

Chris Steel MLA

Minister for Planning

Minister for Skills and Training

Minister for Transport

Special Minister of State

Member for Murrumbidgee

RESPONSE TO QUESTION ON NOTICE**Questions on Notice Paper No 40****22 March 2024****Question No. 1645****NICOLE LAWDER MLA:** To ask the Special Minister of State

- (1) Is there currently a review underway and has there been a review completed in the past 12 months of peppercorn leases or about leasing of community facilities; if so, (a) who is undertaking the review (ie internal to ACT Public Service or external, if external who), (b) when is it due and (c) what was the impetus/rationale for undertaking the review; if no, when was the last time this was reviewed, including the date and can the minister provide a copy of the review.
- (2) How many lessees, and what percentage of total number of lessees, fall into categories of rent per annum of (a) less than \$100, (b) \$100-1000, (c) \$1001-5000, (d) \$5001-10,000 and (e) more than \$10,000.
- (3) If there are differing rates of rent/lease, how is it determined what cost they have to pay.
- (4) Is the rent/lease indexed; if so, how often and at what rate.

CHRIS STEEL MLA - the answer to the Member's question is as follows:

- (1) No. There is no ongoing review of peppercorn leases or community facility leases and no review has been undertaken in the past twelve months.

ACT Property Group, Major Projects Canberra (MPC) last undertook a complete review of these processes in August 2017, in connection to the 'single service model for non-specialist property in the Territory'. The internal review of all leasing arrangements considered properties and arrangements below market rates and included peppercorn leases. ACT Property Group does regularly review individual leasing arrangements to ensure they remain fit for purpose, including where leasing agreements conclude or are being renewed.

- (2) In total, 306 leases fall into the rent per annum category. Rent is calculated per annum then prorated into equal monthly instalments. Payment for rent is due on a monthly basis. A breakdown of these leases is provided in the table below:

Rent per annum	Total number of leases	Percentage %
Less than \$100	104	34 per cent
\$100- \$1000	7	2 per cent
\$1001- \$5000	30	10 per cent
\$5001-\$10,000	33	11 per cent
More than \$10,000	132	43 per cent
Total	306	100 per cent

MPC treats each company and community organisation utilising a building as a tenant. If a tenant occupies multiple spaces in a building these are consolidated into one lease for the premises.

Leases are developed by the ACT Government in adherence with the [Commercial and Retail Act 2001](#). These figures do not include ACT Government Agencies. The data provided is captured from 1 April 2023 to 31 March 2024.

- (3) The rate charged to tenants is based on the type of organisation applying for the lease or licence. To be considered for a community rental rate, organisations are required to fulfil the definition of a community group as per the Community and Other Tenancies Application and Allocation Policy 2008.

The community rental rate is determined by the associated cost with repairs and maintenance, water, management, and insurance of the premises.

Groups which do not satisfy the eligibility requirements for a community group are deemed to be other groups/ commercial entities.

Other groups/commercial entities are subsequently charged the commercial rental rate which is assessed by an independent valuation report.

Peppercorn rentals are primarily legacy arrangements. New applications for peppercorn licences require approval by the Minister.

- (4) Rent is indexed annually as prescribed in the lease or licence. Community tenants have rent escalation fixed at 3 per cent, whilst peppercorn agreements are not subject to rent indexation.

Approved for circulation to the Member and incorporation into Hansard.



Chris Steel MLA
Special Minister of State

Date:.....2/5/24.....

This response required 1hrs and 55mins to complete, at an approximate cost of \$199.60