



Attachment 1 to Item 4.4.2

Draft Property Policy

Date of meeting: 12 September 2023
Location: Council Chambers
Time: 6:30 p.m.



Property Policy

DRAFT COUNCIL POLICY

Division:	Corporate Services	Policy Number:	Enter No
Branch:	Property Management and Strategy	Adopted Date:	Enter Date
Responsible Officer:	Manager Property Management and Strategy	Next Review Date:	July 2025
Director:	Director Corporate Services	Version:	1



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1. TITLE

This Policy is to be known as the Council’s Property Policy to provide a framework for the management of Council’s property portfolio.

2. PURPOSE

This Policy provides a ‘whole-of-Council’ framework for the strategic management of commercial and community property. It sets out a structure and guiding principles for the alignment of the Council’s property asset portfolio.

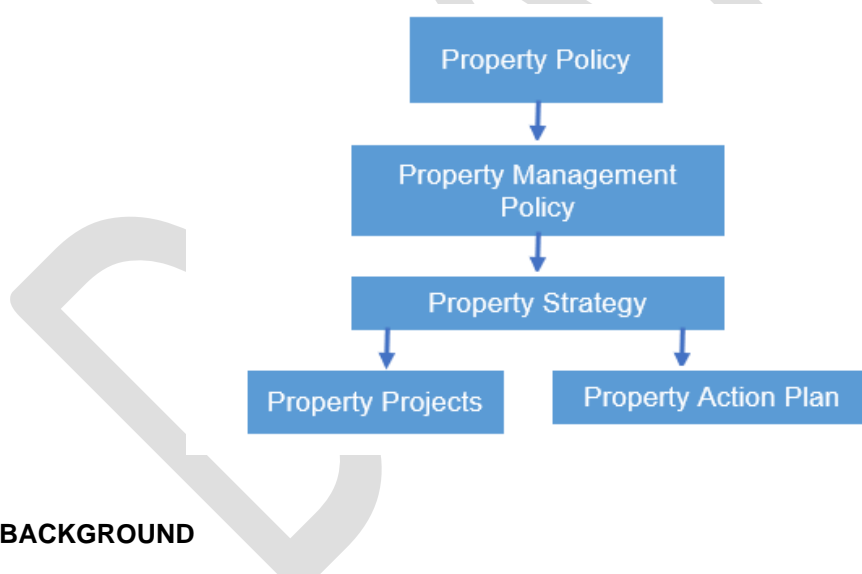
This Policy drives efficiencies, ongoing reviews, core service delivery, enhanced probity and accountability, financial outcomes, and proactive management by Council.

3. SCOPE

This Property Policy sits above Council’s Property Strategy and sets out the framework for the management of all Hawkesbury City Council (“Council”) controlled property.

This Policy sits above other Policies already developed for property related matters including Outdoor Dining, Windsor Mall, and numerous property specific precincts. These combine with this Policy, in essence as “sub-policies”.

The following framework is created by this Policy for the management of all property outcomes at Hawkesbury City Council (“Council”).



4. BACKGROUND

Property is defined as all Council-controlled land (owned or managed) and any permanent developments attached; either natural or constructed.

Property includes air and sub strata rights, plus interests created through leases, licences, easements, or other legal mechanisms. These latter interests may also occur on land not owned by Council, but Council’s rights and benefits create entities, which will be reviewed and managed under this Policy.

Council’s property assets serve a wide range of purposes. Most importantly, they are used to provide valued civic, social, cultural, recreation, environmental, transport, administration and other services for the community. Some of Council’s properties serve as investments to create financial return to Council, thereby reducing reliance on rates revenue. New revenue sources have become critical for all Councils, as increases in traditional income sources fail to keep pace with the increasing costs of delivering services to the community.



Strategies are developed at the broader portfolio and also at the asset specific level, to deliver different objectives. Strategic outcomes will be proactively sought, where Council’s service delivery is not adversely impacted and where robust economic and risk assessments have been completed.

All key property outcomes will be aligned with Council’s mandated Integrated Planning and Reporting (IP & R) and other relevant areas of Council strategy, to optimise outcomes. This imperative is reflected in this Policy’s requirement for an overarching Property Strategy.

5. ROLES AND RESPONSIBILITY

Authorised Officer	Roles & Responsibilities
Manager Property Management and Strategy Manager Community Planning and Partnerships Property Services Coordinator Property Officer	<ul style="list-style-type: none"> Ongoing implementation and review of Council’s Property Policy
Manager Property Management and Strategy Property Services Coordinator Property Officer	<ul style="list-style-type: none"> Establish a Property Strategy; Adhere to any adopted Funding Strategy and Property Policy; Provide direction for implementation of the Property Strategy; Seek professional specialist advice when required; and Monitor and report on the performance of the Property Strategies/Actions.

6. PROPERTY MANAGEMENT PRINCIPLES

To maximise capital efficiency and land use, Council will always manage its property consistently with the following six principles:

- a) Holistic Management
- b) Fit for Purpose
- c) Asset Management
- d) Risk Management
- e) Centralised Control of Income
- f) Strategy Alignment.

a) Holistic Management

All property decisions will achieve the maximum community benefit available at the time. To achieve this, decisions will contemplate concurrent outcomes for the portfolio, of all Council owned or controlled properties. In this regard:

- Property portfolio management objectives take precedent over single property outcomes.
- Asset specific recommendations will never compromise long term objectives or portfolio strategies.
- Sub portfolio strategies will be used to manage outcomes for individual land classifications. (Community, Operational, Crown, and others),
- Other strategies and related policy will operate in conjunction with the Property Strategy, ensuring overall portfolio efficiency and broad input for decision making,
- Portfolio and asset specific reviews will be conducted at least every year; and
- Advice must be obtained from the Council’s Property Management and Strategy Branch, for all Council property matters, including direct input and endorsement for all leasing, acquisition, or sale decisions across Council.



b) Fit for Purpose

All Council owned or controlled property will be fit for purpose to:

- Deliver Council's operational services and objectives and
- Maximise its financial return to the community – wherever reasonably possible.

There will be coordinated activities to realise the full value and ongoing potential of each Council property, to best equip it for its role in the portfolio.

Any property with no current or clear future purpose, or when duplicated by the function of another nearby property, will be reviewed for potential divestment or re-purposing, in accordance with this Policy.

c) Asset Management

Asset management principles will apply, including whole of lifecycle management. Asset management will ensure the delivery of a property's purpose and allow optimal outcomes to occur at asset specific levels, within the context of the portfolio management principles.

All Council properties assessed as fit for purpose, and not identified for specific action in Council's Property Strategy, will be managed in accordance with Council's asset management requirements. Condition targets will be set and maintained by property asset owners and funded accordingly. Where funding costs are significant, or a property has alternative (eg commercial) or similar potential, an alternative use or a sale option will be considered, to ascertain if asset re-purposing and replacement will deliver the best Council outcome.

Optimal outcomes will be sought by:

- Whole of life asset management of all property, including maintenance and insurance.
- Considering relevant intangible factors, for any property, in additional to financial and operational ones.
- Targeting multiple functions for individual assets wherever practical, and
- A strategy (as simple as possible) for each site, consistent with its portfolio purpose.

d) Risk Management

Property is capital intensive and sub-optimal management of assets is a risk to sustainable Council service delivery.

Property is subject to occupational, physical, obsolescence, contamination, legal, tenant, corruption, and financial risks. Accordingly, property will be managed in accordance with Council's Risk Management Framework.

e) Centralised Control of Income

All income from leases, licences, or any other agreements for any owned or managed property assets, (including Crown Land) will be receipted and accounted for as per the Statutory Financial Accounts.

Council's Financial Services Staff will ensure that revenue is quarantined and held within a centralised account in the general ledger. There will be regular review and monitoring of this income and any variations will be reported to Council, as part of the Quarterly Budget Review process.

f) Strategy Alignment

The Property Strategy will be aligned to Council's four-year delivery plan cycle (IP & R). It will contain objectives and measures for the four-year period, with progress monitored six monthly. It will be a key input into Council's long-term financial planning.



The Strategy will guide and align property outcomes wherever relevant for Council operations, including:

- All types of operational, administrative, library, community centre, parks, leisure centre and any of their related infrastructure assets,
- Community Land,
- Managed Crown Land,
- The Property Investment Portfolio (“PIP”),
- Affordable Housing,
- Section 7-11, Section 7-12 and Voluntary Planning Agreements,
- All master-planning impacting Council owned or managed property,
- Property matters reported to Council, and
- Any privately owned property identified in planning instruments that may create a financial liability for Council.

Staff engaged in strategic land use planning, Voluntary Planning Agreements and similar matters will collaborate with the Property Management and Strategy Branch, to ensure all related objectives, or new Council property assets, align with this Policy and the Property Strategy.

7. PROPERTY ACQUISITION AND DIVESTMENT

Property is a ‘cost of business,’ for Council. Excess or unproductive property traps capital, otherwise available for core business needs or financial returns. The “Holistic Management” principles in this Policy therefore target ‘optimal’, not excessive or inadequate property holdings.

Properties and their environments change over time, with potential impacts on the most appropriate property use. Where this occurs, timely re-purposing or asset sale and replacement, improves overall portfolio and financial outcomes.

Annual reviews will be conducted for each property owned, (as set out in the Property Strategy) where its function and portfolio retention will be assessed. This mechanism will allow the portfolio to evolve, freeing excess capital, ensuring optimal property levels are held, and that assets match ongoing needs.

7.1 Property Acquisition

In general, property acquisitions will be recommended in the following situations:

- To fill a gap in the portfolio, for the delivery of ongoing services
- When no foreseeable opportunity exists to fill a need, via a development contribution or property re-purposing
- To replace an existing underperforming investment property
- To deliver on a Property Strategy outcome
- To enhance the operational, community, or financial value of an existing Council property.

Recommended acquisitions must:

- Have satisfied legal, physical, financial, and operational due diligence reviews
- Be assessed for their ability to deliver multiple outcomes: not just the primary acquisition purpose
- Be supported by a draft individual property strategy, to demonstrate its ongoing ability to deliver on the required Council objective, plus others where possible
- Satisfy all requirements for the intended land category – targeting the operational land category wherever possible
- Identify the funding source
- Reference its alignment with the Property Strategy and the Property Action Plan.



These criteria should be addressed in the report prepared for Council endorsement.

The requirements will apply to any property acquisition, including via any planning approvals, Voluntary Planning Agreements, and dedications. They will also be used when Council is exercising its compulsory acquisition powers under Section 186 (and others) of the Local Government Act 1993.

7.2 Property Re-purposing and Divestment

Annual property reviews (as set out in the Property Strategy) will be used to identify property that is no longer fit for purpose.

Where this occurs, initial recommendations for re-purposing a property will be made, when:

- It is assessed as no longer able to deliver its original operational or community function, but its long-term value can be enhanced to contribute to other portfolio outcomes
- Its maintenance costs are increasing beyond reasonable expectations for its function, and re-purposing (possibly including demolition) delivers the best portfolio outcome
- It can no longer provide economic investment income, within this sub portfolio.
- It is not required to deliver a future Council initiative in its current configuration
- Its re-purposing delivers an outcome for a Property Strategy objective.
- Alternative service provisions exist, or an alternative location can be utilised.

Where re-purposing is not financially or physically viable, divestment should be considered.

In general, property divestments will be recommended to Council where the property is no longer fit for purpose, for its intended portfolio function, or is surplus to requirements, and:

- The property does not satisfy the re-purposing considerations above
- The indicative sale price is unlikely to increase in the foreseeable future, for any asset specific factor, and the price is supported by an independent market valuation, and
- The sale proceeds will clearly contribute to the achievement of a Property Strategy Objective, in keeping with this Policy.

Divestments will be included in the annual Property Action Plan which will form part of Council's annual budgeting cycle. Proceeds from divested property will only be used for property acquisitions to further property objectives unless Council endorses otherwise.

Divestment may be considered in response to an external event such as an unsolicited proposal to Council, in keeping with the requirements of the Policy. Divestment decisions in response to these events should not undermine current Property Strategy objectives.

7.3 Investment Property Reserve

Council will maintain an internally restricted Investment Property Reserve to:

- Fund appropriate property objectives and other endorsed Council initiatives,
- Provide for the appropriate governance of capital to be re-cycled from asset sales,
- Separate property income and related outgoings from all other fund movements, to ensure transparency, and
- Provide oversight by Financial Services, for funds to be invested in short term compliant products to maximise Council income.



8. PROPERTY DEVELOPMENT

Council expects to engage in property development because:

- The community infrastructure needed to deliver services is often not developed by the private sector. Construction projects are therefore necessary for bespoke facilities
- Council has land to shape the future for communities, consistent with its Community Strategic Plan
- Small scale development of investment property to increase Council's return on capital, can often be delivered efficiently by staff.

Despite this, the following must be reviewed, before commencing any property development:

- Many types of property development are not core Council business, hence staff with relevant skills, are often not retained. This can place a heavy reliance on external consultants when making key decisions
- Council cannot spread the financial risks associated with development across a portfolio of developments, for accountability and probity reasons
- Development can polarise cohorts in the community and create avoidable reputation risk for Council
- Project costs, risks and timing can change, or projects may not proceed. External communication must be carefully tailored, as community stakeholders may not have the objective expertise, to evaluate new or changed details
- Council can become conflicted in trying to optimise financial outcomes, that may also test or exceed the preferred limits of environmental, or other planning controls.

When considering any property development, Council will draft a Preliminary Business Case for the Executive Leadership Team and Council endorsement; prior to proceeding to a Full Business Case.

The Preliminary and Full Business Cases will consider and address the following:

- Whether any existing property(s) can be purchased or acquired, which substantially deliver the required outcome, with less risk
- Prefer core community facilities and infrastructure as Council's standard development exposures and consider all other development exposures as non-standard
- Ensure every development project is a standalone venture, allowing progress, costs, direct results, and risks to be monitored and controlled, during its life
- Reference other development exposures and diversity if multiple projects occur simultaneously
- Benchmark in-house expertise against the project requirements. Identify all gaps and mitigation measures, prior to seeking approve to commence.

Recommendations to Council for non-standard development projects and exposures must be based on a robust business case that will include appropriate involvement and/or exit points for Council. This includes consideration of the optimal Council position in respect of:

- Early sale of the land owned
- Sale of the land on securing a Development Application and appropriate zoning
- Full development and ownership for income generation.

To maximise property development opportunities Council will:

- Target appropriate mechanisms under Section 358 (and others) of the Local Government Act 1993
- Consider any exclusive dealing requests or unsolicited proposals received for its properties and make recommendations accordingly
- Benchmark proposed outcomes against Australian Competition and Consumer Commission requirements.



9. PRINCIPLES FOR EACH LAND CLASSIFICATION

Council's land holdings by category will be maintained and updated as change occurs.

These categories are: Community Land; Crown Land; Operational Land; Investment Land; Remnant Land; and Environmental Land. This will be done in accordance with the requirements for all Council land under Section 53 of the Local Government Act 1993.

9.1 Community Land

Where an existing Community Land classification (under the Local Government Act) renders land not fit for purpose, the land will be reviewed for potential re-classification as Operational Land. Such land should be considered for alternative uses, to deliver key outcomes or reduce future acquisition needs.

Community infrastructure and facilities will be developed and operated on Community Land or Council controlled Crown Land wherever possible, to preserve Operational Land for potential income generation.

When prudent, multiple small community properties will be replaced by larger, multi-functional buildings, for economies of scale and to minimise running and maintenance costs. There must not be a net loss of community benefit as a result of any such replacement.

Council will provide premises at subsidised rents for community entities, where available.

These impose major monetary concessions on the community, and available assets are scarce. Council will therefore maintain a list of buildings for which community licences may be available, assess all community tenancy applications appropriately and transparently, and will utilise a standard licence agreement for all community tenants.

Council will maintain a system to assess all community tenants' needs and ability to pay rent. It will evaluate applications from community tenants accordingly.

Where a tenant occupies premises under a community licence, Council will:

- Determine the appropriate community tenancy category and rent payable – at its own discretion
- Require each tenant to regularly demonstrate to Council that it remains a community entity, in need of a subsidised rent and a place in a community building
- Require each tenant to collaborate with similar community groups, wherever reasonably possible
- Require each tenant to pay its own utility and related costs, including damage to premises
- Target multi tenanted outcomes for premises where subsidised rents are provided, via tenancy licenses, unless an entity demonstrates substantial cause for exclusive use
- Not allow license assignments or sub-letting under any circumstances
- Maintain a public register showing all rent subsidies provided and the method of calculation.

Council's Property Management Policy deals further with community tenancies.

Council will utilise a standard community licence for all Community tenants.

9.2 Crown Land

Council must manage and maintain Crown Land and related buildings in accordance with the Crown Land Management Act 2016. This includes mandatory Plans of Management for individual properties.

Council will maximise Crown Land use to benefit the Hawkesbury community and will resist exposure to additional Crown or State Government land, where the land does not provide an opportunity to contribute to the achievement of an objective. This will be subject to an assessment of the land's impact on Council's financial position.

Where Crown Land has environmental merit, Biodiversity Stewardship Agreements will be considered, to offset where feasible, Council's administrative burden and costs.



9.3 Operational Land

Operational Land (classified under the Local Government Act) does not have the constraints applicable to Community Land and provides for a broad range of Council outcomes.

Operational Land strategies will also have regard to:

- The land's economic highest and best use and whether the current use reflects this
- The best available zoning for the site
- The ability of the land to deliver revenue, in addition to its primary purpose
- Activation of unused portions of any operational land parcel, to maximise land utility, portfolio efficiency, or other portfolio outcomes.

Council will prefer the Operational Land classification wherever reasonably possible, given the far greater flexibility, including for multiple uses, that Operational Land provides.

9.4 Investment Land

Investment Land to be used for income generating purposes will be classified as Operational Land (under the Local Government Act). This property category provides opportunities for Council to:

- Diversify its revenue and investment exposures
- Increase operational income and general revenue
- Access attractive returns from low risk, passive income generating properties
- Continue identification and management of its existing investment portfolio.

9.5 Remnant Land

Remnant Land can be classified as Community or Operational Land (under the Local Government Act). Council will conduct investigations to identify Remnant Land parcels at suitable intervals of not less than five years.

Each parcel of Remnant Land will be classified into one of the following three categories.

Remnant Category	Purpose
Environmental, Operational, Recreational	Land with a defined and ongoing purpose for Council.
Major opportunities	Parcels suitable for sale, leasing and/or development. Of sufficient size or utility to be offered to the wider market.
Minor Opportunities	Small parcels, usually uneconomic as standalone entities. May suit sale or lease to one or more adjoining owners.

Every Remnant Land parcel will have a strategy consistent with its category. Land absorbed as road will have its respective titles cancelled and be removed from Council's property register and portfolio.

Remnant Land may be recommended for sale, including with operational easements in place, should Council's operational or other functions require to be maintained.

9.6 Environmental Land

Environmental Land is all land in Environmental or Conservation areas in the Hawkesbury Local Government Area, usually zoned C1 - National Parks and Nature Reserves or C2 Environmental Conservation - or Land which otherwise provides or includes walking tracks, associated seating, shelters, board walks, observation decks, bird hides or similar, and associated display structures.

Environmental Land will be managed within its Community Land constraints. Self-funding or partially offset management outcomes are targeted wherever possible, (such as Bio-diversity Stewardship Agreements) to sustain or enhance environmental outcomes.



10 PROPERTY INVESTMENT PORTFOLIO

Council will maintain its established Property Investment Portfolio (PIP) for the sole purpose of investment, to contribute to Council's long-term financial sustainability.

All commercial properties will be classified as Property Investments and will be included in the PIP. Council will regularly review its PIP to:

- Enhance income from appropriate "risk adjusted" property alternatives
- Ensure at least 90% (by value) of its PIP, comprise passive income generating properties
- Reduce proportionate exposures to its traditional income sources –for example, rates
- Monitor the performance of individual assets and the portfolio as a whole.

To best ensure PIP outcomes, Council will:

- Set a benchmark annual return "hurdle rate" consistent with market returns from passive income generating commercial property
- Review the hurdle rate when drafting the Property Strategy, but also as necessary, (at more frequent intervals) in response to market volatility
- Review assets annually and measure their income returns, against the hurdle rate, where the "income return" is the income expressed as a percentage of the assets' book value. The book value is the acquisition cost plus all capital subsequently spent
- Target to dispose of assets that do not meet the PIP hurdle rate. With the sale proceeds, acquire appropriately diversified assets that meet or exceed the hurdle rate
- Consider over time if further acquisitions should be made from existing cash reserves
- Identify opportunities from Council's full property portfolio, and recommend appropriate strategies where necessary, to deliver additional PIP assets
- Target incremental PIP growth, reflecting available income from PIP properties, and both strategic market, and internal portfolio opportunities, as they are identified.

Council will apply portfolio construction, risk diversification and similar skills to maintain:

- A diversified income stream, with varying lease expiry dates and tenancy exposures;
- Pre-acquisition asset due diligence, with external input and recommendations;
- Associated portfolio due diligence – measuring the diversification and other benefits, that each recommended acquisition will deliver to the macro portfolio; and
- Optimal portfolio weightings and allocations.

Ongoing PIP management and monitoring will:

- Limit combined lease expiries to a fixed % of total PIP income, in any single year
- Limit single asset and single tenant exposures, to a fixed % of total PIP value
- Set maximum exposures for each asset type – industrial, core retail, bulky goods etc
- Monitor the Weighted Average Lease Expiry "WALE" of the individual assets and the PIP as a whole, plus allocations to each property type
- Implement a management framework for each impending lease expiry.

10.1 Investment Property Selection

The selection of any new property for inclusion in the PIP will require a resolution of Council, following confirmation that all the following criteria have been met:

- The property has been reviewed by Council's appointed Property Investment Advisor, for the purpose of providing the appropriate property investment advice.
- Building age and structural condition presents minimal risk to Council, based on consideration of current and future capital investment needs.
- Location of site and its relationship to tenant demand over time.



- The weighted average lease expiry (WALE) is consistent with Council requirements and represents an appropriate level of risk.
- The projected return on the investment meets or exceeds the PIP hurdle rate, for both the short and intermediate term future.

Reflecting asset specific characteristics, types and risks, the minimum WALE for any property asset type, for inclusion in the PIP, should be:

Asset Type	Minimum WALE
Commercial Offices	7.0 years.
Standard Retail Shops	3.0 years.
Retail – Bulky Goods	5.0 years.
Industrial	6.0 years.
Other – if recommended	Based on independent assessment.

10.2 Property Investment Advice

Council's Property Investment Advisor must be suitably qualified by industry standards to provide the necessary advice.

The Advisor must be an independent person who has no actual or potential conflict of interest in relation to investment decisions and the strategy being recommended.

Any property identified through an independent source or any a third-party agency, must be subject to a full review by Council's Property Investment Advisor, who must make recommendations accordingly.

10.3 Review of Property Investment Portfolio Performance

The performance of the PIP will be assessed annually to determine the extent to which set hurdle rates have been achieved across the portfolio, and comparatively over time, to assess overall trends.

A report will be provided annually to the Executive Leadership Team detailing the overall performance of the Property Portfolio's performance. This will include an assessment of the targeted hurdle rate for the period, and the portfolio lease expiry profile.

The financial return on investment across the portfolio will be measured against projected cash returns each year and assessed for movement in trend over sequential years.

Where properties have not performed to requirements, analysis of the reasons will be provided, including whether the performance drivers are considered temporary (for example tenant vacancies) or more permanent. The analysis may therefore include future forecasting. Recommendations for the property will also be provided.

11 FLAGSHIP PROJECTS

Council's Property Strategy and Action Plan will include identifiable line items for Flagship Projects (or core precincts and properties). Flagship Projects will be identified for major individual or clusters of properties (Precincts), where the outcomes sought by Council have broad community impact and/or involve large capital expenditure.

Detailed Project Plans created from endorsed Business Cases will be used for Flagships, delivered through appropriate governance mechanisms, for their control and financial stewardship.



12 DEFINITIONS

Bio-diversity Stewardship Agreements

Are in-perpetuity agreements whereby landowners commit to environmental management actions. They may generate 'biodiversity credits' which can be sold to offset the impacts of approved developments elsewhere. Landholders receive ongoing annual management payments and a potential profit from credit sales, once sold.

Payments or revenue received may be used to deliver existing management actions or possibly for new environmental initiatives.

Hurdle Rate

The required percentage return on asset cost, calculated as the net annual rental, expressed as a percentage of the asset's purchase price, or book value for existing assets.

The hurdle rate represents the minimum return Council will accept, when acquiring assets for inclusion in the Property Investment Portfolio and is based on prevailing market conditions.

The hurdle rate is reviewed annually or otherwise as considered necessary, by reference to analysis of comparable sales evidence, for assets which would otherwise meet all required prerequisites for inclusion in the Property Investment Portfolio.

Passive Income Generating Properties

Properties delivering income under medium, or long-term leases, which are renewed on expiry, for further income generation. For most of the ownership period, Council's involvement as owner is limited to the more passive property management functions, such as maintenance and rent collection.

Asset development, re-positioning or similar pro-active management strategies are not targeted initiatives, and occur only, where necessitated by major lease expiries, tenant requests that financially enhance Council's position and lease security, or other significant property changes.

Portfolio Lease Expiry Profile

The ranking of all portfolio lease expiries, in date order and by reference to the proportion of income each tenancy delivers, as a percentage of the total portfolio income.

The combined details provide the proportion of the total portfolio income to expire, in the current and every future year.

The portfolio lease expiry profile is a risk management tool for the timely management and actions of future expiries. It is also used to measure overall portfolio diversification, so that significant components of the Property Investment Portfolio do not expire in a single, or a very limited number of years, when likely market conditions for renewal cannot yet be known.

Property

All Council controlled land (owned or managed) and any permanent developments attached, either natural or constructed. Property includes air and sub strata rights, plus interests created through leases, easements, or other legal mechanisms.

These latter interests may also occur on land not owned by Council, but Council's rights and benefits create entities, which will be reviewed and managed under its Property Policy.

Property Development

The construction, reconstruction, subdivision, or other substantial alteration or improvement, of vacant or occupied land and/or any buildings or directly related infrastructure.



Property Investment Advisor

A person reasonably considered by Council to have appropriate independence, experience, and expertise, to evaluate and make submissions in respect of proposed recommendations to Council, by council staff or others.

Remnant Land

Parcels of closed or unformed road, drainage reserves or other holdings, many of which represent residual land areas left over from infrastructure delivery, or other initiatives requiring the use of land.

Weighted Average Lease Expiry (WALE)

A measurement of the average time-period when all leases in each property, and the portfolio as a single entity, will expire.

The WALE reflects the average remaining time-period (or security) by rental dollar received. It should generally be kept as high as reasonably possible for each property, but more specifically, for the combined portfolio.

An example of the calculation of the WALE for a hypothetical property follows, where two tenants have differing rental levels and remaining lease terms. The date used for the example is 31 December 2022.

A	B	C	D	E	F
Tenant	Net rent paid	Lease expiry	Remaining Term	Proportion of total rent	Weighting (D x E)
Tenant 1	\$120,000	31 Dec 2029	7.0 years	54.55%	3.82
Tenant 2	\$100,000	31 Dec 2027	5.0 years	45.45%	2.27
Totals	\$220,000			100.00%	6.09

The weighted average lease expiry for this property is 6.09 years.

The calculation occurs for each individual property, then for the portfolio as a single entity including the total income from each property and its individual WALE. An example follows.

A	B	C	D	E
Property	Net rent pa	Property WALE (years)	Rental weighting (%)	Weighting (C x D)
Property 1	\$350,000	3.5	48.6%	1.70
Property 2	\$80,000	4.2	11.1%	0.47
Property 3	\$125,000	7.7	17.4%	1.34
Property 4	\$165,000	4.9	22.9%	1.12
Totals	\$720,000		100.0%	4.63

The portfolio WALE in this example is 4.63 years.



13. RELATED DOCUMENTS

Legislation

Aboriginal Land Rights Act 1983
Biodiversity Conservation Act 2016
Crown Lands Act, 1989
Crown Lands Management Act 2016
Environmental Planning and Assessment Act, 1979
Environment Protection and Biodiversity Conservation Act, 1999
Heritage Act 1977
Land Acquisition (Just Terms Compensation) Act, 1991
Local Government Act, 1993
Local Government (General) Regulation 2021
Local Land Services Amendment Act 2016
National Parks and Wildlife Conservation Act, 1975
Native Title Act 1993
Residential Tenancies Act, 2010
Retail Leases Act, 1994
Roads Act, 1993
Valuation of Land Act, 1916.

Procedures

Leasing/Licensing of Council Owned Buildings Procedure
Rental Arrears Procedure
Easements Over Council Land Procedure
Leasing or Sale of Council Land Procedure
Land Acquisition Procedure
Disposal of Council Land Procedure
Auction Checklist
Community Facilities Manual.