

Policy Name	Leases
Policy Type	Finances
Policy Number	FIN15
Version	2
Approval Date	January 2019
Renewal Date	January 2022



Policy Number **FIN15**

Policy Name **Leases**

SUMMARY

A distinction is made between financial leases which effectively transfer from the Lessor to the Lessee substantially all the risk and benefits incidental to ownership of leased non-current assets (finance leases), and Operations leases under which the Lessor effectively retains substantially all such risks and benefits.

The Local Government Act section states that a council may deal with or dispose of property of which the council is the owner, subject to the Minister's guidelines.

POLICY STATEMENT

As a general rule, Council being the custodian of public assets, provides that a long term lease on all property through an open market format is to ensure due probity of process and optimal financial return with minimal risk.

However, one of Council's roles of participating in the marketplace via property ownership is to facilitate desired goals and objectives to ensure growth and prosperity of the Council which, if left to the private marketplace alone, may not be achievable.

The Policy applied to any form of contract which legally or potentially binds the Council and includes formal contracts and other forms of contractual arrangements including heads of agreement, in principle agreement, options to purchase, leases etc.

A long term lease is one which will exceed a period of ten (10) years at the time of negotiation inclusive of any renewal options. It does not take into consideration any retrospective periods of the lease which may have already expired.

Darwin Office

Unit 1/70 Cavenagh Street, Darwin NT 0800 | GPO Box 3775, Darwin NT 0801 | Ph: 08 7922 6403

Email info@westdaly.nt.gov.au | www.westdaly.nt.gov.au | ABN: 25 966 579 574

A short term lease is one which occurs annually or due to Consumer Price Index (CPI) changes. One of these leases are:

1. S.19 Lease that Council endorses. This covers lease payments to Traditional Owners who own the land on which Council facilities such as offices, depots and staff housing are situated. However, the additional need to negotiate leases of Council services and facilities will place additional financial strain on Council. Such additional costs are not being readily supported by government.

The *Local Government Act* provides:

“(1) A Council acts:

(a) *Through local authorities, local boards or council committees, officers, staff and agents to whom the council has delegated powers or authorised to act on its behalf; or*

(b) *Through officers or other persons authorised by this Act (or a by-law) to act on the Council's behalf; or*

(c) *Under its common seal.*

Note: It follows that a contract will be made by a Council under its common seal or by an officer or other agent of the Council with authority to act on its behalf.”

2. Financial Leases are for photocopies and equipment that allotted payments from the budget is made.

Council can alter this Policy or replace it with a new Policy at any time so long as it does not affect a process which has already commenced.

TERMINOLOGY AND REFERENCES

REFERENCES

Local Government Act

FURTHER INFORMATION:

Chief Executive Officer

Darwin Office

Unit 1/70 Cavenagh Street, Darwin NT 0800 | GPO Box 3775, Darwin NT 0801 | Ph: 08 7922 6403

Email info@westdaly.nt.gov.au | www.westdaly.nt.gov.au | ABN: 25 966 579 574