LEASE OF COUNCIL PROPERTY

COUNCIL POLICY

PURPOSE

The purpose of this policy is to ensure that leases are awarded and administered in a way that is fair, consistent and transparent in accordance with Council's legislative obligations. Council is also committed to promoting the development of Palmerston and the ongoing provision of community services.

PRINCIPLES

The following are key considerations in the administration of leasing by Council and apply in conjunction with Council's legislative obligations:

- Council land is a valuable public asset.
- All occupiers of Council land and/or facilities will, as a condition of occupancy, enter into a written legally binding lease agreement with Council.
- All leases are granted for a specific term and are subject to lease conditions.
- Leases can be granted where appropriate to enable community or commercial activities where they are not inconsistent with Council's values.
- Where Council has determined commercial leases are appropriate, Council will apply commercial principles.
- Commercial activities on community lease sites will be approved in certain circumstances.
- Whilst there is no legislative restriction on the term of a lease, Council needs to carefully consider transparency and value when committing assets for a long-term period of greater than three years.
- Compliance with legislation and probity requirements are essential to all dealings on Council land. All lease administration processes must be fair, open and impartial.

DEFINITIONS

For the purposes of this Policy, the following definitions apply:

TERM	DEFINITION
Nil	

POLICY STATEMENT

1. General Policy

1.1. When Council is considering the future use of a property, Council decisions will be sought on the following issues:

- whether the site will be available for sale or lease;
- whether any lease will be commercial or community purpose;
- any objectives of the leasing exercise;
- process for procuring tenants;
- length of lease agreement (including options);
- amount of rental income; and
- any other matters where Council direction is required.

1.2. As a general rule, Council will provide a long-term lease on all property through an open market format to ensure due probity of process, optimal financial return and minimal risk. Should Council choose to follow an open market process:

1.2.1 Properties available for lease will be publicly advertised for a minimum of three weeks.

1.2.2 A current independent valuation of the market value shall be prepared and act as a benchmark for returns on the property.

1.2.3 The Chief Executive Officer is delegated the authority to determine the awarding of leases.

1.3 However, one of Council's roles of participating in the marketplace via property ownership is to facilitate desired goals and objectives to ensure the growth and prosperity of the City. In such cases, an alternative process may be more appropriate.

1.3.1 Any use of an alternative process for procuring tenants must have been considered by Council.

1.3.2 Leases where the lease period is longer than three years shall be brought to Council for its approval

2. Alternative Process

Council may undertake an alternative process for the long-term lease where in Council's opinion, an alternative lease approach will achieve greater benefits and minimal risk to the Palmerston community than could be achieved through a public process and will entertain direct negotiations to the exclusion of a public process.

3. Community Leasing

Lessees for community purposes may be granted approval to undertake complementary commercial uses where there is not an unacceptable impact on the surrounding community and where any proceeds are used to support or enhance the continued provision of community services. Any activity will have to be consistent with Council's values.

4. Sub-Leasing

Tenants must obtain Council's written consent to any subleasing arrangements. If consent is granted, the management of the sublease is the sole responsibility of the head lessees (Council's tenant). Any sub-lease will have to be consistent with Council's values.

5. Conflict of Interest

Where it is considered by the Chief Executive Officer that a conflict of interest may exist in the exercising of delegation under this policy, the decision will be referred to Council.

6. Factors to be Considered

6.1. Key factors to be taken into account, including their weightings, when making a decision on awarding a commercial lease include:

- Rental yield
- Business experience
- Local economic impact
- Type of offering
- Support of Community Plan Outcomes

6.2. Council will determine the weightings for a community lease at the time of the leasing process as they may vary depending on the outcome Council is trying to achieve.

REFERENCES AND RELATED LEGISLATION

- *Local Government Act 2019* (NT)

POLICY DETAILS

OWNER	CEO	RESPONSIBLE OFFICER	General Manager Finance & Governance
APPROVAL DATE	4 July 2023	NEXT REVIEW DUE	2 May 2027
RECORDS NUMBER	547437	COUNCIL DECISION	10/907