

ELECTED MEMBERS' BRIEFING SESSION

Date of Workshop:	Monday, 21 February 2022
Time Start (approx.):	6.30pm
Subject (1):	Unley & Goodwood Ovals Lease and Maintenance Costs
Department:	City Development
Presenter(s):	Claude Malak, General Manager City Development
Session:	Open to the public.

PURPOSE

To seek feedback from Elected Members regarding leases and Council's current ground maintenance costs at Unley and Goodwood Ovals, to enable presenting a report on the matter.

ELECTED MEMBERS' BRIEFING SESSION COVER SHEET

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Department:	City Development
Presenter(s):	Claude Malak, General Manager City Development
Session:	Open to the public.
Attachments:	<i>Attachment 1 (Discussion Paper - Unley & Goodwood Ovals)</i> <i>Attachment 2 (Property Management Policy)</i>

PURPOSE

To seek feedback from Elected Members regarding leases and Council's current ground maintenance costs at Unley and Goodwood Ovals, to enable presenting a report on the matter.

DISCUSSION

Unley and Goodwood Ovals are home to numerous sporting clubs who have leases over the facilities which incorporates access to the grounds. The current lease arrangement is a rolling 5-year term for all clubs.

The clubs have all requested longer term leases moving forward. In addition, an upgrade of the ground surface at Unley Oval is to be undertaken in 2023 and in this respect, it is timely for Council to review a number of key matters to confirm the way forward.

On 21 September 2021, an initial briefing was held for Elected Members regarding this matter. At that time, information was provided regarding the lease arrangements, clubs' requests for longer term leases and Council's current costs incurred to enable organised sports to be played at the Ovals. The feedback which was provided by Elected Members at this initial briefing has been used by the Administration to guide the drafting of a Discussion Paper outlining the relevant issues.

The Discussion Paper and Property Management Policy have been provided to Elected Members ahead of this briefing, in order to enable feedback to be provided at the briefing.

Attachments 1 - 2

Key Considerations

The Discussion Paper has outlined the following key considerations:

- **Background** including purpose of the Discussion Paper, need for review and the two Elected Member briefings.
- **Current Usage** at both Ovals, recent and current redevelopments occurring and the clubs' contributions to these upgrades.
- **Current Maintenance** specifically regarding the grounds to enable the clubs to play organised sports at the Ovals.
- **Benchmarking** which has been undertaken with other councils to compare Council's current practices.
- **Options** moving forward regarding lease terms and recovery of Council's ground maintenance costs.
- **Other Considerations for Unley Oval** given the proposed ground surface upgrade works.

Preparation for Members

To assist in the discussion, Members have been provided with:

- Discussion Paper setting out all relevant details.

Specific Questions for Members

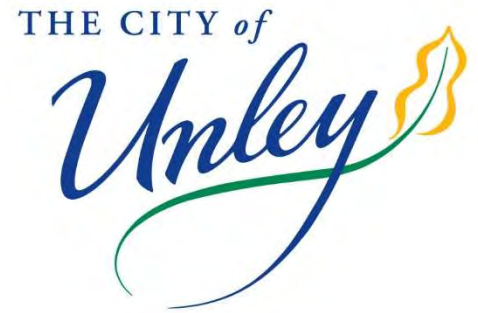
Various questions have been posed throughout the Discussion Paper document to confirm the feedback required from Elected Members by the Administration, to enable a report to be presented to Council.

SPEAKERS

Claude Malak, General Manager City Development

THE BRIEFING IS OPEN TO THE PUBLIC

- *The Discussion Paper is a public document.*



Discussion Paper

Unley & Goodwood Ovals

Leases | Lessee On-Costs | Council Maintenance Costs

Contents

1.	Background	1
1.1	Purpose of Discussion Paper	1
1.2	Need for Review	1
1.3	Initial Elected Member Briefing	1
1.4	Further Elected Member Briefing	2
1.5	Next Step	2
2.	Current Usage.....	3
2.1	Unley Oval	3
2.1.1	Sturt Football Club.....	3
2.1.2	Sturt Cricket Club	3
2.1.3	Building Facilities Redevelopment.....	4
2.2	Goodwood Oval	4
2.2.1	Goodwood Saints Football Club.....	4
2.2.2	Goodwood Cricket Club	4
2.2.3	Building Facilities Redevelopment.....	4
3.	Current Maintenance.....	5
3.1	Unley Oval	5
3.2	Goodwood Oval	6
4.	Benchmarking	7
4.1	Other Councils.....	7
4.2	Overall Summary	7
5.	Options.....	8
5.1	Overall Considerations	8
5.2	Lease Terms.....	8
5.2.1	Unley Oval	8
5.2.2	Goodwood Oval	8
5.2.3	Options	8
5.3	Cost Recovery	9
5.4	Other Considerations (Unley Oval)	11
5.4.1	Hosting Cricket	11
5.4.2	Offer From Sturt Football Club	11
6.	This Document	11

1. Background

1.1 Purpose of Discussion Paper

The purpose of this Discussion Paper is to outline to Elected Members for their consideration, the options available to Council regarding its current costs for maintaining the grounds at Unley Oval and Goodwood Oval and its cost recovery from the clubs who use the facilities.

An Elected Member briefing will be held on 21 February 2022, to consider the information which is contained in this Discussion Paper and to seek feedback regarding the way forward to enable a report to be finalised and presented to Council on the matter.

1.2 Need for Review

A reasonable upfront question is *why does Council need to undertake a review?*

It has been some time since Council has formally considered and reviewed its ground maintenance costs at these sites, the levels of service it provides the clubs and what it recovers by way of fees it charges its lessees. Much has changed in recent years.

Unley Oval has, for many years now, been used by the Sturt Football Club and Sturt Cricket Club on a rolling 5-year lease term. Similarly, Goodwood Oval has been home to the Goodwood Saints Football Club and Goodwood Cricket Club for a long time also on an ongoing 5-year lease arrangement.

The requirements and expectations of all the clubs who use both Ovals are continually increasing as they grow, develop and expand. In this respect, the clubs have expressed a desire to seek certainty through a long-term lease. The Administration does not have the delegation to enter into a lease term which is greater than 5-years so this is a decision for Council to make. In addition, Council would need to undertake community consultation, prior to making any final decision regarding entering into a long-term lease as requested.

In the case of Unley Oval, Council has recently secured a grant from the State Government for the resurfacing of the ground. Considering this and all the other current issues, it is timely for Council to review its current operations regarding the Ovals and decide what changes (if any) it wishes to implement moving forward.

1.3 Initial Elected Member Briefing

On 21 September 2021, an Elected Member briefing was held regarding this matter. The purpose of the briefing was to highlight to Elected Members the key issues and discuss how best to progress Council's considerations of these issues.

At this initial briefing, the following was discussed:

- Should the clubs be provided with a long-term lease as per their requests?
- Is Council satisfied with its current cost recovery regarding its maintenance of the grounds or does it wish to review this?
- In the event Council wishes to review its current cost recovery, what is the preferred way forward?

The feedback which was received from Elected Members at the initial briefing has been considered by the Administration and this Discussion Paper is now presented as a follow up. This Discussion Paper sets out the current status and options regarding Council's review of its cost recovery and lease terms for the clubs moving forward.

1.4 Further Elected Member Briefing

A further Elected Member briefing is to be held on 21 February 2022.

In essence, the Administration will guide Elected Members through this Discussion Paper at that briefing. Following the briefing, a report will be presented to Council seeking a formal position on the way forward.

In the event Council decides to make any changes to the current arrangements whether that is regarding lease terms or its cost recovery, then appropriate consultation will need to be undertaken with the clubs and the community.

At this briefing, the following will need to be established:

- Are the options presented in this Discussion Paper adequate and does the level of information enable Council to make an informed decision?
- Is there a preferred option regarding the lease terms moving forward?
- Is there a preferred option regarding Council's cost recovery moving forward?
- Are there other options not included that should be considered?

1.5 Next Step

The feedback which is to be received from the Elected Members at the briefing will be used by the Administration to finalise a report which is expected to be presented to Council for its consideration as its meeting to be held in March 2022.

2. Current Usage

2.1 Unley Oval

2.1.1 Sturt Football Club

The Sturt Football Club has an all year round lease for the use of the buildings facilities but share the changerooms with the Sturt Cricket Club during the cricket season which extends from October to March (inclusive) annually.

The club has a licence for the use of the ground for a total of 500-hours for trainings and junior matches during the football season which extends from April to September (inclusive) annually. The club has an additional licence for the use of the ground for 10 senior and reserves matches during the football season.

In terms of fees, the club pays an annual lease fee of \$28,141 for the use of the building facilities which enables access to the ground but there is no direct charge by Council to the club for ground use. The club pays an additional licence fee of \$2,757 for each of the senior / reserves matches played at the Oval for the installation of fencing (total \$27,570) which is arranged by Council. The club therefore pay a total fee of \$55,711 annually for the use of the facility.

The club's current lease fee has been calculated taking into account its financial contribution for Stage 1 of the building facilities redevelopment. The current lease fee has also been based on a review of the club's classification from 'commercial' operator to 'peak body' pursuant to the requirements of Council's Property Management Policy. A copy of the Policy is attached. The club has requested a long-term lease (tenure not specified) and Council has previously given this some consideration, but this now requires to be reviewed.

2.1.2 Sturt Cricket Club

The Sturt Cricket Club is located outside the City of Unley (within the City of Mitcham) where the senior teams (As and Bs) are based. Unley Oval is used by the Club's lower Cs and Ds teams only. The facilities are not used by these teams for trainings but official matches only.

The club has a lease arrangement over the changerooms for the cricket season which extends from October to March (inclusive) annually and this arrangement allows the club access to the ground, but they are not charged a direct cost for the use of the ground. When AFLW matches have been held, the club relinquish 5-weeks at the end of its season to enable preparation works to host these matches.

The club pays a total fee of \$4,625 for the use of the changerooms which allows access to the ground to play approximately 10-12 matches annually. The club has requested a long-term lease but has not specified a tenure.

2.1.3 Building Facilities Redevelopment

Council has upgraded the facility for approximately \$2.5m (Stage 1) and committed approximately \$4.2m (Stage 2). The Sturt Football Club has made a direct financial contribution of \$250k (Stage 1) and has committed \$1m (Stage 2). The club has also financially contributed towards the picket fence, lighting, electronic screen, entry gates and other works around the Oval of up to \$500k.

2.2 Goodwood Oval

2.2.1 Goodwood Saints Football Club

The Goodwood Saints Football Club has a lease for the use of the building facilities which includes access to the ground for training and matches for the duration of the football season which extends between April and September (inclusive) annually.

The lease enables the club to have 24/7 access and use of the building facilities but specifies the dates and times for ground use for training and matches.

The club pays an annual lease fee of \$4,590 for the use of the building facilities which enables access to the ground but there is no direct charge from Council to the club for the use of the ground. The club has requested a 25-year lease.

2.2.2 Goodwood Cricket Club

The Goodwood Cricket Club has a lease for the use of the building facilities which allows access to the ground for training and matches for the duration of the cricket season which extends between October and March (inclusive) annually.

The lease enables the club to have 24/7 access and use of the building facilities but specifies the dates and times for ground use for training and matches.

The club pays an annual lease fee of \$4,590 for the use of the building facilities but also pays an annual fee of \$4,277 specifically for use of the ground. This additional cost is for the wicket preparation works which are undertaken by Council. It is unclear why the club is the only user that is charged specifically for the preparation of the ground for its use, but it is believed by the Administration to be historical.

The club therefore pays a total annual fee of \$8,867 for the use of all facilities, inclusive of ground preparation. The club has requested a 25-year lease.

2.2.3 Building Facilities Redevelopment

Council has undertaken a redevelopment of the building facilities at Goodwood Oval at a cost of approximately \$3.5m.

The Football and Cricket clubs have each contributed an amount of \$15,000 (cash) and \$15,000 (in-kind support) towards the redevelopment.

The current lease fee has considered the clubs contributions and has been based on the clubs being classified as 'community groups' in accordance with the provisions of Council's Property Management Policy.

3. Current Maintenance

3.1 Unley Oval

Council undertakes all ground preparations all year round for the entire football and cricket seasons (pre and post). The works include mowing, fertilising, aeration, line marking, cricket wicket rolling and scarifying, etc.

Council depot operations staff are continually challenged with trying to prepare the surfaces from the end of cricket season to ensure the Oval is prepared for the commencement of the football season and often need to impede on the end of the cricket season to be able to ensure the ground is ready in time.

Council has been successful in obtaining a grant of \$635,000 towards replacing the existing surface and irrigation at the Oval. In this respect, it is timely for Council to consider how it wants the Oval to be used in the future in relation to organised sports and its current users.

The Administration has considered Council's annual 'open space' baseline costs which is what would be required in the event the Oval is not being used for organised sports and compared that with its lessees' costs. Council's annual costs for the maintenance of the ground has also been compared with what is recovered by Council from the clubs. Table 1 below outlined these details.

Table 1: Unley Oval Annual Cost Summary for Ground Maintenance

Unley Oval			
Cost	Outgoing	Incoming	% Recovered
Open Space Base Service	\$14,238	NA	NA
Football	\$88,035	\$55,711 (Lease fee for building use and matchday fencing cost)	0% (No direct charge for ground use)
Cricket	\$61,691	\$4,625 (Lease fee for building use)	0% (No direct charge for ground use)
Total	\$163,964		

Currently, Council's total annual cost for the maintenance of the ground at Unley Oval, to enable recreational use as well as use by both clubs is \$163,964 of which \$149,726 is to meet the requirements of both clubs.

Of this total cost, Council incurs \$88,035 (or 53.7%) to enable the playing of football and \$61,691 (or 37.6%) to enable the playing of cricket.

3.2 Goodwood Oval

As the case with Unley Oval, Council undertakes all ground maintenance and seasonal preparations for the playing of football and cricket.

The Administration has considered Council's annual 'open space' baseline costs which is what would be required in the event the Oval is not being used for organised sports and compared that with its lessees' costs. Council's annual costs for the maintenance of the ground has also been compared with what is recovered by Council from the clubs. Table 2 below outlined these details.

Table 2: Goodwood Oval Annual Cost Summary for Ground Maintenance

Goodwood Oval			
Cost	Outgoing	Incoming	% Recovered
Open Space Base Service	\$13,788	NA	NA
Football	\$59,682	\$4,625 (Lease fee for building use)	0% (No direct charge for ground use)
Cricket	\$68,719	\$4,277 (Of that a fee of \$4,277 is charged for ground preparation)	6.2% (Specifically recovered for ground use)
Total	\$142,189		

Currently, Council's total annual cost for the maintenance of the ground at Goodwood Oval, to enable recreational use as well as use by both clubs is \$142,189 of which \$128,401 is to meet the requirements of both clubs.

Of this total cost, Council incurs \$59,682 (or 42.0%) to enable the playing of football. In respect to cricket, Council incurs \$68,719 (or 48.3%) and recovers \$4,277 (or 6.2%).

4. Benchmarking

4.1 Other Councils

The Administration has considered Council's current practices regarding this matter in comparison with other councils' policies and procedures when dealing with similar clubs and users for similar community facilities.

It is evident that councils deal with these matters in a variety of ways across the board and there does not appear to be a 'one size fits all' approach when it comes to the leasing and usage of community facilities such as Unley and Goodwood Ovals. However, it was felt appropriate by the Administration to undertake the comparison for Council's consideration.

4.2 Overall Summary

A total of four councils were considered, namely the Cities of Mitcham, West Torrens, Holdfast Bay and Burnside. Table 3 below outlines the overall summary which the Administration has collated setting out each of the councils' practices.

Table 3: Summary of Benchmarking with Other Councils

Council	Oval Maintenance Arrangements
Mitcham	<ul style="list-style-type: none">• Lessees with exclusive use of grounds are responsible for all their own maintenance requirements.• Council maintains non-exclusive use grounds and charge lessees a flat rate of \$2,400 p.a.• Turf wickets / specialist grounds are not maintained by Council.
West Torrens	<ul style="list-style-type: none">• Council maintains grounds.• Thebarton Oval is open to public but not widely advertised as such. SANFL has lease over ground and is responsible for maintenance.• Richmond Oval is maintained by Council and 25% is charged back to the club through a lease.• Turf wickets are not maintained by Council.
Holdfast Bay	<ul style="list-style-type: none">• Council maintains grounds and charges lessees \$0.30/sqm depending on type of maintenance.• Council maintains turf wickets at a cost to lessees which is higher than ground maintenance (details unknown).• Brighton Oval has had a major upgrade. Lease fees have been significantly increased and phased over 5-year leases to lessees.• Glenelg Oval has a long-standing lease with Council maintaining.
Burnside	<ul style="list-style-type: none">• Council maintains grounds to a standard level with anything above and beyond is responsibility of lessees.• Turf wickets / specialised grounds are not maintained by Council.

5. Options

5.1 Overall Considerations

There are two matters which require consideration.

The first is whether Council wishes to continue with ongoing 5-year leases which are managed by the Administration under delegation or if long-term leases should be issued and if so, what is considered to be an appropriate longer-term tenure.

The second issue is what changes (if any) does Council wish to make specifically regarding its current maintenance costs directly related to enabling organised sports to be played at the Ovals and the current recovery from the clubs who use these facilities. Currently, other than the Goodwood Cricket Club, the other clubs are not charged a direct fee for the use of the grounds and Council may wish for this to continue.

5.2 Lease Terms

5.2.1 Unley Oval

The Sturt Football Club lease has expired but an interim arrangement has been put in place till the completion of the Stage 2 works. Following this, it is proposed that a new longer term lease will be entered into (tenure to be confirmed).

In respect to the new lease, it will be recommended to Council to retain the current fees payable by the Sturt Football Club in recognition of the significant financial contributions it has made to Stage 1 and Stage 2 of the redevelopment.

The Sturt Cricket Club current lease has expired but an interim arrangement has been put in place till the end of the current 2022/23 cricket season and pending Council's decision on future uses of Unley Oval.

5.2.2 Goodwood Oval

The Goodwood Saints Football Club will commence its current 6-months lease in April 2022 and expire in September 2022. The club has requested a 25-year lease.

The Goodwood Cricket Club's current lease will expire at the conclusion of the 2021/22 cricket season (March 2022). The club has requested a 25-year lease.

5.2.3 Options

All clubs have requested a longer term lease than the current rolling 5-years which is provided by Council. The clubs have requested this to provide them certainty and better security in terms of their future plans but also to ensure their continued development. There are numerous options available to Council regarding this as set out in Table 4.

Table 4: Options Available to Council Regarding Lease Terms

Option	Advantage	Disadvantage
1. Retain Status Quo Council could decide to continue to issue a rolling 5-year lease to all clubs.	<ul style="list-style-type: none"> • Matter would continue to be managed by the Administration under delegation which is an expedient process. • Community consultation not required which could raise issues that would need to be resolved by Council prior to finalising a lease. 	<ul style="list-style-type: none"> • Would not meet with the expectations of the clubs for a long-term lease. • Clubs are unlikely to accept an increase in Council's cost recovery with a continuation of a short-term lease, should it decide to pursue this course of action.
2. Medium Term Lease Council could issue medium term 10-year leases which would be a greater term than the current 5-year lease but would not be an overly long-term commitment.	<ul style="list-style-type: none"> • Would better meet with the expectations of the clubs. • Council is likely to be able to negotiate an increase of its cost recovery, should it decide to pursue this course of action. • Council would be able to include within the lease the agreed levels of service to be provided to the clubs. 	<ul style="list-style-type: none"> • Community consultation is required. This may raise issues that would need to be finalised by Council prior to entering into the lease which could result in lengthy timeframes. • Council would not be able to make changes in terms of other organised sports at the Ovals for the lease term. • Community may be against longer term leases seeing this as an erosion to community use
3. Long Term Lease Council could issue long-term 20-year leases.	<ul style="list-style-type: none"> • Same as Option 2. • In addition, Council would be better placed to undertake strategic decision knowing the long-term usage of the facilities. 	<ul style="list-style-type: none"> • Same as Option 2. • In addition, the community is likely to consider this option unreasonable and a very long commitment.

The key considerations for Council are summarised as follows:

- Are the options provided considered to reasonable in terms of providing Council with a range of potential solutions moving forward?
- Are there other options which should be considered?
- What is considered to be the most appropriate option moving forward?

5.3 Cost Recovery

It would be reasonable to assume that most of the clubs would be willing to accept some increase in their costs for Council to recover its costs, in the event it decides to issue medium or long-term leases, but this is yet to be confirmed through a formal consultation process with the clubs.

Table 5 below outlines the various options available to Council in terms of its cost recovery for the maintenance of the grounds.

Table 5: Options Available to Council Regarding Cost Recovery

Option	Advantage	Disadvantage
1. Retain Status Quo Council could decide to make no changes and retain the status quo.	<ul style="list-style-type: none"> Clubs would be required to continue not to pay anything specific regarding their use of the grounds which they would be happy with. The exception is the Goodwood Cricket Club which currently does pay a fee for the use of the ground. Consultation would not be required and new leases could be issued expediently. 	<ul style="list-style-type: none"> Council's current costs would remain unchanged. Council would be unable to address the ongoing increase of the expectations of the clubs regarding their service levels.
2. Split Costs (50-50) Council could decide to evenly split its annual cost with the clubs.	<ul style="list-style-type: none"> Council would reduce its current annual costs by 50%. 	<ul style="list-style-type: none"> Would be considered a significant and unsustainable financial impost on the clubs and would be met with strong opposition from the clubs.
3. Recover Costs (25%) Council could decide to recover 25% of its annual cost from the clubs.	<ul style="list-style-type: none"> Council would reduce its current annual costs by 25%. 	<ul style="list-style-type: none"> Same as Option 2.
4. Recover Costs (10%) Council could decide to recover 10% of its annual cost from the clubs.	<ul style="list-style-type: none"> Council would reduce its current annual costs by 10%. Enables Council to increase its cost recovery in a reasonable manner should it wish to do so. Could be supported by the clubs over the other options should Council wish to increase its cost recovery. Increase in Council cost recovery could be achieved by indexing a small increase annually over a short or medium term lease. 	<ul style="list-style-type: none"> Might not be considered an adequate increase in Council cost recovery given its current expenditure. Could be met with some objections from the clubs even if the increase is indexed over the term of the lease.
5. Peppercorn Rental Council could decide to deliver the base 'open space' service (what would be required if there was no organised sports), charge the clubs a peppercorn rental (\$1/yr) and place all ground preparation and ongoing maintenance on the clubs to deliver.	<ul style="list-style-type: none"> Council would only incur approx. 9-10% of its current costs to deliver the 'open space' base service. Council would not be obligated to deliver any of the requirements of the clubs even if these increase in the future. The clubs' current lease fees would be reduced (except in the case of Goodwood Saints Football Club who do not currently pay a fee for use of the Oval). 	<ul style="list-style-type: none"> The clubs would incur significant costs to prepare the grounds which may be a significant and unsustainable financial impost. The quality of the surfaces and maintenance works could be compromised if external contractors are appointed by the clubs. The clubs may wish to seek a reduction to public access by the community if they are made responsible for the maintenance costs feeling a sense of 'ownership' over the facilities which would not be supported by Council or the wider community.

The key considerations for Council are summarised as follows:

- Are the options provided considered to be reasonable in terms of providing Council with a range of potential solutions moving forward?
- Are there other options which should be considered?
- What is considered to be the most appropriate option moving forward?

5.4 Other Considerations (Unley Oval)

There is another consideration for Council regarding Unley Oval. As mentioned earlier in this Discussion Paper, Council has received grant funding for the upgrade of the irrigation and ground surface at the Oval. It is therefore timely for Council to consider whether cricket should continue to be played at this site.

5.4.1 Hosting Cricket

The Sturt Cricket Club has been using Unley Oval for a very long time. However, it is a club which is based outside the City of Unley and uses the ground for its lowers Cs and Ds teams only.

Trainings are not held at the Oval by the club and it is only used for 10-12 matches annually during the cricket season. Council incurs a cost of approximately \$62,000 annually just to prepare the ground to play these matches.

The key considerations for Council are summarised as follows:

- Should cricket continue to be hosted at Unley Oval?
- If cricket should continue at Unley Oval, should the Sturt Cricket Club be issued with a new lease, or should there be another local club?
- If cricket is not to continue at Unley Oval, does Council want to explore another summer sport to be played at the site?

5.4.2 Offer from Sturt Football Club

The Sturt Football Club has recently written to the Administration and offered to pay an increase of \$10,000 annually in addition to its current lease fee for an all-year round lease. This would obviously mean that cricket would not be played at the Oval.

The club has advised that this would not necessarily result in a significant increase in its usage of the ground. It does however provide the opportunity to potentially host AFLW games on a regular basis on the Oval during summer. In ensuring this, Council could as part of negotiating a new lease, ensure the 500-hours currently provided to the club as access to the ground is retained as a condition of use.

6. This Document

This document has been presented to Elected Members for review and consideration ahead of the briefing to be held on 21 September 2022.

No formal discussions have been held with the clubs at this time. Following the briefing, the Administration will present a report to Council to formalise its positions and commence consultation with the community and clubs, as required and in accordance with Council's decisions.



PROPERTY MANAGEMENT POLICY

Policy Type:	Council
Responsible Department:	City Development
Responsible Officer:	Manager Assets and Operations
Related Policies and Procedures	Disposal of Surplus Non-Community Land Policy
Community Plan Link	<i>Community Living:</i> 1.1 Our Community is active, healthy and feels safe. <i>Civic Leadership:</i> 4.1 We have strong leadership and governance. 4.2 Our business systems are effective and transparent.
Date Adopted	23 July 2007; C140/07
Last review date	27 January 2021; C0424/21
Next review date	January 2024
Reference/Version Number	Version 5
ECM Doc set I.D.	2167028

1 PREAMBLE

- 1.2 This Policy outlines the management of and setting of fees for the lease / license of Council owned properties in line with a series of pre-defined Guiding Principles.

2 SCOPE

- 2.2 This Policy applies to all Council owned facilities that are leased or the subject of a license.

3 POLICY PURPOSE/OBJECTIVES

- 3.2 To identify a standardised assessment method when establishing lease and license fees for Council owned properties.
- 3.3 The City of Unley supports a Property Management Policy that is:
- Standardised
 - Equitable
 - Transparent
 - Easily and consistently applied
 - Easily understood and defensible



- Assists in delivering strategic objectives
- Recognises the Lessee

4 ROLES AND RESPONSIBILITIES

4.2 This Policy will be administered on behalf of Council by the:

- General Manager City Development
- Manager Assets and Operations
- Senior Assets and Engineering Lead
- Coordinator Property & Facilities

5 POLICY STATEMENT

5.2 Council will develop and utilise a structured and consistent approach to the management and asset management of Council's building assets.

5.3 *Building Assets of Council*

5.3.1. Two categories of building assets are considered within this Policy:

- **Civic, Community and Recreation Assets** – such as libraries, community centres, halls, cultural development centres (e.g. art, theatre and craft) or sporting facilities such as tennis courts, bowling clubs, ovals, etc.
- **Commercial Assets** – offices, retail shops, residential properties that have been acquired for the purposes of achieving a strategic community or economic objective.

5.4 *Guiding Principles for Property Assets*

5.4.1. The Guiding Principles of Property Assets for Council are:

- **Principle 1 – Equity across the community**
A balanced approach is taken ensuring that residents across the community have equal opportunities for required services.
- **Principle 2 – Sustainable assets**
Assets are designed and maintained in a manner cognisant of a triple bottom line outcome (financial; environmental; social) and utilising a life cycle approach.
- **Principle 3 – Risk sensitive**
Asset based decisions are done so in a manner where risks are identified, understood and managed (Health, Safety and Welfare; Business Performance and Service Delivery; Reputation; Infrastructure; Environment; Financial).
- **Principle 4 – Strategic consistency**
Assets related to services are planned and maintained within an integrated planning framework.
- **Principle 5 – Functional and Service Level**
Assets are designed and maintained to ensure they are fit for purpose, meeting the agreed Level of Service.

- **Principle 6 – Compliant**

Assets are designed and maintained to meet compliance requirements at a minimum.

- **Principle 7 – Innovation and improvement focused**

Alternative methods of providing services/assets are regularly examined, and improvements considered, ensuring “best value” options are applied.

5.5 Community, Recreation, Commercial and Strategic Assets

5.5.1. Lease or Licence Management

Definition

- A lease or license is defined as any rental or licensed use agreement whereby Council allows any of its properties, in whole or part, to be used regularly for in excess of six months by any organisation.
- Leasing refers to the exclusive use of a property or facility by a group whilst licencing relates to shared use of a property or facility.

Scope

- Properties subject to lease or licence may include halls, cottages, open space, institutes/community centres, playing fields, clubrooms, car parks, spectator facilities, courts (and/or any combination of the above) or commercial properties.

Objective

- Council will attempt to secure the optimum return, including cost recovery for specialist services (ie – pitch preparation) on leasing and licensing of community facilities without jeopardising the viability of services.
- Council will attempt to secure the optimum return on all commercial facilities.

5.5.2. Process

New and Renewal Lease or Licence

- The City Development Department will (in conjunction with Community Services Department and the tenant) undertake a rent review three (3) months prior to the expiration of the current lease or licence and undertake appropriate negotiations with the tenant.
- If the Tenant and the Administration agree on all terms and conditions of the proposed Lease or License, the Administration has delegated authority to formalise the Agreement.
- Details of all Leases and Licenses formalised under delegation shall be reported to Council on a quarterly basis.
- Should the Tenant and Administration not be able to reach agreement on the proposed Terms and Conditions of an Agreement or the Tenant wishes to address Council, a report shall be prepared for the next convenient meeting of Council.

5.5.3. Asset maintenance

- Lease documents will include clear responsibilities for lessees to maintain the asset in accordance with asset management plan for the building or

make the necessary financial contribution through the lease fee to meet such maintenance costs.

5.5.4. Legislation

- The administration of community leases must take account of any relevant Community Land Management Plans and Sections 196 and 202 of the *Local Government Act 1999*.

Asset Management

- Council is committed to undertaking a regular asset audit of all its buildings for the purposes of identifying short, medium and long-term maintenance and capital expenditure in line with the legislative and risk management objectives of the Asset Management Plan and the Guiding Principles.

5.6 Assessment Procedures

5.6.1. Determination of Tenant Category

- The City of Unley recognises three distinct types of organisation when considering leasing and licensing:
 - local community – services and activities focused on the Unley community
 - state-wide / peak body – community services provided across South Australia, perhaps as a ‘peak body’
 - commercial – income generation as prime focus
- When determining which tenant category is appropriate when considering a proposed lease or license, the following should be considered when calculating lease and license fees:
 - Financial statements;
 - Annual and Business Plans;
 - Articles of Incorporation;
 - Mission, Vision and Values;
 - Stakeholder group; and
 - Other documents as required.

5.6.2. Process for assessing lease and license fees:

- Lease and license fees are established as a percentage of the assessed Capital Replacement Value of the property (used to update asset valuations in the audited Financial Statements and updated at least five yearly).
- Council updates property Replacement Values every five years, therefore the appropriate rental figure will be assessed as:
 - **Year 0** – Valuation
 - **Years 1 to 4** – Valuation plus cumulative CPI
 - **Year 5** – Valuation
- The following will be used to determine the lease and licence fees applicable:
 - **Local community** – shall be fixed at 1% of the Capital Replacement Value

- **State-wide / peak body** – shall be fixed at 3% of the Capital Replacement Value
 - **Semi Commercial / Community** – shall be fixed at 8% of the Capital Replacement Value (or assessed market rate if a new tenancy)
 - The minimum fee levied will be \$750 per annum.
 - GST shall be applied to all lease and licence fees.
 - Lease and License Agreements will be negotiated based on the following:
 - current Capital Replacement Valuation appropriate to the property and portion of lettable time;
 - lease terms to be of a fixed period of five (5) and
 - annual automatic rental indexations in line with the Consumer Price Index (all groups – June quarter).
- and will include the following conditions:
- **Standard leases will define lessee responsibility to include:**
 - All utilities (including water)
 - All general maintenance (excluding any structural or capital improvement works unless self-funded and supported by Lessor)
 - **Standard licenses will define licensee responsibility to include:**
 - All general and specialised site maintenance and preparation
 - Will specify how utilities and associated maintenance will be managed
 - Should review of lease or license fees under the Policy guidelines result in a reduced fee to organisations, the current fee will remain in place until such time as the new guidelines indicate an assessed fee is equal or greater than the current fee.

6 POLICY DELEGATIONS

6.2 Nil

7 LEGISLATION

- *Local Government Act 1999 – Chapter 11*
- *Development Act 1993*
- *Real Property Act 1886*
- *Retail & Commercial Leases Act 1995*

8 AVAILABILITY OF POLICY

8.2 The Policy is available for public inspection during normal office hours at: The Civic Centre, 181 Unley Road, Unley SA 5061.

A copy may be purchased for a fee as determined annually by Council.

It is also available for viewing, download and printing free of charge from the Council's website www.unley.sa.gov.au.

9 DOCUMENT HISTORY

Date	Ref/Version No.	Comment
23 July 2007	C140/07 (V1)	
26 May 2008	C267/08 (V2)	Motion on notice – raise minimum fee

28 Jan 2014	C1014/14 (V3)	
25 Aug 2014	C1235/14 (V4)	Was COU 53
27 Jan 2021	C0424/21 (V5)	General Review of Policy