

Purpose

To ensure a consistent and transparent approach is applied to setting lease terms, lease fees and maintenance responsibilities to all Shire of Northampton land and building leases.

Background and Issues

The Shire of Northampton leases land and buildings to various community groups, clubs and recreational bodies and commercial enterprises.

Objectives

To provide a consistent approach to setting lease terms, lease fees and maintenance responsibilities.

Area of Application

This policy applies to all Shire of Northampton land and building leases, excluding residential tenancy agreements.

Policy Measures

1. Council approval is required for each new lease, the lease agreement is then finalised with standard lease conditions to the satisfaction of the Chief Executive Officer. Lessee requests to exercise renewal options included in the lease do not require further Council approval.
2. Lease preparation fees are to be met by the Lessee, either in accordance with the annual fees and charges adopted by Council and/or the recouping of outgoing expenses. Leases bound by the *Commercial Tenancy (Retail Shops) Agreements Act 1985* are an exception and will not be charged lease preparation fees in accordance with section 14(b) of the Act.
3. Lessees may elect for the lease to be registered on the land title at their expense.
4. Terms and conditions for Commercial leases are to be negotiated on a case by case basis taking into consideration:
 - a) current market conditions;
 - b) existing condition of the property;
 - c) Shire outgoing expenses;
 - d) annual lease fee to be set by Council based on a market value established by the Valuer General's Office;
 - e) annual lease fee to be reviewed annually with Consumer Price Index (CPI) adjustments and at the end of each term by a market valuation; and
 - f) minimum five year lease term where the *Commercial Tenancy (Retail Shops) Agreements Act 1985* applies.

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5. Leases to government authorities and some service providers are to be negotiated on a case by case basis.
6. A licence to occupy may be considered as an alternate arrangement to a lease in certain situations for the non-exclusive use of land or buildings. A licence to occupy will generally follow the guidelines of this policy, assessed on a case by case basis.

7. Terms and conditions for leases to community organisations are to be in accordance with the following table, unless alternate terms and conditions are negotiated and approved by Council.

Leases to Community Associations

Building Tenure	Lease Fee	Lease Term	Lessee Responsibilities
Buildings and improvements owned by a community association on Shire managed land.	\$10 per annum, payable on demand (equivalent to a peppercorn rental) for organisations with a minimal income earning capacity.	Five years, with a five year renewal option, for minor buildings and improvements. (Examples: community gardens and shipping containers for recreational storage.)	Full responsibility for maintenance, insurance and all expenses related to buildings and improvements owned by the Lessee.
Lessee's equity in and therefore responsibility for the building is acknowledged and the lease is for the land only.	\$100 per annum for organisations that have licensed premises with potential to earn income.	Ten years, with a ten year renewal option, for buildings of significant type and function, such as recreational clubrooms. 20 years minimum for aged persons' accommodation to reflect the long-term residential use of the property.	Utility charges (rates/service charges, usage charges and all other expenses). Terms and conditions of the lease also apply to associated assets outside of the lease area.*

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Buildings and improvements owned or managed by the Shire and leased to a community association.	\$10 per annum, payable on demand (equivalent to a peppercorn rental) for organisations with a minimal income earning capacity. \$200 per annum for organisations that have licensed premises with potential to earn income.	Five years, with a five year renewal option.	See following Maintenance Responsibilities Schedule. Minor variations to this schedule may occur, due to the nature of the lease and existing condition of the building, to the satisfaction of the Chief Executive Officer. Full responsibility for maintenance, insurance and all expenses related to assets and improvements owned by the Lessee. Terms and conditions of the lease also apply to associated assets outside of the lease area.*
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* Improvements/Assets outside of a lease area including, but not limited to, utility connections, plumbing, waste pipes, drains, septic systems, light poles, signage, football goal posts, football dugouts, oval lights, scoreboards, oval fencing and like improvements and assets.

Maintenance Responsibilities Schedule

Buildings owned or managed by the Shire and leased to community associations.

In accordance with the lease agreement, at their own expense the Lessee shall at all times:

1. maintain the premises in a good condition to the satisfaction of the Shire, including maintenance and repairs not attributable to fair wear and tear, unless specified in the table below;
2. not make alterations, additions or modifications to the premises without first seeking the consent of the Shire;
3. be responsible in part or whole as determined by the Shire for the costs of repairs or replacement required due to misuse, modifications by the Lessee, maintenance neglect or other negligence; and
4. advise the Shire promptly of all damage sustained to the premises.

The Shire will:

1. carry out structural maintenance and repairs to the building at the Shire's discretion in accordance with the annual budget adopted by Council;
2. conduct capital works and upgrades in accordance with the budget adopted by Council;
3. be responsible for building insurance, unless otherwise negotiated according to the use and lessee's potential to earn income; and
4. recoup expenses from the Lessee when applicable, relating to the Lessee responsibilities in the table below or damage due to misuse, negligence and modifications.

Definitions:

Maintenance: Routine upkeep of the building/assets and regular ongoing work necessary to retain operational status. eg: repairs to fittings, periodic painting.

Renewal/Refurbishment: Restore, rehabilitate, replace existing asset to its original capacity. Includes repairs required due to normal wear and tear, age, structural faults etc and replacement of assets at the end of expected life span.

Upgrade/Improvements: Enhance existing asset to provide higher levels of service.

Maintenance Item		Lessee Responsibility	Shire Responsibility
1	Appliances, fixtures and fittings (existing; eg: air conditioner and heating units)	• Maintenance in accordance with manufacturer's standards. • Clean and change filters as required. • Service and repair when required.	• Renewal and upgrade as determined by Council.
2	Appliances, fixtures and fittings (Lessee installed)	• Full responsibility. • Shire approval required prior to installation.	• No responsibility.

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Maintenance Item		Lessee Responsibility	Shire Responsibility
3	Building External	• Keep in a clean and tidy state at all times. • Maintenance.	• Renewal and upgrade as determined by Council.
4	Cleaning	• Keep all areas in a clean and hygienic state at all times, including walls, ceilings, windows, floors, fixtures and fittings. • Compliance with the Health Act and Health Local Law.	• No responsibility.
5	Doors and security screens	• Maintenance. • Renewable due to foreseeable misuse.	• Renewal and upgrade as determined by Council.
6	Doors (automatic)	• Servicing, twice per year by an approved person. • Maintenance.	• Renewal and upgrade as determined by Council.
7	Electrical wiring and fittings	• Maintenance and renewal of all electrical fittings, such as power points, light switches, light fittings and globes.	• Maintenance and renewal of building wiring from main supply to switchboard and to fittings.
8	Fire extinguishers and all fire equipment	• Annual costs associated with inspection, servicing, maintenance and refilling.	• Arrange annual servicing to all fire equipment – recoup cost from Lessee. • Renewal and upgrade as determined by Council.
9	Floor surfaces and coverings	• Regular cleaning and maintenance in accordance with the requirements of the type of the surface/covering. • Carpets to be professionally cleaned when required. • In food premises the food handling areas are to comply with the Food Act and to meet the relevant Food Safety Standard.	• Renewal and upgrade as determined by Council.
10	Food handling areas and equipment	• Maintenance. • Renewal due to misuse or neglect. • Compliance with legislation, including Food Act 2008, Food Regulations 2009, Food Standards Code and Health Local Law. • Benches, cupboards and other fittings must be cleaned and maintained in a sound working condition at all times. • Ovens, refrigerators, fans, hot water systems and other appliances and equipment to be cleaned and maintained in accordance with manufacturer standards and legislation. • Full responsibility for Lessee owned appliances, including compliance with legislation. • Shire approval required prior to installation of additional fittings, alterations and appliances.	• Renewal and upgrade as determined by Council.
11	Gardens and Surrounds	• Mow grass, prune, weed, water and maintain gardens. • Maintenance of improvements, such as fences and footpaths. • Maintenance of reticulation where installed. • Shire approval required prior to removal of trees, planting new trees or new species.	• Maintain trees to a safe standard. • Renewal and upgrade of improvements as determined by Council.

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Maintenance Item		Lessee Responsibility	Shire Responsibility
12	Gutters and downpipes	• Clean as needed, minimum once per year.	• Maintenance, renewal and upgrade as determined by Council.
13	Keys, Locks and Door Hardware	• Responsible for keys issued by Shire. • Maintenance of locks and hardware. • Cost of additional keys requested by Lessee. • Cost of replacement locks, keys and hardware due to loss or misuse.	• Purchase and install all locks. • Renewal and upgrade as determined by Council. • Recoup costs from Lessee when applicable.
14	Painting	• Internal and External painting, minimum once during each 10 years or at end of lease. • Paint and colour to be approved by Shire.	• No responsibility.
15	Pest Control	• All areas are to be kept in a clean and hygienic state, free from pests and vermin. • Maintenance and renewal of assets attributable to neglect of pest control.	• No responsibility. • Recoup costs from Lessee if inspection or treatment is arranged by Shire. • Termite inspections, annually unless otherwise agreed. Conducted by a licensed pest control operator with certification to be provided. • Treatment for termites when required.
16	Plumbing and fixtures	• Maintenance, ensure all taps and water outlets are in good working order. • Renewal of minor fixtures and fittings, such as taps. • Shire approval required prior to installation of new plumbing and fixtures.	• Renewal and upgrade as determined by Council.
17	Plumbing waste pipes and drains	• Clear and repair if blocked. • Maintenance and cleaning of grease traps. • Maintenance and renewal due to misuse.	• Maintenance, renewal and upgrade as determined by Council.
18	Roof	• No responsibility except in the event of misuse or damage by the Lessee.	• Maintenance, renewal and upgrade as determined by Council.
19	Septic Systems	• Septic system pump outs on a regular basis according to use.	• Maintenance, renewal and upgrade as determined by Council.

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20	Skylights	No responsibility except in the event of misuse or damage.	Maintenance, renewal and upgrade as determined by Council.
Maintenance Item		Lessee Responsibility	Shire Responsibility
21	Utilities	Connection, disconnection, rates/service charges, rental, usage charges, maintenance, service, testing and other expenses associated with water, electricity, gas and telephone services.	- No responsibility. - Recoup utility expenses from Lessee when applicable.
22	Vandalism	- Removal and repair of minor vandalism; up to the value of \$300 per incident. - Minor vandalism to be removed within 48 hours of discovery.	Repairs required due to major vandalism not attributed to the actions of the Lessee or any agent or visitor of the Lessee, as determined per incident and above \$300. Recoup \$300 per incident from Lessee.
23	Walls and Ceilings	Renewal if damaged due to misuse, negligence and unapproved modifications.	Maintenance, renewal and upgrade as determined by Council.
24	Windows/Glass	Replace broken glass, except when broken as a result of vandalism and cost is greater than \$300.	Replace glass broken as a result of an act of vandalism, when the cost of repairs is greater than \$300. Recoup \$300 per incident from Lessee.
25	Window treatments, where fitted	Maintenance.	Renewal and upgrade as determined by Council.

Administration

This policy will be administered by the Office of CEO.

Adoption and Date Due for Revision

**ADOPTED 18 JULY 2024
MODIFIED 20 FEBRUARY 2025**

NEXT DUE FOR REVIEW 20 FEBRUARY 2030

The Administration of this Policy is by Office of CEO.