



STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM
JEREMY HANSON MLA (CHAIR), MICHAEL PETTERSSON MLA (DEPUTY CHAIR), MARK PARTON MLA,
SUZANNE ORR MLA

Inquiry into referred 2016–17 Annual and Financial Reports
ANSWER TO QUESTION TAKEN ON NOTICE
6 November 2017



Asked by Ms Le Couteur MLA:

In relation to: Peppercorn leases

MS LE COUTEUR: I am specifically asking about Downer Community Association. I used to be, but am no longer, a committee member, or even a Downer resident. They have just been told that they cannot renew on a peppercorn tenancy basis. The impression I get from what you said in your answers to Mr Coe's question is that you would be looking at potentially moving them to a community rate, which is some sort of average over all of ACT.

What are you going to do about the fact that at Downer, and I am sure other places, they do all the maintenance? One of the committee members puts in at least half a day a week on maintenance. How is it reasonable to charge \$130 a square metre when the community does the work?

MR COE: The Tradies could sub-lease.

Mr Bailey: I do not know the specifics of that deal. As a general rule we are trying to transition community groups up to a rate that is sustainable for them and obviously for Property Group as well. I can get the details on that specific one and get back to you.

MS LE COUTEUR: I have the details insofar as I have a letter written by Property Group to Downer Community Association. It says:

As you would be aware, your organisation is currently on a peppercorn tenancy arrangement. ACT Property Group is currently renewing its community rental model, and as such we are not offering peppercorn leases beyond 2018 until further notice.

Mr Bailey: The challenge we have is that there will be a multi-tenanted site and you will have three or four, or more, organisations in it. Some will be paying it, some not. How do we sit back and justify that when someone says, 'Well, how do they get it free whereas we are paying for it?'

The ones that were on peppercorn arrangements—where you are saying they did maintenance—it was expected that community groups would cover the first \$500. Some would choose to do some of the maintenance themselves. But anything larger than that would be reported to Property Group to pay.

I can get back to you on the specifics there. But that is the general rule. We are trying to ensure fairness. How do we do that when one community group might not be paying anything and the other group might be paying the community rate?



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

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Mr BARR MLA: The answer to the Member's question is as follows:—

Community tenants within the ACT Property Group portfolio are charged a cost recovery rental rate in order to maintain the building. In order to ensure the availability of sites, ACT Property Group are currently reviewing the community leasing model. They have advised the Downer Community Association that their current lease (which expires on 31 January 2018) will continue under the same terms and conditions until the completion of the review.

Approved for circulation to the Standing Committee on Economic Development and
Tourism

Signature: *Andrew Barr*

Date: 14.11.17

By the Treasurer, Andrew Barr MLA