Council Policy P609

Management and Sale of City Property

Strategic Direction	Leadership
Responsible Business Unit/s	Governance
Responsible Officer	Manager Governance, Manager Financial Services and Manager Community Culture and Recreation
Affected Business Unit/s	Governance, Financial Services and Community Culture and Recreation

Policy Objectives

The objective of this Policy is to provide a framework to:

- Guide responsible management and appropriate use of the City's leased and licensed land and property assets.
- Ensure decisions regarding the granting of leases and licences are made transparently, consistently and in accordance with established criteria.
- Achieve a level of social return through the delivery of services or activities aimed at providing a community benefit.
- Ensure decisions relating to the City's property portfolio support the City's strategic objectives.
- Support local groups by providing access to property for the benefit of the community.
- Achieve a level of cost recovery.
- Provide an opportunity for revenue generation.

Policy Scope

This Policy applies to the leasing and licensing of City owned or controlled land and property assets, including Crown land vested to the City under a Management Order.

Policy Provisions

The City has a diverse property portfolio comprising both freehold and vested land and property assets. These land and property assets are an important corporate resource that must be managed in a responsible and sustainable manner.

Principles

To ensure the City's property portfolio delivers social, economic, financial and environmental outcomes for the community, decisions relating to the leased and licensed land and property assets will consider the following principles:

- Commercial Value
- Financial Return
- Social Return
- Exclusivity
- Sustainability
- Service Excellence
- Environmental Benefits
- Cost Recovery
- Utilisation
- Equity
- Strategic future of underlying land asset
- Applicable statutory frameworks
- Heritage/Conservation Value

Strategic Framework

All applications for lease and licence will be assessed with consideration to the Council's strategic objectives and the City's integrated framework of policies, strategies and plans to ensure lease and licence outcomes provide the greatest possible benefits for the community.

Standard Tenure Conditions – Leases

Leases for City Property will be administered in a consistent and equitable manner by way of standard tenure conditions based on the Lessee classification contained within Appendices 1-5.

Where an organisation falls within more than one lessee classification, the applicable classification will generally be determined having regard to the organisation's principal purpose and activities.

All other lease conditions will be negotiated in accordance with the principles and evaluation criteria set out in this Policy with consideration to the provision of adequate security of tenure to provide opportunities to attract funding.

Council rates and charges (excluding statutory fees) for use of City Property by not-for-profit organisations, community groups, sporting clubs and recreational groups will not be applied.

End of Term Conditions – Leases

Not-for-profit organisations, community groups, sporting clubs and recreational groups which have reached the end of the term and option period (five years plus five years) and wish to continue their tenure, will be required to submit an Expression of Interest (EOI) to the City.

The City will ordinarily conduct the EOI process six months prior to expiry of the term and will notify the existing tenant at the commencement of the process.

Special consideration will be given to tenants who are long standing and have delivered community benefits during their tenure. Additional weighting will also be given if the tenant has consistently fulfilled the obligations of their lease during their tenure.

Standard Tenure Conditions – Licences

The City may use non-exclusive licence agreements to provide Lessees with a right to secure, short to medium-term use of a land and property asset that is shared with others.

Where a non-exclusive licence for the use of the land and property asset is deemed the most appropriate agreement, as determined by the Chief Executive Officer (CEO), the principles set out in this Policy will be considered when establishing conditions of occupancy or use.

Eligibility will be assessed against evaluation criteria determined by the City and the licence fee will be determined in accordance with the City's adopted Schedule of Fees and Charges.

To provide for consistency, the standard licence conditions contained in Appendix 6 will apply.

Land/Ground Lease

The Lessee is responsible for all site preparation (including utility servicing and upgrade), maintenance and repairs, including those of a structural or capital nature.

Subject to all applicable land tenure conditions and legislative requirements, the Land/Ground Lease will provide the City with the right, upon expiry or termination of the lease, to require that the improvements either remain on the land with ownership transferred to the City or be removed by the Lessee at the Lessee's expense.

Land/Ground Lease – Development Lease

Where the City is negotiating a Development Lease, standard commercial leasing terms and tenure conditions may not apply.

Development Lease may provide for a longer lease term where this is warranted by the scale of the proposed development and the level of capital investment required by the Lessee. In such circumstances, the lease term will be assessed on its merits, having regard to the nature of the development, the public benefit, the investment risk assumed by the Lessee, and the long-term objectives of the City.

Accordingly, lease terms greater than the City's standard commercial leasing arrangement of an initial five (5) year term with a further five (5) year option may be approved where they are necessary to support and facilitate significant development outcomes.

Vacant City Property

Vacant City Property available for lease will be advertised by way of an Expression for Interest (EOI) and be subject to an EOI process.

To guide the EOI process, the City will make available an EOI document outlining the conditions of responding to the EOI.

Applicants will be required to prepare a lease proposal in accordance with the EOI conditions and provide responses to the selection criteria.

Following the close of the submission period, submissions will be evaluated by the City's evaluation panel on the applicant's responses to the selection criteria and assessed against both the compliance and qualitative criteria contained within the EOI document.

The most suitable applicants will be short listed then presented to the CEO/Council for consideration subject to delegated authority.

Evaluation Criteria

Lease and licence proposals will be evaluated against the Principles identified in this Policy and the following evaluation methodology.

- Alignment and contribution of the property towards the achievement of the Council's strategic objectives.
- The use is consistent with the Local Planning Scheme, any land title restrictions and the nature of the land and building asset and the surrounding area.
- The applicant's ability to meet ongoing operational costs and other financial obligations.
- The applicant's ability to ensure the safe and appropriate use of the land and building asset.
- Social return.
- Utilisation of the land and building asset.
- Capacity for the applicant to manage maintenance responsibilities.
- Compliance with statutory requirements.
- Use is consistent with heritage/conservation conditions.
- Financial Return.

In the event of competing applications, preference will be given to local not-for-profits, incorporated associations, sporting clubs and community groups. Preference will also be given to existing tenants (such as local not-for-profits, incorporated associations, sporting clubs and community groups) who have delivered community benefits and consistently fulfilled the obligations of their lease during their tenure.

Consideration will also be given to innovative proposals which encourage multi-use and activation of the space or partnership agreements between local not-for-profits, incorporated associations, sporting clubs and community groups and/or for-profit organisations.

Additionally, existing Lessees seeking to relocate between City Property will also be given preference provided an assessment of their lease performance shows they have fulfilled their lease terms and maintained lease compliance.

Approvals

All leases and licences must be approved by Council unless delegation has been provided to the CEO.

Leases and licences of Crown land managed by the City require approval under section 18 of the *Land Administration Act 1997* from the Minister for Lands. Additional approvals may be required from state government agencies subject to land tenure conditions.

Should a Lessee decide to alter, hire, sublease, assign, vary or surrender any part of the property/lease, prior written consent must be obtained from the City (acting as Landlord). The City may withhold consent or provide consent with conditions.

Where the City consents to a sublease or sublicence, the Lessee or Licensee must, as part of its request for consent, provide details of the proposed rent, licence fee, or other consideration to be charged to the sublessee or sublicensee, together with any supporting information required by the City. Where a market rental valuation has been used to determine the proposed rent or licence fee, a copy of the valuation report must be provided to the City.

Any rent, licence fee or other consideration charged to a sublessee or sublicensee that exceeds three (3) times the rent or licence fee payable by the Lessee or Licensee under the head lease or licence must be remitted to the City.

Alterations undertaken by a Lessee at the Lessee's cost will remain the City's property unless otherwise specified in the agreement or specified as a condition of consent.

An application for development approval may be required to ensure the proposed nature of operations complies with the local planning framework.

A Building Permit and Occupancy Permit may also be required to ensure compliance with the *Building Act 2011*.

Compliance

Lessees and Licensees must comply with:

- All terms and conditions within their lease or licence agreement including the standard conditions of tenure.
- All consents, approvals, authorities, licences and permits.
- All relevant State and Federal law and all relevant codes.
- Any obligations relating to the payment of rent, outgoings, fees and charges.
- All orders, notices, requisitions or direction of any authority relating to the facility or to the business/operation the Lessee undertakes at the facility.

Non-compliance may result in the City issuing a default notice specifying the actions required to remedy the breach. Failure to comply with a default notice may result in enforcement action or termination of the lease or licence.

Lease Audit

All Lessees will be required to complete a mandatory annual lease audit.

Without limitation, the lease audit will require Lessees to provide audited financial statements, hirer details and details about the activities occurring on the property including membership numbers, participation rates, budgets allocated to maintenance and repairs and other information reasonably required by the City.

Maintenance Inspections and Condition Audits

Maintenance inspections are conducted by the City on an annual basis to ensure building assets are maintained to a safe, clean and acceptable standard. Lessees and Licensees will be given notice of these inspections.

Condition audits may take place every 5 years or as deemed necessary by the City to:

- Identify if required maintenance previously identified has been conducted.
- Identify any other maintenance defects.
- Identify any renewal items that need to be added to the City's maintenance and capital works programs.
- Identify any matters related to work, health and safety.

Renewal and Upgrade of Building Components

Through regular inspections, the City identifies renewal works with consideration to a components age and deterioration. Generally, the City will replace building components when they reach a poor condition and/or are approaching the end of their useful life with consideration to target and intervention service levels. If identified, potential projects are investigated and considered by the City.

Lease concessions and incentives

Council may offer lease concessions and incentives to eligible Not for Profits, Incorporated Associations, Sporting Clubs and Community Groups providing a demonstrable benefit to the community, contributing to new development or investing significant funds into upgrades. These concessions/incentives may include:

- Rent-free periods
- Fit-out contributions
- Extended 10-year lease terms
- Rent rebates or discounts

Signage

All temporary or permanent signs, advertised, displayed or erected on the City's land and property assets will be subject to approval being obtained and/or a permit also issued, where required.

Maximising Use

To maximise the use of its land and property assets, Council may allow shared use arrangements facilitated by non-exclusive licence agreements or facility hire.

When evaluating shared use arrangements, consideration may be given to the appropriateness of the land and property asset to be utilised for a particular purpose to enable the effective management and utilisation of the City's land and property assets through co-location opportunities.

Sale of City Property

The following criteria shall be taken into consideration to determine whether a property is surplus to requirements and identified for disposal:

- Whether the land is no longer used or is not used for a purpose associated with service provision by Council.
- Whether the land (if being used for a Council service) has a net realisable value which is significantly greater than the cost of re-establishing the service on another site.
- Whether the land does not contribute to the achievement of a Council's current objective.
- Whether the land if retained has no strategic significance to the Council on a long-term basis.

The above criteria will be taken into consideration where a property has an independent market valuation in excess of $250,000.

Disposal by way of sale of City Property will be undertaken in accordance with the requirements of the *Local Government Act 1995*.

Policy Definitions

City Property *means land and building assets owned or managed by the City.*

Community Benefit *means a measurable improvement, service, asset, or financial contribution delivered to create public value by directly enhancing local amenity, public infrastructure and well-being for the City of South Perth community.*

Community Group *means a not-for-profit incorporated association, company limited by guarantee, charitable organisation or other eligible entity that is registered with the Australian Charities and Not-for-profits Commission (ACNC), and predominantly delivers programs, services or activities for the benefit of the City of South community.*

Crown Land *means land that is owned by the State Government but with day-to-day management vested to the City through a Management Order, lease arrangement or other legal agreement. Crown Land is required to be used for the purpose specified in the Management Order, lease arrangement or legal agreement.*

Freehold City Property *means land and building assets owned in 'fee simple' by the City, which may be used for a variety of purposes subject to constraints. Freehold City Property*

may be acquired, developed or disposed of by the City in the same way as any other landowner, in accordance with any tenure conditions and statutory restrictions on local government activities.

Land and Property Assets means land, halls, pavilions, jetties, change rooms, clubrooms, civic offices and other facilities owned or managed by the City.

Lease means a written contract of terms and conditions under which the City grants exclusive possession in respect of a City Property for a permitted purpose and specified period of time. It creates an interest in the land.

Licence means a written contract of terms and conditions under which the City grants non-exclusive possession in respect of a City Property for a permitted purpose and specified period. It does not create an interest in the land.

Local Not-for-Profit Organisations, Community Groups and Sporting Clubs means existing not-for-profit organisations, community groups and/or sporting clubs based within the City of South Perth. Including formal or informal volunteer-based groups established for specific community service, sporting and/or recreational purposes that contribute to the wellbeing and benefit of the local community.

Non-Structural Maintenance means the continuous, diligent and ongoing inspection, maintenance and repair of all non-structural components that do not have an intrinsic bearing on the support to any other integral member of the facility such as, by limitation, the roof structure, posts, load bearing walls, foundations, girders, floor joists, footings and other load bearing members.

Not-For-Profit means an organisation that does not operate for the profit, personal gain or other benefit of particular people (for example, its members, the people who run the organization, or their friends or relatives), but rather to benefit the community.

Property Maintenance Schedule means a document which sets out the maintenance responsibilities of both parties (the City and the Lessee) for City Property.

Preventative Maintenance means the proactive management of the facility through routine and programmatic maintenance, including but not limited to fire servicing equipment, mechanical services, hydraulic services, gutter cleaning, pest control and electrical compliance testing.

Rental Rebate means a reduction in the rent payable for a Lessee to support their sustainable operating capacity to deliver a social return.

Security means a financial guarantee provided by a Lessee to a Lessor to ensure that the Lessor is protected against unpaid rent, property damage, or other breaches of the lease agreement.

Social Return means the delivery of services, initiatives and activities that provide benefits which support the needs of the community and assist the City in the delivery of its strategic objectives.

Sub Lease means an arrangement whereby a Lessee grants another person or organisation the right to occupy or use all or part of the leased premises for a specified period. A Lessee must obtain the prior written consent of the City before entering into any sublease and remains responsible for complying with all terms, conditions and obligations of the head lease

Structural Maintenance means the continuous, diligent and ongoing inspection, maintenance and repair of all structural components of the facility that ensures good state of repair and safe usage, in compliance with all applicable laws including all required alterations, replacements, major repairs, modifications or upgrades to the structural components of the facility.

Document Control Box			
Legislation	*Local Government Act 1995* *Land Administration Act 1997* *Planning and Development Act 2005* *Building Act 2011*		
Organisational:	DC609 Leases and Licences M609 Lease of City Buildings P106 Use of City Reserves and Facilities City of South Perth Strategic Plan 2021 – 2031 City of South Perth Local Planning Scheme No. 7		
Version #	Decision:	OCM Date:	Resolution Number:
1	Initial Adoption	22 March 2005	Item 9.0.1
2	Adopted	23 September 2008	Item 10.7.1
3	Adopted	23 March 2010	Item 10.7.1
4	Adopted	22 February 2011	Item 10.7.1
5	Adopted	26 June 2012	Item 10.7.1
6	Adopted	26 March 2013	Item 10.7.1
7	Adopted	25 March 2014	Item 10.7.1
8	Adopted	22 March 2016	Item 10.7.1
9	Adopted	27 March 2018	Item 10.7.1
10	Adopted	30 October 2018	Item 10.7.1
11	Adopted	23 March 2021	0321/050
12	Adopted	27 June 2023	0623/121
13	Adopted	29 September 2026	0926/224

Appendix 1

Lessee Classification: Community Groups - Standard Tenure Conditions	
Term	A maximum of 5 years
Further Term	5 years
Security	1 months rent in advance
Rent	• Base rent: $1,000 per annum. • Special rent 1: 15% rent derived from approved commercial sub-leases within the premises • Special rent 2: 3% of gross revenue for retail-based activities conducted from the premises (e.g. hospitality function services, kitchen/bar sales, venue hire, corporate events etc.) Rent above the base rent will consider: • Location • Quality of the space • Size of the area • Infrastructure investment • Access to facilities
Rent Reviews	Annual CPI.
Outgoings	Lessees will be responsible for the following outgoings: • Electricity consumption • Gas consumption • Water consumption • Waste service charges • Cleaning charges • Emergency services levy • Building insurance premium If the premises is not separately metered, the proportion of outgoings will be based on the net lettable area.
Costs	Lessees will be responsible for the legal costs associated with the preparation, execution and registration of the lease agreement up to an amount of $5,000.

Insurance	Lessees will be responsible for: • Taking out and maintaining public liability insurance. • Liability for all actions or omissions of the Lessee's employees, contractors, volunteers, guests, invitees and agents. • Taking out and maintaining workers compensation insurance where the Lessee employs persons. • Taking out and maintaining insurance for their own contents and equipment left on the Premises. • Indemnifying the City against all actions, claims and costs made or suffered by the City unless caused by the negligent or wrongful act of the City. The City is responsible for taking out and maintaining insurance for its land and building assets and will on-charge the annual building insurance premium to the Lessee.
Preventative Maintenance Contribution Fee	Lessees will be required to contribute a fee of $2,500 p.a. towards preventative maintenance work undertaken by the City.
Preventative Maintenance Responsibilities	Lessees will be required to adhere to the 'Property Maintenance Schedule' for the respective facility. The City will be responsible for undertaking the following preventative maintenance work: • Defibrillator servicing (where owned and installed by the City) • Switchboard RCD testing • Emergency exit lights testing • Thermographic switchboard testing • Termite inspection (building only) • Pest inspection • Cool room inspection • HVAC servicing • Plumbing servicing • Fire assets servicing • Gutter cleaning
Non-Structural Maintenance Responsibilities	Lessees will be responsible for the following non-structural maintenance and tasks: • Electrical consumables • Mechanical hood cleaning • External building area maintenance (within the lease area) • Painting • Grease traps

	• General cleaning* • Hygiene services • Pest treatment • Private security systems • Carpet cleaning Other key areas of responsibility will involve: • All fire protection safety provisions and procedures • Defibrillators installed and owned by the Lessee • Electrical consumables and minor maintenance • Mechanical routine inspections and maintenance • Ice machines, beer kegs systems and fittings • Plumbing routine inspections and minor maintenance • Fixtures and fittings • Operational activities *Note: Non-structural maintenance responsibilities may vary if the lease area is within a complex. In these circumstances, the City may consider undertaking some of the Lessees non-structural maintenance responsibilities on their behalf subject to the Lessee paying a non-structural contribution fee to the City.* **If the tenancy is shared, the City may arrange the cleaning and require the Lessee contribute to the cleaning costs.*
Structural Maintenance Responsibilities	The City will be responsible for all structural maintenance unless the construction of the building was undertaken by the Lessee or otherwise agreed.
Capital Improvement Responsibilities	The City will be responsible for determining who will be responsible for undertaking capital improvements and the methodology.
End of Lease	Lessees will be responsible for satisfying make good provisions under the lease prior to vacating the property. These provisions may require Lessees to remove any improvements and remediate the land or leave the improvements including buildings and structures in a tenantable condition. A Deed of Surrender will be required to effect the early termination of lease, should a Lessee decide to vacate the property before the end of their lease term.
Rent Rebate and Extended Lease Terms	Lessees may apply for a waiver or discount relating to the rent payable and/or an extended lease term to occupy City Property. Applications are subject to a social cost benefit and cost effectiveness analysis that is determined against a criteria-based

	assessment undertaken by the City to identify the level of social return being provided. Should an application for a waiver/discount be approved, a monetary value will be applied against the rental amount to offset the rent payable by the Lessee. Rental waivers or discounts and lease term extensions may only be granted by a resolution of Council.
Relocation and Redevelopment	Should Council resolve to significantly redevelop a site, the lease can be terminated by the City giving six months written notice to the Lessee to vacate the premises and the same written notice to the Lessee will indicate that the lease will be terminated six months from the date of notice. In the event a lease is terminated due to redevelopment, the City will not be liable for any cost, loss of profit or capital expenditure borne or incurred by the Lessee. Subject to availability and fit for purpose requirements, Lessees will be given an option to relocate to an alternate City Property. Provisions under the *Commercial Tenancies (Retail Shops) Agreements Act 1985* will be considered prior to initiating an early termination of lease.

Appendix 2

Lessee Classification: Not For Profit (with an annual turnover greater than $50,000)– Standard Tenure Conditions	
Term	Initial term of 5 years
Further Term	5 years
Security	3 months' rent in advance
Rent	Leases will be for a rental amount reflective of an independent market valuation of the premises.
Rent Reviews	Annual CPI and market review every 3 years.
Outgoings	Lessees will be responsible for the following outgoings: • Electricity supply and consumption • Gas supply and consumption • Water supply and consumption • Waste service charge • Cleaning charges • Water rates • Council rates • Emergency services levy • Land tax (if applicable) • Building insurance premium • Any other rate, tax, cost or imposition, • levied, charged, assessed or imposed in respect of the Premises, the Building or the Land, or the ownership or occupation of them. If the premises is not separately metred, the proportion of outgoings will be based on net lettable area.
Costs	Lessees will be responsible for the legal costs associated with the preparation, execution and registration of the lease agreement up to an amount of $5,000.
Insurance	Lessees will be responsible for: • Taking out and maintaining public liability insurance. • Liability for all actions or omissions of the Lessee's employees, contractors, invitees and agents.

	• Taking out and maintaining workers compensation insurance where the Lessee employs persons. • Taking out and maintaining insurance for their own contents and equipment left on the Premises. • Indemnifying the City against all actions, claims and costs made or suffered by the City unless caused by the negligent or wrongful act of the City. The City is responsible for taking out and maintaining insurance for its land and building assets and will on-charge the annual building insurance premium to the Lessee.
Preventative Maintenance Responsibilities	Lessees will be required to adhere to the 'Property Maintenance Schedule' for the respective facility. The City will be responsible for undertaking the following preventative maintenance work: • Defibrillator servicing (where owned and installed by the City) • Switchboard RCD testing • Emergency exit lights testing • Thermographic switchboard testing • Termite inspection (building only) • Pest inspection • Cool room inspection • HVAC servicing • Plumbing servicing • Fire assets servicing • Gutter cleaning *Note: Preventative Maintenance responsibilities may be determined on a case-by-case basis subject to the operational nature of the Not For Profit.*
Non-Structural Maintenance Responsibilities	Lessees will be responsible for the following non-structural maintenance and tasks: • Electrical consumables • Mechanical hood cleaning • External building area maintenance (within the lease area) • Painting • Grease traps • General cleaning* • Hygiene services • Pest treatment • Private security systems • Carpet cleaning

	Other key areas of responsibility will involve: • All fire protection safety provisions and procedures • Defibrillators installed and owned by the Lessee • Electrical consumables and minor maintenance • Mechanical routine inspections and maintenance • Ice machines, beer kegs systems and fittings • Plumbing routine inspections and minor maintenance • Fixtures and fittings • Operational activities *Note:* 1. *Non-structural maintenance responsibilities may vary if the lease area is within a complex. In these circumstances, the City may consider undertaking some of the Lessees non-structural maintenance responsibilities on their behalf subject to the Lessee paying a non-structural contribution fee to the City.* 2. *Non- structural maintenance responsibilities may also be determined on a case-by-case basis subject to the operational nature of the Not For Profit.* **If the tenancy is shared, the City may arrange the cleaning and require the Lessee contribute to the cleaning costs.*
Structural Maintenance Responsibilities	The City will be responsible for all structural maintenance unless the construction of the building was undertaken by the Lessee or otherwise agreed.
Capital Improvement Responsibilities	The City will be responsible for determining who will be responsible for undertaking capital improvements and the methodology.
End of Lease	Lessees will be responsible for satisfying make good provisions under the lease prior to vacating the property. These provisions may require Lessees to remove any improvements and remediate the land or leave the improvements including buildings and structures in a tenantable condition. A Deed of Surrender will be required to effect the early termination of lease, should a Lessee decide to vacate the property before the end of their lease term.
Rental Rebates and Extended Lease Terms	Lessees may apply for a waiver or discount relating to the rent payable and/or an extended lease term to occupy City Property. Applications are subject to a social cost benefit and cost effectiveness analysis that is determined against a criteria-based

	assessment undertaken by the City to identify the level of social return being provided. Should an application for a waiver/discount be approved, a monetary value will be applied against the rental amount to offset the rent payable by the Lessee. Rental waivers or discounts and lease term extensions may only be granted by a resolution of Council.
Relocation and Redevelopment	Should Council resolve to significantly redevelop a site, the lease can be terminated by the City giving six months written notice to the Lessee to vacate the premises and the same written notice to the Lessee will indicate that the lease will be terminated six months from the date of notice. In the event a lease is terminated due to redevelopment, the City will not be liable for any cost, loss of profit or capital expenditure borne or incurred by the Lessee. Subject to availability and fit for purpose requirements, Lessees will be given an option to relocate to an alternate City Property. Provisions under the *Commercial Tenancies (Retail Shops) Agreements Act 1985* will be considered prior to initiating an early termination of lease.

Appendix 3

Lessee Classification: Sporting Clubs and Recreational Groups - Standard Tenure Conditions	
Term	A maximum of 5 years
Further Term	5 years
Security	1 months' rent in advance
Rent	• Base rent: $2,000 per annum. • Special rent 1: 15% rent derived from approved commercial sub-leases within the premises • Special rent 2: 5% of gross revenue for retail-based activities conducted from the premises (e.g. hospitality function services, kitchen/bar sales, venue hire, corporate events etc.) Rent above the base rent will consider: • Location • Quality of the space • Size of the area • Infrastructure investment • Access to facilities
Rent Reviews	Annual CPI.
Outgoings	Lessees will be responsible for the following outgoings: • Electricity consumption • Gas consumption • Water consumption • Waste service charges • Cleaning charges • Emergency services levy • Building insurance premium If the premises is not separately metred, the proportion of outgoings will be based on net lettable area.
Costs	Lessees will be responsible for the legal costs associated with the preparation, execution and registration of the lease agreement up to an amount of $5,000.

Insurance	Lessees will be responsible for: • Taking out and maintaining public liability insurance. • Liability for all actions or omissions of the Lessee's employees, contractors, volunteers, guests, invitees and agents. • Taking out and maintaining workers compensation insurance where the Lessee employs persons. • Taking out and maintaining insurance for their own contents and equipment left on the Premises. • Indemnifying the City against all actions, claims and costs made or suffered by the City unless caused by the negligent or wrongful act of the City. The City is responsible for taking out and maintaining insurance for its land and building assets and will on-charge the annual building insurance premium to the Lessee.
Preventative Maintenance Contribution Fee	Lessees will be required to contribute a fee of $2,500 p.a. towards preventative maintenance work undertaken by the City.
Preventative Maintenance Responsibilities	Lessees will be required to adhere to the 'Property Maintenance Schedule' for the respective facility. The City will be responsible for undertaking the following preventative maintenance work: • Defibrillator servicing (where owned and installed by the City) • Switchboard RCD testing • Emergency exit lights testing • Thermographic switchboard testing • Termite inspection (building only) • Pest inspection • Cool room inspection • HVAC servicing • Plumbing servicing • Fire assets servicing • Gutter cleaning
Non-Structural Maintenance Responsibilities	Lessees will be responsible for the following non-structural maintenance and tasks: • Electrical consumables • Mechanical hood cleaning • External building area maintenance (within the lease area)

	• Painting • Grease traps • General cleaning* • Hygiene services • Pest treatment • Private security systems • Carpet cleaning Other key areas of responsibility will involve: • All fire protection safety provisions and procedures • Defibrillators installed and owned by the Lessee • Electrical consumables and minor maintenance • Mechanical routine inspections and maintenance • Ice machines, beer kegs systems and fittings • Plumbing routine inspections and minor maintenance • Fixtures and fittings • Operational activities *Note: Non-structural maintenance responsibilities may vary if the lease area is within a complex. In these circumstances, the City may consider undertaking some of the Lessees non-structural maintenance responsibilities on their behalf subject to the Lessee paying a non-structural contribution fee to the City.* **If the tenancy is shared, the City may arrange the cleaning and require the Lessee contribute to the cleaning costs.*
Structural Maintenance Responsibilities	The City will be responsible for all structural maintenance unless the construction of the building was undertaken by the Lessee or otherwise agreed.
Capital Improvement Responsibilities	The City will be responsible for determining who will be responsible for undertaking capital improvements and the methodology.
End of Lease	Lessees will be responsible for satisfying make good provisions under the lease prior to vacating the property. These provisions may require Lessees to remove any improvements and remediate the land or leave the improvements including buildings and structures in a tenantable condition. A Deed of Surrender will be required to effect the early termination of lease, should a Lessee decide to vacate the property before the end of their lease term.

Rental Rebates and Extended Lease Terms	Lessees may apply for a waiver or discount relating to the rent payable to occupy City Property. Applications are subject to a social cost benefit and cost effectiveness analysis that is determined against a criteria-based assessment undertaken by the City to identify the level of social return being provided. Should an application for a waiver/discount be approved, a monetary value will be applied against the rental amount to offset the rent payable by the Lessee. Rental waiver or discounts and lease term extensions may only be granted by a resolution of Council
Relocation and Redevelopment	Should Council resolve to significantly redevelop a site, the lease can be terminated by the City giving six months written notice to the Lessee to vacate the premises and the same written notice to the Lessee will indicate that the lease will be terminated six months from the date of notice. In the event a lease is terminated due to redevelopment, the City will not be liable for any cost, loss of profit or capital expenditure borne or incurred by the Lessee. Subject to availability and fit for purpose requirements, Lessees will be given an option to relocate to an alternate City Property. Provisions under the *Commercial Tenancies (Retail Shops) Agreements Act 1985* will be considered prior to initiating an early termination of lease.

Appendix 4

Lessee Classification: Government Bodies – Standard Tenure Conditions	
Term	Initial term of 5 years
Further Term	5 years
Security	3 months' rent in advance
Rent	Leases will be for a rental amount reflective of an independent market valuation of the premises.
Rent Reviews	Annual CPI and market review every 3 years.
Outgoings	Lessees will be responsible for the following outgoings: • Electricity supply and consumption • Gas supply and consumption • Water supply and consumption • Waste service charge • Cleaning charges • Water rates • Council rates • Emergency services levy • Land tax (if applicable) • Building insurance premium • Any other rate, tax, cost or imposition, • levied, charged, assessed or imposed in respect of the Premises, the Building or the Land, or the ownership or occupation of them. If the premises is not separately metred, the proportion of outgoings will be based on net lettable area.
Costs	Lessees will be responsible for the legal costs associated with the preparation, execution and registration of the lease agreement up to an amount of $5,000.
Insurance	Lessees will be responsible for: • Taking out and maintaining public liability insurance. • Liability for all actions or omissions of the Lessee's employees, contractors, invitees and agents.

	• Taking out and maintaining workers compensation insurance where the Lessee employs persons. • Taking out and maintaining insurance for their own contents and equipment left on the Premises. • Indemnifying the City against all actions, claims and costs made or suffered by the City unless caused by the negligent or wrongful act of the City. The City is responsible for taking out and maintaining insurance for its land and building assets and will on-charge the annual building insurance premium to the Lessee.
Preventative Maintenance Responsibilities	Lessees will be required to adhere to the 'Property Maintenance Schedule' for the respective facility. The City will be responsible for undertaking the following preventative maintenance work: • Defibrillator servicing (where owned and installed by the City) • Switchboard RCD testing • Emergency exit lights testing • Thermographic switchboard testing • Termite inspection (building only) • Pest inspection • Cool room inspection • HVAC servicing • Plumbing servicing • Fire assets servicing • Gutter cleaning *Note: Preventative Maintenance responsibilities may be determined on a case-by-case basis subject to the operational nature of the Government Body.*
Non-Structural Maintenance Responsibilities	Lessees will be responsible for the following non-structural maintenance and tasks: • Electrical consumables • Mechanical hood cleaning • External building area maintenance (within the lease area) • Painting • Grease traps • General cleaning* • Hygiene services • Pest treatment • Private security systems

	• Carpet cleaning Other key areas of responsibility will involve: • All fire protection safety provisions and procedures • Defibrillators installed and owned by the Lessee • Electrical consumables and minor maintenance • Mechanical routine inspections and maintenance • Ice machines, beer kegs systems and fittings • Plumbing routine inspections and minor maintenance • Fixtures and fittings • Operational activities *Note:* 1. *Non-structural maintenance responsibilities may vary if the lease area is within a complex. In these circumstances, the City may consider undertaking some of the Lessees non-structural maintenance responsibilities on their behalf subject to the Lessee paying a non-structural contribution fee to the City.* 2. *Non- structural maintenance responsibilities may also be determined on a case-by-case basis subject to the operational nature of the Government Body.* **If the tenancy is shared, the City may arrange the cleaning and require the Lessee contribute to the cleaning costs.*
Structural Maintenance Responsibilities	The City will be responsible for all structural maintenance unless the construction of the building was undertaken by the Lessee or otherwise agreed.
Capital Improvement Responsibilities	The City will be responsible for determining who will be responsible for undertaking capital improvements and the methodology.
End of Lease	Lessees will be responsible for satisfying make good provisions under the lease prior to vacating the property. These provisions may require Lessees to remove any improvements and remediate the land or leave the improvements including buildings and structures in a tenantable condition. A Deed of Surrender will be required to effect the early termination of lease, should a Lessee decide to vacate the property before the end of their lease term.
Rental Rebate	Lessees may apply for a waiver or discount relating to the rent payable to occupy City Property. Applications are subject to a

	social cost benefit and cost effectiveness analysis that is determined against a criteria-based assessment undertaken by the City to identify the level of social return being provided. Should an application for a waiver/discount be approved, a monetary value will be applied against the rental amount to offset the rent payable by the Lessee. Rental rebates may only be granted by a resolution of Council.
Relocation and Redevelopment	Should Council resolve to significantly redevelop a site, the lease can be terminated by the City giving six months written notice to the Lessee to vacate the premises and the same written notice to the Lessee will indicate that the lease will be terminated six months from the date of notice. In the event a lease is terminated due to redevelopment, the City will not be liable for any cost, loss of profit or capital expenditure borne or incurred by the Lessee. Subject to availability and fit for purpose requirements, Lessees will be given an option to relocate to an alternate City Property. Provisions under the *Commercial Tenancies (Retail Shops) Agreements Act 1985* will be considered prior to initiating an early termination of lease.

Appendix 5

Lessee Classification: Commercial Lessees – Standard Tenure Conditions	
Term	Initial term of 5 years (unless subject to a development)
Further Term	5 years
Security	3 months' rent in advance A bank guarantee equivalent to 12 months' rent (inclusive GST), with applicable amounts reviewed and adjusted at each rent review.
Rent	Leases will be for a rental amount reflective of an independent market valuation of the premises.
Rent Reviews	Annual CPI and market review every 3 years.
Outgoings	Lessees will be responsible for the following outgoings: • Electricity supply and consumption • Gas supply and consumption • Water supply and consumption • Waste service charges • Cleaning charges • Water rates • Council rates • Emergency services levy • Land tax • Building insurance premium • Any other rate, tax, cost or imposition, • levied, charged, assessed or imposed in respect of the Premises, the Building or the Land, or the ownership or occupation of them. If the premises is not separately metred, the proportion of outgoings will be based on net lettable area.
Costs	Lessees will be responsible for the legal costs associated with the preparation, execution and registration of the lease agreement.
Insurance	Lessees will be responsible for: • Taking out and maintaining public liability insurance.

	• Liability for all actions or omissions of the Lessee's employees, contractors, invitees and agents. • Taking out and maintaining workers compensation insurance where the Lessee employs persons. • Taking out and maintaining insurance for their own contents and equipment left on the Premises. • Indemnifying the City against all actions, claims and costs made or suffered by the City unless caused by the negligent or wrongful act of the City. The City is responsible for taking out and maintaining insurance for its land and building assets and will on-charge the annual building insurance premium to the Lessee.
Preventative Maintenance Responsibilities	Lessees will be required to adhere to the 'Property Maintenance Schedule' for the respective facility. The City will be responsible for undertaking the following preventative maintenance work: • Defibrillator servicing • Switchboard RCD testing • Emergency exit lights testing • Thermographic switchboard testing • Termite inspection • Pest inspection • Cool room inspection • HVAC servicing • Plumbing servicing • Fire assets servicing • Gutter cleaning *Note: Preventative maintenance responsibilities may vary if the lease area is within a complex. In these circumstances, the City may consider undertaking some of the Lessees preventative maintenance responsibilities on their behalf subject to the Lessee paying a preventative maintenance contribution fee to the City.*
Non-Structural Maintenance Responsibilities	Lessees will be responsible for the following non-structural maintenance and tasks: • Electrical consumables • Mechanical hood cleaning • External building area maintenance (within the lease area) • Painting • Grease traps

	• General cleaning* • Hygiene services • Pest treatment • Private security systems • Carpet cleaning Other key areas of responsibility will involve: • All fire protection safety provisions and procedures • Defibrillators installed and owned by the Lessee • Electrical consumables and minor maintenance • Mechanical routine inspections and maintenance • Ice machines, beer kegs systems and fittings • Plumbing routine inspections and minor maintenance • Fixtures and fittings • Operational activities *Note: Non-structural maintenance responsibilities may vary if the lease area is within a complex. In these circumstances, the City may consider undertaking some of the Lessees non-structural maintenance responsibilities on their behalf subject to the Lessee paying a non-structural contribution fee to the City.* **If the tenancy is shared, the City may arrange the cleaning and require the Lessee contribute to the cleaning costs.*
Structural Maintenance Responsibilities	The City will be responsible for all structural maintenance unless the construction of the building was undertaken by the Lessee or otherwise agreed.
Capital Improvement Responsibilities	The City will be responsible for determining who will be responsible for undertaking capital improvements and the methodology.
End of Lease	Lessees will be responsible for satisfying make good provisions under the lease prior to vacating the property. These provisions may require Lessees to remove any improvements and remediate the land or leave the improvements including buildings and structures in a tenantable condition. A Deed of Surrender will be required to effect the early termination of lease, should a Lessee decide to vacate the property before the end of their lease term.
Relocation and Redevelopment	Should Council resolve to significantly redevelop a site, the lease can be terminated by the City giving six months written notice to the Lessee to vacate the premises and the same written notice to

	the Lessee will indicate that the lease will be terminated six months from the date of notice. In the event a lease is terminated due to redevelopment, the City will not be liable for any cost, loss of profit or capital expenditure borne or incurred by the Lessee. Subject to availability and fit for purpose requirements, Lessees will be given an option to relocate to an alternate City Property. Provisions under the *Commercial Tenancies (Retail Shops) Agreements Act 1985* will be considered prior to initiating an early termination of lease.

Appendix 6

Standard Licence Conditions	
Term	A maximum of 1 year
Further Term	2 years
Licence Fee	A licence fee will be charged in accordance with the City of South Perth Schedule of Fees and Charges, which are reviewed annually.
Licence Fee Reviews	Annual CPI.
Outgoings	Licensees will be responsible for the following outgoings subject to the premises being separately metered: • Electricity consumption • Gas consumption • Water consumption • Waste Service Charges • Cleaning Charges* **If the tenancy is shared, the City will arrange the cleaning and require the Licensee contribute to the cleaning costs.*
Costs	Licensees will be responsible for the legal costs associated with the preparation, execution and registration of the licence agreement up to an amount of $3,000.
Insurance	Licensees will be responsible for: • Taking out and maintaining public liability insurance. • Liability for all actions or omissions of the Lessee's employees, contractors, volunteers, guests, invitees and agents. • Liability for all actions or omissions of the Lessee's employees, contractors, invitees and agents. • Taking out and maintaining workers compensation insurance where the Lessee employs persons. • Taking out and maintaining insurance for their own contents and equipment left on the Premises. • Indemnifying the City against all actions, claims and costs made or suffered by the City unless caused by the negligent or wrongful act of the City.

	The City is responsible for taking out and maintaining insurance for its land and building assets.
Preventative Maintenance Contribution Fee	Licensees may be required to contribute a fee of $1,500 p.a. towards preventative maintenance work undertaken by the City subject to the type of occupancy.
Preventative Maintenance Responsibilities	Licensees will be required to adhere to the 'Property Maintenance Schedule' for the respective facility. The City will be responsible for undertaking the following preventative maintenance work: • Defibrillator servicing (where owned and installed by the City) • Switchboard RCD testing • Emergency exit lights testing • Thermographic switchboard testing • Termite inspection (building only) • Pest inspection • Cool room inspection • HVAC servicing • Plumbing servicing • Fire assets servicing • Gutter cleaning
Non-Structural Maintenance Responsibilities	The City will be responsible for all non-structural maintenance, however non-structural maintenance responsibilities may vary subject to the type of occupancy.
Structural Maintenance Responsibilities	The City will be responsible for all structural maintenance.
Relocation and Redevelopment	Should Council resolve to significantly redevelop a site, the licence can be terminated by the City giving six months written notice to the Licensee to vacate the premises and the same written notice to the Licensee will indicate that the lease will be terminated six months from the date of notice. In the event a lease is terminated due to redevelopment, the City will not be liable for any cost, loss of profit or capital expenditure borne or incurred by the Lessee. Subject to availability and fit for purpose requirements, Licensees will be given an option to relocate to an alternate City Property.