

12.4. (Confidential) Strategic Land Program Group 2 - 15 Cadell Street, Goolwa Options

Exclusion of the Public Recommendation

Pursuant to section 90(2) of the *Local Government Act 1999*, the Council orders that all members of the public be excluded, with the exception of the Chief Executive Officer, General Manager Infrastructure, General Manager Community, General Manager Corporate, Manager Governance and Communications, Manager Property and Procurement Services and Executive Assistant to the Mayor and Council Members on the basis that it will receive and consider Item 12.4 (Confidential) Strategic Land Program Group 2 - 15 Cadell Street, Goolwa Options.

The Council is satisfied, pursuant to section 90(3)(b) of the Act, that the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which -

- (i) Could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and
- (ii) would, on balance, be contrary to the public interest.

The Council is satisfied that the principle that the meeting should be conducted in a place open to the public has been outweighed in the circumstances because it includes confidential financial information on a previous, current and proposed property value for a Council owned land parcel that Council may seek to dispose of at highest return to Council.

Decision Report

Responsible Officer: Tash Hunt (General Manager Corporate)

Report Author: Lisa Hoyle (Manager Property and Procurement Services)

Previous Decisions: C269/07/25, July 2023 - C23284, March 2023 - C23107

Report Purpose

To propose the sale of 15 Cadell Street, Goolwa or seek further information on alternative options.

Recommendations

Recommendation Group A

That Council receive and note the report titled (Confidential) Strategic Land Program Group 2 - 15 Cadell Street, Goolwa Options.

Recommendation Group B

That Council:

1. Resolve to proceed to sale of the property located at 15 Cadell Street, Goolwa Certificate of Title Volume 5386 Folio 431 in its current form, subject to receiving an offer at or greater than the Reserve Price identified at Recommendation 2.
2. Set a Reserve Price for 15 Cadell Street, Goolwa [REDACTED]

3. Grant consent for the Chief Executive Officer to negotiate the final sale price of 15 Cadell Street, Goolwa at or above the Reserve Price and authorise the Chief Executive Officer and Mayor to sign and seal (as applicable) all documentation required to facilitate the sale.
4. Note that if the disposal of the land at or greater than the Reserve Price cannot be achieved, the property would not be sold, and a further report brought back to Council.

Background

At the 21 July 2025 Council Meeting (C269/07/25), the Strategic Land Program (SLP) Group 2 list was considered. The proposal to revisit 15 Cadell Street, Goolwa was included in the SLP Group 2 listing. This report provides the information required for Council to consider either the sale of, or future alternative options for 15 Cadell Street, Goolwa.

Recommendation Group A seeks for Council to receive and note this report, as the information required as resolved at the 21 July 2025 Council Meeting.

The property at 15 Cadell Street, Goolwa is located close to the Goolwa Council Office and Library with a frontage onto Cadell Street and a back entrance that could be accessed from the public car park that services the Council and the Goolwa Medical Centre.

For context, 15 Cadell Street, Goolwa is identified in red below.



Council received a report on the opportunity to purchase the property at the 20 March 2023 Council Meeting. Although this report identified that a long-term strategy for the property had not been explored, the opportunity to purchase the site did present a unique and rare occasion for Council to acquire a main road property in Goolwa that could be utilised for a myriad of purposes that complement the Goolwa Council & Library Office nearby. The report referenced 'big picture thinking' such as selling air space above the Council Office car park for accommodation purposes and using the land to provide access to the main street of

Goolwa. Alternatively, the report put forward 'practical' options for the property, as identified below.

1. *Council could simply acquire the property and hold it as a commercial landlord or transition tenancies to community users.*
2. *The property could be acquired and used as is by Council or redeveloped to Council's requirements. This may include the housing of additional staff members.*
3. *The property could be acquired for 'land banking' purposes with the aim of a future acquisition of 13 Cadell Street (currently occupied by Motherduck).*
4. *This would provide a significant area of land immediately adjacent to the Council building and car park. Council could then demolish the buildings on both sites or either (neither are heritage listed) and redevelop for its own use. If Council gained ownership of both properties, it would have the ability to extinguish the reciprocal rights of way, which may otherwise act as an impediment to redevelopment. Tenancies could continue at 15 Cadell Street until that time. There is no indication that 13 Cadell Street is on or likely to go on the market in the immediate future.*

At the 20 March 2023 meeting, Council endorsed the purchase of 15 Cadell Street, Goolwa (C23107).

C23107

Moved Cr Milli Livingston seconded Cr Michael Scott

That Council:

1. **authorise the Chief Executive Officer, subject to the receipt of a satisfactory building inspection report, to proceed with an offer to purchase 15 Cadell Street, Goolwa. Certificate of Title Volume 5386 Folio 431 to a maximum purchase price of [REDACTED] (ex GST)**
2. **authorises the Mayor and Chief Executive Officer to execute all documentation necessary to complete the transfer of land including affixing the Common Seal, should the offer to purchase 15 Cadell Street, Goolwa, Certificate of Title Volume 5386 Folio 431 be successful.**
3. **exclude 15 Cadell Street Goolwa, Certificate of Title Volume 5386 Folio 431 from the classification of community land pursuant to section 193(4)(a) of the Local Government Act 1999 if purchased.**
4. **receive a further report should the purchase price exceed the maximum [REDACTED] (ex GST) established in 1. above, if time permits for Council to reconsider its offer.**

CARRIED

Council took possession of the premises on the 23 June 2023 for a purchase price of [REDACTED]. At the time of purchase, Council excluded the property from the community land classification, meaning Council is not required to undertake community engagement when considering any of the future uses for the property.

At the 17 July 2023 Council Meeting, the proposed interim tenancy strategy for new and existing clients was supported (C23284). At this meeting, resolution '7' sought a Council Briefing on potential future uses for the site by March 2024.

C23284

Moved Cr Margaret Gardner seconded Cr Mili Livingston

That Council:

1. Note the pending acquisition of 15 Cadell Street (Certificate of Title 5386 Volume 431).
2. Endorse the proposed interim tenancy solution for 15 Cadell Street Goolwa for period July 2023 and 30 June 2025.
3. Adopt the commercial lease template for implementation with current and new commercial tenants of 15 Cadell Street Goolwa, at Attachment 1 as contained in this meeting agenda, and in accordance with the below terms and conditions:
 - Rental fee charged monthly in advance
 - One month termination clause for either party
 - Tenant responsible for all maintenance and outgoings
 - Council will not undertake any capital improvements during lease term
 - Lease expires no later than 30 June 2025
4. Endorse the monthly leasing fees at:
 - a. existing tenant rental fees at date of Settlement (+CPI in June 2024).
 - b. a monthly rental fee in accordance with the independent Market Valuation, at Attachment 2 contained in this meeting agenda, for all new commercial tenancies entered into between settlement and 30 June 2025.
5. Authorise negotiation of further commercial tenancies for 15 Cadell Street Goolwa (in accordance with points 2, 3 and 4) until 30 June 2025.
6. Authorise, in accordance with Council's Lease and Licence Policy, the Chief Executive officer and Mayor to sign and seal all commercial lease documents required to activate 15 Cadell Street Goolwa up until 30 June 2025.
7. Receive a Council Member Briefing on potential future uses for the site by March 2024.

CARRIED UNANIMOUSLY

Since purchase, the building has reduced from four (4) to one (1) tenant. The reason for departure generally relates to the requirements for the existing tenants to sign a lease, pay rent and hold the appropriate insurances. These matters were not dealt with to the extent required by council, when under private ownership.

The building has also struggled to attract appropriate new tenants, noting an advertising campaign to attract interest has not occurred due to the uncertainty on the future direction for the building and therefore, capacity to provide adequate leasing terms to new tenants. New tenant interest has been limited due to the tiredness of the building, the minimal services it provides, the lack of modern decor (the kitchenette is carpeted) and the lack of privacy for businesses as each room is accessed via a central internal corridor. Currently, one (1) room is occupied by the Goolwa Bargain Barn second-hand shop and another room utilised by Council Administration for storage purposes as part of a short-term records management project. The building is deteriorating and requiring increased maintenance works by Council, with particular concern for the condition of the septic system.

Revisiting the future for this property as part of the Strategic Land Program Group 2 is therefore timely.

Discussion

Constructed in 1985, the building is in average condition, consisting of six (6) rentable spaces with floor coverings and guttering requiring attention. In addition, the wastewater system is approaching end of life. There are six (6) private car park spaces behind the building, with access to the rear of the property via a single driveway between 13 and 15 Cadell Street which acts to service both. Both 13 and 15 own portions of this driveway via a right of way agreement to protect their access to the rear car parks.

A building inspection was carried out prior to purchase which provided five (5) key recommendations to improve the building. These inspection works are valued at \$43,800 but have not occurred while the future direction of the building remains unknown. An overview of the inspection works is provided below.

- Reconstruction of portion of external wall (isolated works) to repair the corner of the building damaged by vehicle impact.
- Cracked sections of plasterboard internally to be replaced as aesthetically desired.
- Replace gutters with new.
- Undertake a comprehensive pressure test on all stormwater, sewer and mains water supply networks; and
- Construction of concrete pavements along the northern perimeter to divert surface stormwater away from the building.

Council has held the property for 'land banking' purposes for over two (2) years, so it could be considered that the land banking purpose has now been achieved due to the increased value of this, and most properties within Goolwa since its purchase for [REDACTED] in 2023. The 2025/26 Valuer General (VG) assessment of the site is \$730,000 (compared to \$570,000 in 2023 at time of purchase). In November 2025, an appraisal of the anticipated sale value was obtained from a local real estate agency. The appraisal valued the property at between [REDACTED] in its current condition. The appraisal also put Real Estate Agency fees at 2.2% of the sale (inclusive of GST). The property is not community land and could therefore be put on the market immediately for sale.

Recommendation Group B seeks consent to proceed to sale of the property and set a Reserve Price for the disposal based on the recent appraisal. The Reserve Price could consider the additional third-party costs to Council for Stamp Duty, LTO Registration and Electronic Settlement fees of \$7,500, the marketing campaign of \$3,640 and Agency fees of 2.2% of the sale price.

Alternate Options

Alternatively, there are a range of options that can be considered for this property as outlined below

Option 1 - Hold for 'land banking purposes' and continue as a small scale commercially leased building with minor annual maintenance works at Council cost.

Previously used as a Medical Centre, the aesthetics of the street frontage has proven challenging in attracting general retail business. Currently, only one (1) tenant pays a commercial rent for one (1) room of the building, with a second room used by the Information Management team for file storage as part of a current records management project. In its current condition, the building can only adequately be leased to small, 'cooperative' commercial businesses that accept the state of the facility for the rent charged. As a result, it mainly attracts interest from businesses that have been assessed as not appropriate for Council to lease to (e.g.: vape shops). As the current tenancy and the capacity to attract new tenants is proving challenging, selecting a direction that supports minor fit for use works

only, comes with an expectation that tenancy of the building will remain low, with only a minor commercial return to Council. If this option was selected, the purpose of a report back to Council would be to determine how long Council seeks to hold the building in its current form before revisiting it again.

- Council currently receives an annual return of \$6,120 per annum for the one (1) occupied room but could receive an annual return of greater than \$45,000 per annum if all six (6) rooms were fit for use and fully tenanted.
- There are costs associated with keeping the building open. If this option was selected, consideration to the building inspection recommendations (\$43,800), pending wastewater upgrades as system is reaching end of life (\$10,000), and yearly maintenance (\$2,000 / \$4,000) is required.

Option 2 - Hold for 'land banking purposes' and transition room tenancies to community users with minor annual maintenance works at Council cost.

Alternatively, the building could be re-purposed for community use under community lease agreements for each room, however, some work would still be required to make it fit for use. If this option was selected, the purpose of a report back to Council would be to determine design and delivery project costs to make the building suitable for community users.

- Under Council's *Lease and Licence Policy*, these leases would generally be offered at a peppercorn or \$500 per annum rent, so recoup of costs for upgrade works is unlikely to be achieved short term. Total annual return if all six (6) rooms were leased at \$500 rather than peppercorn, is anticipated at \$3,000 per annum for 'minor community commercial use'.
- There are costs associated with keeping the building open. If this option was selected, consideration to the building inspection recommendations (\$43,800), pending wastewater upgrades as system is reaching end of life (\$10,000), and yearly maintenance (\$2,000 / \$4,000) is required, on the basis that fit out for intended use would be at the expense of the community tenants as part of lease negotiations and annual rent.

Option 3 - Upgrade for professional third-party office space.

The building could be remodelled to attract professional business users, similar to the Goolwa Business Hub refit. The external of the building could remain relatively unchanged other than minor aesthetics upgrades and a paint; however, the internal space would require modernising and the building inspection recommendations completed to make it fit for professional commercial use under individual room lease agreements. If this option was selected, the purpose of a report back to Council would be to determine design and delivery project costs to upgrade the building for professional third-party use.

- Council could receive an annual return of greater than \$45,000 per annum if all six (6) rooms were fit for use and fully tenanted under professional tenancies.
- There are costs associated with keeping the building open. If this option was selected, consideration to the building inspection recommendations (\$43,800), pending wastewater upgrades as system is reaching end of life (\$10,000), yearly maintenance (\$2,000 / \$4,000) and potential professional fit out works (up to [REDACTED] based on the Goolwa Business Hub renovation costs) would be provided.

Option 4 - Undertake an Expression of Interest (EOI) process for a 'whole of premise' commercial or community leasing option.

There is opportunity to consider leasing the property (building and land) as one (1) premise, to either a commercial or a community tenant. Undertaking an Expression of Interest (EOI) process to lease the building could include options for the Lessee to redevelop the site in

exchange for a reduced rent and a lease term to reflect level of investment. If this option was selected, the purpose of a report back to Council would be to determine the expectations on whether the EOI would be offered for both community and commercial interest, the proposed uses for the building, the intended investment by the applicant and the anticipated return to Council.

- A rental return could be achieved for the property subject to whether the premises was leased to a commercial investor or a community provider. At the very least, Council would retain the property for land banking purposes and potentially have an upgraded building on expiry of lease.
- The EOI could include a requirement for the proposed Lessee to undertake all works to make the premises fit for their intended use, so Council would not be required to undertake the building inspection recommendations (\$43,800), wastewater upgrades (\$10,000) and maintenance obligations, however annual return for the property during the land banking term would be minimal in this instance.

Option 5 - Close and hold for 'land banking' purposes

Council could consider closing the building to tenants, and simply holding for land banking purposes without incurring any further overhead expenses related to cleaning, administration, invoicing, building maintenance, wastewater maintenance and end of life costs. If this option was selected, the purpose of a report back to Council would be to determine how long Council seeks to hold the building in its current form before revisiting it again.

- Council would see no return under this option.
- Council would not be required to undertake the building inspection recommendations (\$43,800), wastewater upgrades (\$10,000), maintenance (\$2,000 / \$4,000) or fit for use works (up to [REDACTED]) but would still need to pay the minor service connection fees for water / electricity (\$2,000 per annum).
- Maintaining a vacant building in the main street of Goolwa does not support Goolwa being 'open for business'.

Option 6 - Site Redevelopment

The encumbrances on the land title will limit development opportunities close to the boundary with 13 Cadell Street but is unlikely to prevent Council from considering access to the car park from the Council side. The building is zoned Township Main Street, permitting two (2) level buildings subject to heritage restrictions, or redevelopment of the current building, walkways from the Council carpark to the main street or demolition of the building and site redevelopment for an alternative outcome (e.g. pocket park or new build). If this option was selected, the purpose of a report back to Council would be to consider the budget consideration to appoint a consultant to identify potential redevelopment options for this property.

- A budget allocation of \$30,000 is anticipated to be required to engage a consultant to provide 'big picture' options for this site, with redevelopment costs and future revenue from the redevelopment unknown at this stage.
- It is proposed that the building would retain the one (1) existing tenant only during this phase or short term 'pop-up' agreements.

If one (1) or more of the above 6 options is of interest to Council, an alternative recommendation is provided below so the property work can occur and detailed, tailored information brought back to a future meeting of Council.

Alternative recommendation:

That Council receive a further report on the merits of proceeding with Option/s ____ as contained within this report, for the Council owned property located at 15 Cadell Street, Goolwa Certificate of Title Volume 5386 Folio 431.

(Council to select the option(s) from:

- ***Option 1 - Hold for 'land banking purposes' and continue as a small scale commercially leased building with minor annual maintenance works at Council cost.***
- ***Option 2 - Hold for 'land banking purposes' and transition room tenancies to community users with minor annual maintenance works at Council cost.***
- ***Option 3 - Upgrade for professional third-party office space.***
- ***Option 4 - Undertake an Expression of Interest (EOI) process for a 'whole of premise' commercial or community leasing option.***
- ***Option 5 - Close and hold for 'land banking' purposes.***
- ***Option 6 - Site Redevelopment.)***

Financial Implications

In accordance with the Alexandrina Council's Adopted Budget / Long Term Financial Plan, the financial implications of adopting this recommendation are considered varied. Some immediate expenditure on asset maintenance may be required as it arises, however this is offset to some extent by the weekly rent.

When considering the options for this land parcel, the annual servicing cost of holding this property is \$26,540 (insurance, maintenance, utilities, cleaning and includes \$18,860 in depreciation). Council receives an annual rent return of \$6,120 from the one (1) existing tenant and an additional \$1,877 in Rates, CWMS and Levy charges from that tenant. This excludes the costs associated with the building inspection recommendations and wastewater upgrades.

As an example, the financial impact that such a sale would have on Council's financial position, if Council resolved and was successful in selling 15 Cadell Street, Goolwa for [REDACTED] would:

- Decrease borrowings by [REDACTED] which would improve the Council's financial capacity
- Decrease interest charges by \$42,000 annually and \$470,542 accumulatively over the 10 years of the long-term financial plan

Collective financial Implications of other reports in agenda for member consideration

Members should also be aware that there are other reports in this agenda that have ongoing financial implications. The following tables present a summary of the Councils operating position and level of borrowing from each of these reports to assist members in their deliberations.

Each of the highlighted reports identifies ongoing savings associated with reduced expenditure and interest costs. The following table provides high level snapshot of the immediate and long-term benefits to the operating position.

It should be noted that Council's current Long-Term Financial Plan (LTFP) forecasts a borrowing level of approximately \$12 million in Year 10. The combined impact of the operating benefits outlined above, and the total estimated \$1.9 million in proceeds from land disposal (Agenda Items 12.3 and 12.4) would reduce Council's projected debt from \$12 million to approximately \$6 million in Year 10 of the LTFP.

Risk Implications

In accordance with Alexandrina Council's Risk Assessment Matrix, the risk of adopting this recommendation is considered low, as the disposal of this parcel would positively impact on Council's financial position.

The risk of adopting one (1) or more of the alternative recommendations is considered low noting that although the property is not part of any identified need or strategic plan at this stage, it is reasonable to suggest that properties such as this main street frontage are rare and retain their value in the immediate to long-term property market.

Retention in Confidence Recommendation

1. That subject to the Chief Executive Officer, or their delegate, disclosing information or any document (in whole or in part) for the purpose of implementing the Council's decision(s) in this matter in the performance of the duties and responsibilities of office, the Council having considered Agenda Item 12.4 (Confidential) Strategic Land Program Group 2 - 15 Cadell Street Goolwa Options in confidence under section 90(2) and (3)(b) of the *Local Government Act 1999* the Council, pursuant to section 91(7) of the *Local Government Act 1999*, orders that the minutes, report and attachments and audio recording relative to the Agenda Item 12.4 (Confidential) Strategic Land Program Group 2 - 15 Cadell Street, Goolwa Options be retained in confidence until further order.
2. That pursuant to section 91(9)(c) of the *Local Government Act 1999* the Council delegates to the Chief Executive Officer the power to revoke, in whole or in part, the order made in paragraph 1 of this resolution.

Attachments

Nil