



**POLICY**

<b>TITLE:</b>	<b>TENANCY MANAGEMENT</b>	<b>CODE:</b>	<b>BR.01</b>
<b>PURPOSE or OBJECTIVE:</b>	The purpose of this Policy is to provide clear and concise position to make decisions regarding tenancy agreements for the use of spaces and facilities on City's land holdings.		
<b>REFERENCE DOCUMENTS:</b>	<i>Land Administration Act 1997</i> <i>Incorporations Act 2015</i> Building Code of Australia <i>Local Government Act 1995</i> Control of Development of Telecommunication Infrastructure Policy No. SRS218 (C8). Policy FM.10 Rating Concessions For Community Groups Policy CM.106 Strategic Management of Assets		

**POLICY STATEMENT**

The City recognises the need to optimise the use of its facilities to meet the current and future requirements of the community, and encourage consistent management and accountability of community assets.

Principles guiding this Policy include:

1. The Tenancy Management Policy will increase opportunities for community groups to access permanent space and operate through co share options.
2. Where a group has an agreement over a building or space, it should contribute to the management of the asset.
3. To ensure all agreements are consistent and equitable for all tenants.

**1. Scope**

This policy applies to organisations seeking tenancy within the City.

**2. Definitions**

<i>Term</i>	Definition
<i>Annual General Meeting</i>	Any meeting held by the Tenant as part of its annual reporting requirements to its members pursuant to its constitution and the <i>Associations Incorporation Act 2015</i> .
<i>Government Agency</i>	Any local, state or federal government entity to the extent that it is carrying out a legislative or regulatory role.
<i>Lease</i>	A legal agreement that provides exclusive use and possession of an area for a specific term.
<i>Licence</i>	A legal agreement that provides non exclusive use and possession of an area for a specific term.
<i>Market Valuations</i>	A professional valuation of the rental amount for the facility based on relevant market factors.
<i>Not For Profit</i>	An organisation that does not operate for the financial gain of a group or individual.
<i>Public Liability Insurance</i>	A type of insurance that covers an organisation or group against losses or damage that a third party as a result of that group's or organisation's activities.
<i>Telecommunication Infrastructure</i>	Premises used to accommodate the infrastructure used by or in connection with a telecommunications network including any line, equipment, apparatus, tower, antenna, tunnel, duct, hole, pit or other structure related to the network.
<i>Tenant</i>	A person or group that occupies land in agreement with the land owner.
<i>Tree</i>	A long-lived woody perennial plant with one or more trunks.

<i>Shrub</i>	A woody plant which is smaller than a tree and has several main stems arising at or near the ground.
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**3. When the City will consider an agreement**

The City will consider entering into an agreement when:

- a) An existing building or space becomes vacant;
- b) A new building is built on City land;
- c) An existing agreement expires; and
- d) A written expression of interest is received for the ongoing use of a building or space.

**4. Types of agreements**

The City will enter into one of the following agreements with a Tenant:

- a) Lease  
A Lease will be considered when it is determined that a Tenant meets the requirements for exclusive use of a building or land.
- b) Licence  
A Licence will be considered when it is determined that a Tenant does not require exclusive use of a space / building.
- c) Storage Licence  
A Storage Licence will be considered when it is determined that a Tenant requires exclusive use of a storage area.

This Policy does not cover Casual Hire Agreements, Memorandum Of Understanding, Aged Care Agreements, Disability, Retirement Villages or Youth Housing.

**5. Tenants**

The City will consider entering into agreements with the following Tenants:

- a) Commercial entities
- b) Government Agencies
- c) Not For Profit, Incorporated Organisations (sports & community)
- d) Telecommunication companies

**6. Standard Agreements**

**Lease**

Council's adopted standard lease agreement will be applied to all new Lessees, including renewals. The standard agreement will not be varied unless it is required to meet the operational needs of the Tenant.

A building or space that has been built by another organisation on Council land holdings will become a Council asset and will align with this Policy.

**Government**

Council's adopted standard lease agreement will be applied to all new Tenants, including renewals. The standard agreement will not be varied unless it is required to meet the operational needs of the Tenant. The City also accepts use of the State Solicitor's Office standard agreement if required.

**Telecommunication Infrastructure**

The City accepts use of the Telecommunication Company's standard agreement, however, legal advice will be sought prior as part of the approval process.

Upon receipt of a new request from a telecommunication company, the City will investigate the need of a building referring to City's Control of Development of Telecommunication Infrastructure Policy. If the proposal is not compliant with the City's Control of Development of Telecommunication Infrastructure Policy, a report will be presented to Council to request the Chief Executive Officer (CEO) to sign a Development Application as the land owner.

## Licence

Council's adopted standard Licence agreement will be applied to all new Licensees, including renewals. The standard agreement will not be varied unless it is required to meet the operational needs of the Tenant.

### 7. Revenue from Agreements

Revenue generated from agreements will be allocated as per Policy CM106 Strategic Management of Assets.

### 8. Advertising a vacant facility

When a building or space becomes vacant, the City will advertise and seek expressions of interest that are consistent with the use of the land. The City's preference is for multiuse facilities.

When assessing expressions of interest, preference may be given to groups consistent with the use of the building.

The City will assess expressions of interest and request for proposals from applicants. The proposal that meets the requirements of the City will be selected and negotiations will commence with the preferred party.

### 9. An existing agreement expires

When an existing agreement has six months left until expiry, the City will contact the Tenant. The City's preference is for multiuse facilities which will align with Council strategies. If the City and the Tenant agree to continue occupation of the building, negotiations of a new agreement will commence, which will align with this Policy.

### 10. Written expression of interest is received for the ongoing use of a building

When a written expression of interest is received requesting the use of any available buildings or spaces, the City will investigate opportunities of vacant, existing or future available buildings or spaces that meet their requirements.

### 11. Standard Agreement Terms

When the City enters into an agreement, the following terms will be compulsory:

Main Terms	Lease	Licence
Rent	Refer to City of Canning Schedule of Fees and Charges, reviewed annually.  Rent for Commercial tenants will be based on a Market Valuation / appraisal. The CEO will have the delegation to negotiate a 10% variance on the Market Valuation provided to the City.  The cost of the Market Valuation will be payable by the Tenant.  Market Valuations will occur every fifth year of the lease with Perth All Groups CPI increases in between.	Refer to City of Canning Schedule of Fees and Charges, reviewed annually.  Rent for Commercial tenants will be based on a Market Valuation / appraisal. The CEO will have the delegation to negotiate a 10% variance on the Market Valuation provided to the City.
Consumables	The Tenant will be required to pay all consumables including, but not limited	The City will negotiate and apply an annual contribution towards all

Main Terms	Lease	Licence
	<p>to, water, gas and electricity charges.</p> <p>Bin charges will be payable as per the Policy FM.10 Rating Concessions For Community Groups</p> <p>Sub-meters are to be installed at the cost of the Tenant at tenanted facilities to accurately measure charges.</p> <p>If an area is Leased, and cannot be sub metred, the City will apply an annual contribution towards consumables.</p>	<p>consumables.</p>
<p>Rates &amp; Taxes</p>	<p>Rates will be payable subject to the City's Policy FM.10 Rating Concessions For Community Groups.</p> <p>Tenants will be required to pay annual Security Charges and Emergency Services Levy.</p> <p>All taxes in relation to the leased area will be paid by the Tenant or apportioned in accordance with area calculations.</p>	<p>Rating charges do not apply under the <i>Local Government Act 1995</i> to licenced premises.</p> <p>All taxes in relation to the licenced area will be paid by the Tenant or apportioned in accordance with area calculations.</p>
<p>Building Insurance</p>	<p>The City will insure all buildings and invoice all tenants annually. Tenants are responsible for having the correct contents and Public Liability cover.</p>	<p>The City will insure all buildings and invoice all tenants annually. Tenants are responsible for having the correct contents and Public Liability cover.</p>
<p>Fire Regulation</p>	<p>The City will ensure that all testing of portable fire equipment is undertaken six monthly and will seek reimbursement from the Tenant (extinguishers and blankets).</p> <p>The City will ensure the facility is compliant with The Building Code of Australia throughout the agreement. This includes all emergency exit requirements and smoke alarms. The Tenant is responsible for replacement of light globes in emergency exit lighting and the smoke alarm battery (1 April every year).</p>	<p>The City will ensure that all testing of portable fire equipment is undertaken six monthly.</p> <p>The City will ensure the facility is compliant with The Building Code of Australia throughout the agreement. This includes all emergency exit requirements and smoke alarms.</p>
<p>Risk Management</p>	<p>Lessees will be required to undertake the following risk management measures annually:</p> <ol style="list-style-type: none"> <li>1. Testing RCD's;</li> <li>2. Testing and tagging all portable electrical equipment; and</li> <li>3. Obtaining Public Liability &amp; contents insurances.</li> </ol>	<p>Licensees will be required to undertake the following risk management measures annually:</p> <ol style="list-style-type: none"> <li>1. Testing RCD's (within their Licenced space);</li> <li>2. Testing and tagging their own portable electrical equipment (within their Licenced space); and</li> <li>3. Obtaining Public Liability &amp; contents insurances for their space.</li> </ol>

Main Terms	Lease	Licence
Air conditioning Servicing	The City will service all air conditioners annually and seek reimbursement from Tenants.	The City will service all air conditioners annually and seek reimbursement for a portion of the costs.
Term	<p>A maximum tenure of ten years.</p> <p>Exceptions:</p> <ol style="list-style-type: none"> <li>1. Where significant funds are contributed to the construction of the facility by the organisation, the tenure should reflect the level of investment. The maximum tenure offered in this case will be twenty years.</li> <li>2. Unique commercial cases</li> </ol>	A maximum tenure of five years.
Option to renew	<p>No option to renew</p> <p>Exceptions: Unique commercial cases</p>	No option to renew
Annual Reporting	<p>On the anniversary of their Lease tenants are required to submit copies of:</p> <ol style="list-style-type: none"> <li>a) Public Liability with a minimum \$10 million cover, with the City's preference being a minimum of \$20 million.</li> <li>b) Pest inspection certificate..</li> <li>c) A list of tenant contacts.</li> <li>d) Financial Accounts as per requirements under <i>Incorporations Act 2015</i> (commercial entities exempt).</li> <li>e) AGM Minutes (commercial entities exempt)</li> <li>f) Playground Inspection Certificate (if applicable).</li> <li>g) RCD testing certificate.</li> <li>h) Electrical tagging certificate.</li> </ol>	<p>On the anniversary of their Licence tenants are required to submit copies of:</p> <ol style="list-style-type: none"> <li>a) Public Liability with a minimum \$10 million cover, with the City's preference being a minimum of \$20 million.</li> <li>b) Pest inspection certificate.</li> <li>c) A list of tenant contacts.</li> <li>d) RCD testing certificate.</li> <li>e) Electrical tagging certificate.</li> </ol>
Payment of fees	<p>The Tenant is responsible for payment of any fees relating to the preparation of the Lease including, but not limited to:</p> <ol style="list-style-type: none"> <li>a) Legal Fees</li> <li>b) Registration Fees</li> </ol>	<p>The Tenant is responsible for payment of any fees relating to the preparation of the Licence including, but not limited to:</p> <ol style="list-style-type: none"> <li>a) Legal Fees</li> <li>b) Registration Fees</li> </ol>
Subletting/ Sub Licencing	<p>No subletting of Council space / facilities without written approval of the City.</p> <p>At its absolute discretion approval for subletting will only be given if the terms are beneficial to the City.</p>	No sublicensing of Council space / facilities will be approved.
Hire of Premises	All lessees will be able to hire their premises provided the hired use is considered ancillary to their purposes and is in the interest of the Community.	No permission to hire.

<b>Main Terms</b>	<b>Lease</b>	<b>Licence</b>
Property Inspections	The City will undertake annual or bi-annual inspections as required.	The City will undertake annual or bi-annual inspections as required.
Keys & Access Codes	All access codes and keys to the space/building must be provided to the City to enable emergency access and essential maintenance to be undertaken.	All access codes and keys to the space/building must be provided to the City to enable emergency access and essential maintenance to be undertaken.
Report Damage	The Tenant must report any damage to the City within 24 hours of the damage being noticed.  It is the responsibility of the Tenant to undertake repairs at its own expense.	The Tenant must report any damage to the City within 24 hours of the damage being noticed.

## 12. Maintenance Responsibilities

The table below outlines the maintenance responsibilities of the Tenant and the City under each agreement.

<b>Building Component</b>	<b>Lessee Maintenance Responsibility</b>	<b>Lessor Maintenance Responsibility</b>	<b>Licensee Maintenance Responsibility</b>	<b>Licensor Maintenance Responsibility</b>
Fixtures/ Fittings (windows, light fittings, light globes, latches, locks, taps, blinds, mirrors etc)	Maintain & replace	No responsibility	Maintain & Replace	No responsibility
Internal Surfaces (painting, carpets, tiling)	Maintain & replace	No responsibility	Maintain	Replace
External Surfaces (glass, ledges, sills, cleaning)	Maintain & Replace	No responsibility	Maintain	Replace
Preventative maintenance services  (Gutter cleaning, Pest control, annual servicing of major appliances)	Maintain	No responsibility	Maintain	No responsibility

<b>Building Component</b>	<b>Lessee Maintenance Responsibility</b>	<b>Lessor Maintenance Responsibility</b>	<b>Licensee Maintenance Responsibility</b>	<b>Licensor Maintenance Responsibility</b>
Trees	No responsibility	Maintain & Replace	No Responsibility	Maintain & Replace
Shrubs	Maintain & Replace	No responsibility	No responsibility	Maintain & Replace
Playground	Maintain & Replace	No responsibility	No responsibility	Maintain & replace
Playing Surface  (Only applicable if within Leased/ Licenced area)	Maintain & Replace	No responsibility	No responsibility	Maintain & Replace
Structural works (shell of the building, including roof, ceiling and supports)	No responsibility  Exceptions: Some Commercial Entities	Maintain & Replace	No responsibility	Maintain & Replace

## GOVERNANCE REFERENCES

<b>Statutory Compliance</b>	
<b>Process Links</b>	

## POLICY ADMINISTRATION

<b>Directorate</b>		<b>Officer Title</b>	<b>Authority to Approve</b>
Canning Community & Commercial			Council
<b>Version</b>	<b>Decision Reference</b>	<b>Synopsis</b>	<b>Delegation No</b>
1	CC-031-17	Adopted 21.11.2017	N/A