



DIRECTOR CORPORATE AND COMMUNITY SERVICES REPORT

13 October 2009

DCCS13	POTENTIAL SALE OF LEASED PROPERTIES
FILE: 1177	TAB (NRN) (Folio No. *)

SUMMARY:

Reporting on the suitability for sale of Council owned land which is currently leased.

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DESCRIPTION:

A report was submitted to the March 2009 meeting of Council detailing the conditions relating to grazing leases, the suitability of the land for sale to adjoining owners, the dates of expiry of the leases and the annual fees attached to each lease. On considering the report Council resolved: -

1. That an investigation on pricing/fee structure for lease properties and the potential sale of additional lands be undertaken.
2. That a review come back to Council of all leased properties.

Investigations have commenced with other regional Councils to ascertain their pricing and fee structures for grazing land.

Leased properties other than for grazing use are generally set at a commercial rate having regard to the value of the land and/or improvements and the commensurate rate is negotiated. From time to time Council resolves to discount these commercial rates in recognition of the 'community good factor' as is the case for the Youth Access Centre and the lease to Macleay Options over premises in Akubra Place.

Initial investigations reveal that for grazing leases some regional Councils do not offer land, some charge a commercial rate as a percentage of the rate for the adjoining property, some Councils charge an administration fee for the preparation of the lease as well as annual leasing fees, some charge on a per head of cattle utilising the leased area. Almost all Councils' researched charge a higher minimum fee than Kempsey Shire Council's \$65.50.

Kempsey Shire Council's Fees and Charges have been set until 30 June 2010 which provides ample time for review of future pricing and fee structures for these lands to be put to Council for consideration.

Attached at [\(Appendix I – Page CCS60\)](#) is a table identifying leased properties and their suitability for sale. Given the difficulty experienced achieving sales in the recent Council Auctions of Surplus Properties, the effects of the Global Financial Crisis and a depressed real estate market it is anticipated that successful sales of any identified properties may not be achieved quickly or with optimum return.

RECOMMENDATION IMPLICATIONS:

- ***Environmental***

Nil

- ***Social***

Nil

- ***Economic (Financial)***

Nil

- ***Policy or Statutory***

Nil

- ***Director's Review***

A review of councils lease rates needs to be undertaken to reflect commercial values and ongoing administration costs. Council leased properties also include lands classified as floodway, with little market value. A council property plan needs to be developed including the provisions for town centre masterplan and village plans.

RECOMMENDATION:

1. **That a review of lease fees be undertaken for the 2010/2011 financial year, in line with commercial values and councils administration costs.**
2. **That a strategic review of all council properties be undertaken to identify opportunities to utilise properties for non rate income, those suitable for sale and those that can be used by Council at a future time.**

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K E Oliver

ACTING DIRECTOR CORPORATE AND COMMUNITY SERVICES