up lease spaces to ad-hoc bookings via the *Space to Co* portal aligns with the community's vision for a flexible, inclusive, and vibrant space.
34. The community feedback emphasised the need for broader access, including youth, artists, and local groups, which ad-hoc bookings would provide, avoiding the limitations of long-term exclusive leases.
35. By offering short-term bookings through *Space to Co*, the Hall can accommodate a variety of events, workshops, and performances, ensuring it remains a dynamic and accessible venue.
36. This model also supports the Hall's sustainability by providing a flexible revenue stream, allowing it to adapt to the evolving needs of the community while maintaining financial stability.
37. Ultimately, this approach supports a community-driven, adaptable, and inclusive space that will better meet diverse demands.

Financial and Budgetary Risks

38. There are no Financial and Budgetary risks for Council to mitigate or eliminate in regard to the proposal considered in this report other than loss of lease rental income or cost to the Council for works on the leased spaces.

Environmental Risks

39. There are no Environmental Risks identified for this report.

Engagement

40. The current lessees have been notified regarding the EOI process.
41. EOIs were called by Council on 4 December 2024 and advertised in the Huon News, Cygnet Classifieds and on the Council's website.
42. The original closing date was Monday, 6 January 2025. However, this was subsequently extended to close on 31 January 2025
43. Engagement associated with this decision will be undertaken at Inform Level by inclusion within the Council meeting Minutes that will be available to the public on the Council's website and at the Customer Service Centre.

Human Resource and Financial Implications

44. The Council receives rental in relation to the property under the Council's Lease Policy. Loss of rental will be in the vicinity of \$10,000 plus contributions toward electricity and TasWater costs for the building.
45. There will be human resource and financial implications for the time involved in finalising the new leases however this is considered to be minor and will be undertaken within the Office of General Counsel regarding the legal document process and Property and Recreation Services regarding liaison with the Lessees.

Discussion

Expression of Interest

46. As noted above, the EOI process has been completed, and the evaluation of the EOIs and the associated assessment report are to be dealt with in Closed Council.

Cygnet Town Hall Review

47. The Cygnet Town Hall Review highlighted the preferred activities the community identified for the Hall (that includes opportunities for the space available for lease) as follows:
- Local community newspaper
 - Social enterprise
 - Community hub (information and support)
 - Markets
 - Performances (music, drama, films)
 - Festivals
 - Gallery/exhibitions
 - Community workshops/classes
 - Community Group meetings.
48. The expiry of the leases in March 2025 presents the Council with an opportunity to further explore the future use of the Cygnet Town Hall.
49. At that point in time, Council did not fully comprehend the market nor the business potential of the Cygnet Town Hall. Hence, it was challenging for Council to plan the future use of the Cygnet Town Hall to reflect the 2023 review results.
50. To understand the market and expectations from the businesses and community groups, an EOI, therefore, was called to allow a transparent selection process to ensure the use of the spaces is in line with the community's preferences, as suggested in the 2023 review.
51. Despite the fact that the primary EOI was called for the three areas which will soon become available, it is clearly stated in the EOI document that *"any EOI is not limited to the three (3) current defined lease areas and may seek to lease the whole of or any part of the premises that is available."*
52. Council is not obligated to award or accept any of the EOIs if it believes that public interest is not best addressed by the submissions received.
53. It is noted that there has been an underlying theme throughout the Cygnet Town Hall review feedback that there has been a desire for the community to have general access and use to the office space at the front of the Town Hall.
54. This has been reflected in the general submissions that have been received and are included as Attachment 2 to this Report.
55. Consideration of the motion from the AGM has also provided support for broad access to the Town Hall Offices to be available for public use.



56. This is also further evidenced by the EOIs that have been received that there are multiple groups that wish to use some of the same lease space.
57. On review the groups do not necessarily need to use the spaces on a permanent basis to exclude all others.

Petition

58. As referred to in the Background to this Report, a petition has been received regarding the renewal of the lease for the Cygnet Community Hub in the Cygnet Town Hall.
59. The petition is stated to contain 281 signatures and is as follows:

“To Huon Valley Council

We, the undersigned, hereby request that the Huon Valley Council renews the Cygnet Community Hub’s lease at the Cygnet Town Hall from January 1st, 2025.

The Cygnet Community Hub is a not for profit community service organisation run by volunteers. The Hub provides essential support for local people in need, runs the Cygnet Market and acts as a Visitors Centre to support local tourism. This is all done on a voluntary basis and it is highly value by the Cygnet community.

- *Huon Valley Council is requested to renew the lease for the Cygnet Community Hub in the Cygnet Town Hall for a further 3 years from January 1st, 2025.”*

60. It is noted that the Council does not have a lease to the Cygnet Community Hub, the current lease that relates to that area is PFLAG Tasmania Inc.
61. The petition is somewhat extraordinary as it seeks to influence an open EOI process. This conduct would not be accepted if received during an open tender process.
62. Council has not invited petitions and popularity of a party to be preferred for a lease is not a criterion for the Council.
63. Whilst the petition shows support for the continued lease by PFLAG, other parties have not been provided with any opportunity to petition outside of the EOI process.
64. Whilst a matter for the Councillors to consider, the petition has not been considered in any assessment of the EOIs received against the selection criteria and should not be taken into account in an open EOI process.

Alternatives to accepting all EOI Leases

65. Whilst the Report has been prepared on the basis of awarding the leases for the EOIs received, the assessment of the EOIs received has raised the concern that awarding or accepting all the EOIs may not align with the recommendations of the 2023 review, general submission feedback received and request the consideration of alternative uses for the Cygnet Town Hall.
66. As a general comment, Council has not undertaken any particular maintenance, upgrade or simple update works on the front offices.

67. The front offices and the entrance, in their current status, would not enable “*the front door is not locked during business hours, and, well lit, attractive and welcoming*” as per the recommendations accepted by the AGM resolution.
68. The findings and suggestions from the General Hall Review are anticipated to be presented to the community in mid-2025 before establishing the overarching management strategy and principles for the Council’s hall assets, which will impact the future use and operation of the Cygnet Town Hall.
69. Expiry of the current leases and the timing for the outcome of the General Halls Review provide the Council with a unique opportunity to undertake works on the Town Hall and reset its future as a community asset.
70. It will prevent Council from making long-term commitments that may not align with the overall management strategy and principles for the Council’s hall assets.
71. Identified improvements could include:
- Refresh the Space: Update rooms that haven’t been renovated in a long time to create a more modern, welcoming environment.
 - Upgrade Technology: Invest in new technology to support a variety of events and improve user experience.
 - Improve Accessibility: Make the Hall more accessible for all community members, including better access for people with disabilities.
 - Expand Flexibility: Create more flexible space usage options, allowing for a wider range of community-driven activities and events.
72. Refreshing and modernising the space will create a more inviting and comfortable environment for all users, making it more attractive for community groups, artists, and event organisers.
- Upgrading technology will enable the Hall to support a wider range of events, from digital workshops to performances, improving the quality and versatility of events hosted.
 - Improving accessibility ensures that the Hall is open and usable for everyone, including individuals with disabilities, fostering a more inclusive and welcoming community space.
 - Creating flexible space usage options allows the Hall to better accommodate diverse activities, encouraging more local groups, youth, and artists to engage with the venue and strengthening community involvement.
 - A more modern, flexible, and accessible space will attract a broader range of bookings, generating additional revenue streams that support the Hall's ongoing maintenance and future improvements.

Conclusion and Recommendation

73. It is recommended that Council now move on this opportunity and, despite the consideration of the EOIs, that Council take the following considerations with the Town Hall lease spaces:
- (a) The Council takes no action on the petition regarding “*Renewal of Lease for the Cygnet Community Hub in the Cygnet Town Hall*” and the EOIs received will be considered on their merits.



- (b) The Council resolves to not lease the two front Office spaces at this time.
- (c) The Council considers a budget allocation/allocations over forward budgets to undertake upgrading and updating works in those spaces.
- (d) The two front office spaces are to become available for use by the public and community groups, etc, as a bookable space similar to that of the Town Hall.

- 74. The room to the rear of the Town Hall continues to be available for exclusive lease.
- 75. To allow for transition and appropriate notice for the current Lessees that each Lease be renewed in hold over under current lease terms to 30 June 2025 at which time the leases are terminated and the spaces are to become available.
- 76. The EOI, therefore, is to be reconsidered by the Council in relation to the rear space of the Town Hall only, which will be considered in the Closed Council.



15.006/25*

RESOLVED

MOVED: Cr Lukas Mrosek

SECONDED: Cr Debbie Armstrong

That:

- a) **The Report on the proposed lease of public land at the Cygnet Town Hall be received and noted.**
- b) **The Council takes no action on the petition regarding “*Renewal of Lease for the Cygnet Community Hub in the Cygnet Town Hall*” and the Expressions of Interest received will be considered on their merits.**
- c) **Council resolves to not lease the two front Office spaces at this time and on termination of the current Leases the spaces are to become available for use of the public and community groups as a bookable space similar to that of the Town Hall.**
- d) **Pursuant to Sections 178 and 179 of the *Local Government Act 1993*, PFLAG Tasmania Inc and Southern Business Services Pty Ltd and Huon Arts Exhibition Group be offered an extension to their current leases of parts of the Cygnet Town Hall, 14 Mary Street, Cygnet from 27 February 2025 to 30 June 2025.**
- e) **In the event that any party is not in a position to agree to the extension then their respective leased premises would become vacant and form part of the Town Hall and available for hire.**
- f) **Pursuant to sections 178 and 179 of the *Local Government Act 1993* the Council approves a lease over the Cygnet Town Hall being that portion of the land at 14 Mary Street, Cygnet being part of Council land comprised and more particularly described in Certificate of Title Volume 249559 Folio 1 shown as “Gallery Space and Gallery Store” as specified in the Expression of Interest Lease Plan included in Attachment 1 to this report to the successful applicant of an expression of interest process for use of the land for a period not exceeding five years.**
- g) **The Council considers a budget allocation/allocations over forward budgets to undertake upgrading and updating works of the two front office spaces.**

Cr Sally Doyle, Cr Toby Thorpe, Cr Debbie Armstrong, Cr Mark Jessop, Cr Andrew Burgess, Cr Amy Robertson and Cr Lukas Mrosek voted for the motion and Nil voted against the motion.

7 / 0 CARRIED UNANIMOUSLY