



Shire of Merredin  
CEO and Councillors  
PO Box 42  
MERREDIN WA 6415

Dear Mark and Councillors

### **Merredin CRC Lease**

Merredin CRC invited T/CEO Mark Dacombe to the CRC Management Committee meeting on 28 April 2021 to discuss concerns relating to the CRC Leases which expired in February 2020.

We were very appreciative of Mark's attendance, where he acknowledged the CRC's concerns and said he was well aware of the CRC Network and the valuable role CRCs play in their communities, but does not make the decisions and advised if the CRC were not happy with the Maintenance Schedule presented then the CRC would need to write a formal submission to Council seeking a review of the decision made at the 15 September 2020 Council meeting.

Therefore, we are writing to Council to advise the Merredin CRC is happy with the decision made according to the Minutes of Council meeting 15 September 2020, for the CRC to pay the community organisation Lease Fees (\$520) for the three (3) Leases (\$1560) per annum however, the CRC does not have the resources or capacity to undertake the other requirements of the Resolution being '*Merredin CRC being responsible under the lease for the maintenance of the property including the external grounds*' at a cost of \$100 per week (\$5200 per annum) for lawns, gardens and trees (pruning) of lot 200 Barrack Street as provided by the T/CEO. In addition to not having the resources or capacity, should not be expected to be responsible for this as it is public open space which encompasses 4 Lessees (2 business Leases and 1 other community organisation) as a not for profit community organisation.

### Background

The CRC commenced negotiations with the Shire in October 2019 in preparation for the expiration of the Lease Agreement in February 2020, in accordance with Item 18 of the Lease – Option to renew (c) the Lessee serves notice in writing on the Lessor not more than six (6) months nor less than three (3) months prior to the expiration of the Term of the Lessee's desire to renew the Term.

The Review of CRC Lease was an Agenda item at the 19 November 2019 Council Meeting with the resolution (82459) that the agenda item for 12.3 be adjourned to further discussion at the Ordinary December 2019 Council Meeting.

The CRC Manager presented to Council at the 17 December 2019 Council Briefing Session.



The CRC continued to communicate regularly with the Shire via email and in person trying to seek an outcome for the Lease, which consequently expired in February 2020.

The CRC staff met with the newly appointed T/CEO in early February 2020 who advised that the Shire wanted to examine options and would be submitting a report to the March 2020 Council meeting.

The T/CEO wrote to the CRC in June 2020 advising that Council resolved at the 19 May 2020 Council meeting the following:

Resolution 82559 *'That the Council:*

- 1. Note that Leases 47 and 63 expired on 29 February 2020 and that these have rolled over into a new lease period with new terms and conditions for rental;*
- 2. Note that the Merredin Community Resources Centre has asked that the new rent terms be reviewed and reduced;*
- 3. Note that the operating and economic environments have changed significantly since the original lease agreements were executed;*
- 4. Agree to a rent holiday from 1 March 2020 until 30 September 2020 during which the Merredin Community Resource Centre will pay a nominal rental of \$520 pa for each of Lease 47 and 63;*
- 5. Request the Chief Executive Officer to develop the on-going relationship with the Merredin Community Resource Centre including addressing the rental arrangements to apply 1 October 2020 to 28 February 2025.'*

Further communication occurred between the Shire and CRC where it was pointed out that the CRC is formally acknowledged as a not for profit organisation in the Shire's Policy 8.20 relating to rental of Shire premises and should therefore be treated the same as other community groups with just the \$520 per Lease.

Another agenda item was presented to Council at the 15 September 2020 meeting which resulted in Council Resolution 82610 *'That Council:*

- 1. Agree to vary the following leases to remove the provision for the progressive imposition of full commercial market rents: Lease 47 – Merredin CRC – formerly the Old Council Chambers Building Lease 63 – Merredin CRC – Women's Rest Centre Lease 47 – Merredin CRC – portion of the Old Council Chambers Building*
- 2. Propose to the Merredin CRC that the commercial rent provision be replaced with a clause limiting the lease rental payments for each of the three (3) separate lease to the nominal sum of \$520.00 per annum (total of \$1,560.00 annually) with the Merredin CRC being responsible under the lease for the maintenance of the property including the external grounds. Effective from the 1 October 2020*
- 3. Instruct the Chief Executive Officer that, subject to the agreement of the Merredin CRC, a Deed of Variation to the leases be prepared and submitted to the Council for consideration and approval.*

The CEO, EMDS and CRC Manager met in December 2020 to discuss the Council Resolution and clarify *'the Merredin CRC being responsible under the lease for the maintenance of the property including the external grounds'*.

It was agreed in principle that the day to day maintenance of the premises were the responsibility of the CRC and the structural and major maintenance be the responsibility of the Shire. The T/CEO outlined that Council's intention for the external grounds was that the CRC be responsible for all the lawns, gardens and trees (including pruning). The CRC Manager explained this posed some issues as to why the CRC, as a not for profit community organisation is expected to undertake this responsibility. The CRC does not have the resources or capacity and it is public open space which is used by the community and the Fine Arts Society. The CRC Manager said that the CRC already voluntarily carries out addition watering, gardening, weeding reticulation and improving the overall



area – jean art, tree wrapping etc. The T/CEO advised the Shire will take this into consideration and draft a proposal that would be presented to the CRC.

Communication continued during February and March 2021 between the T/CEO and CRC Manager which resulted in the CRC receiving a Building Maintenance Schedule on 20 April. The Schedule included:

CRC responsible for – Exterior of Building: Maintain the part of the premises that surrounds the building thereon in good condition including but not limited to any flora, gardens and lawns and tend to the pruning of trees.  
Surrounds: To be kept clean, tidy and free from litter and rubbish. Premises to be kept free of animals, birds, insects and the Lessee pay for the cost of any pest extermination which becomes necessary.

With an email following advising that if the Shire was to be engaged by the CRC for the grounds maintenance the cost would be \$100 per week.

The CRC Committee had some concerns about these items as it would mean that the CRC would in effect be paying \$6,760 annually for the lease, which is in the vicinity of the commercial rent that the Council at the 15 September 2020 Council meeting had '*agreed to vary the following leases to remove the provision for the progressive imposition of full commercial market rents.*'

The CEO was invited to attend the 28 April 2021 CRC Management Committee meeting which we were pleased he accepted.

At the meeting the CRC outlined their concerns:

1. The CRC is the only not for profit organisation being asked to pay for maintenance of surrounds – why?
2. It appears the additional costs for the maintenance of the surrounds are being imposed to bring the rent up to commercial rent.
3. There are 4 Lessees on Lot 200 Barrack Street, why are the maintenance of the surrounds only being imposed on one Lessee?
4. The surrounds are not fenced, they are public open space, accessible to the whole community (including Fine Arts Society for their exhibitions, markets and weekly open mornings).
5. In some communications and Council agenda items reference has been made to the amount of funds the CRC have in the bank which appear to be having an influence on some decisions. As mentioned at the presentation in December 2019, these funds have been accumulated over nearly 30 years. The CRC has been extremely frugal over the years, using second hand stationery and furniture and staff volunteering at many of the community events to save on wages. Funds have been saved to enable the CRC, should there be any reduction in government contracts can still operate for a period of 12 months, which would give time to consider other options for the CRC. Without these funds, the CRC would be required to close and this would not be beneficial to the community or the Shire, who would ultimately end up taking on all the community events, projects and volunteers.  
The CRC's surplus over the past two financials years – 2018/19 \$2,611 and 2019/20 \$6,391, which should the \$6,760 Lease fees be imposed, would see the CRC operating at a deficit.



6. There has also been references made that the CRC has the ability to generate income which includes contracts, sub-leasing 108 Barrack Street premises which other not for profits don't. Firstly, we need to generate income to maintain operations, as seen in item 5. Secondly, the State Government Contract equates to approximately a quarter of our income and has remained at the same rate since 2014 and DPIRD has advised that if the next tender/contract goes ahead (from July 2022 – June 2027) it will remain at the same rate. This does not allow for any increases in operational costs and means the CRC has to generate additional income. There is no guarantee that the Federal Government Contract (Centrelink) will continue with many other services going online. This Contract is on a year by year basis. Lastly, all other community organisations generate income through entry fees/admissions, booking fees etc. Prime example is the Railway Museum who sub-leased a room to the Fine Arts Society for 40 years.

7. The 2015-20 Lease stipulated the CRC expend \$60,000 on the building. The CRC spent an additional \$71,000, which was not been acknowledged or allowed for in any of the future Lease negotiations.

8. The CRC have spent around \$12,000 in the past twelve months on the installation of two new air conditioners (one in 108 Barrack and one in 110 Barrack), upgraded power outlets on the exterior of the premises (110 Barrack) and had three solar lights installed around the lawn area.

In conclusion, the Merredin CRC are seeking Council's support to remove item 2. *'the Merredin CRC being responsible under the lease for the maintenance of the property including the external grounds. Effective from the 1 October 2020'*.

Regards



Debbie Morris  
Manager

7 May 2021