Our Community

Park Lands Leasing and Licensing Policy

Seeking feedback on Guiding Principles to inform an update to the Adelaide Park Lands Leasing and Licensing Policy

City Culture
Jennifer Kalionis

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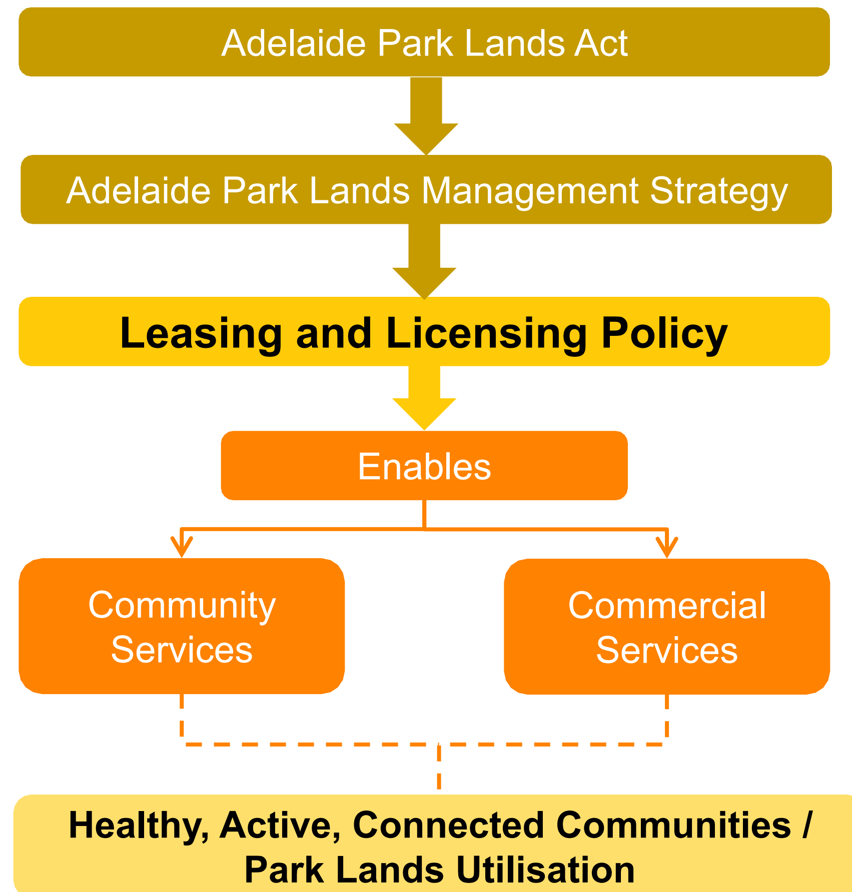
Strategic Context

- A Leasing and Licensing Policy enables responsible, fair and transparent management of community land for public benefit.
- Currently, over 60 Park Lands community and commercial lease and licence agreements support a wide range of services, improving community health, wellbeing, and social connection.
- Guiding Principles have been drafted to achieve a vision of Park Lands stewardship, which reflects contemporary practice.
- Administration is seeking advice on these Guiding Principles to inform an update to the Adelaide Park Lands Leasing and Licensing Policy.



Key Questions

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KEY QUESTION

What are Council Members' views on the Guiding Principles proposed for the Adelaide Park Lands Leasing and Licensing Policy?

KEY QUESTION

Are there any other aspects that Administration should consider?

Park Lands Leasing and Licensing Policy

Timeline

Feedback from Kadaltilla on draft guiding principles of the Policy	August 2025 ✓
Feedback from Council on draft guiding principles of the Policy	October 2025
Draft Policy to Kadaltilla for endorsement to consult	November 2025
Draft Policy to Council for endorsement to consult	February 2026
Community Consultation	Feb - Mar 2026
Final Policy to Kadaltilla for endorsement	May 2026
Final Policy to Council for endorsement	June 2026

Policy Context

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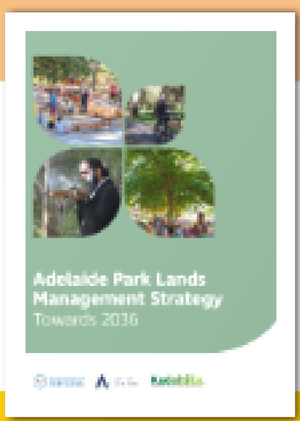
- The City of Adelaide currently manages 62 Park Lands Lease and Licence Agreements that are longer than 12 months:
  - Community organisations (25 agreements)
  - Educational institutions (17 agreements)
  - Commercial providers (14 agreements)
  - Government agencies (6 agreements)
- Many of these leases are for Park Lands buildings, which are no longer fit for purpose. Redevelopment of these assets is guided by the Adelaide Park Lands Community Buildings (Sport and Recreation) Policy.
- Most agreements are for a five-year term. There are some exceptions:
  - Memorial Drive Tennis Club (50 years), Tennis SA (42 years), SACA (42 years), PAC (21 years), and Adelaide Comets (21 years) have longer lease terms due to capital investment.
- Total income received in 2024/25 was $976,332.
  - Five commercial lessees contribute over half of this income.
- Another 50 short-term arrangements are managed through annual horse depasturing licences, activity permits and seasonal hire agreements.
- Event Leases and Licences are considered separately.

Park Lands Leasing and Licensing Policy

Policy Context



Adelaide Park Lands Management Strategy / Community Land Management Plan

Informs the:

- Park Lands landscape and where certain activities can occur (e.g. organised sport, car parking), and where built form is appropriate
- nature of Park Lands development and intensification
- appropriateness of leasing and licensing locations

Adopted June 2025

Adelaide Park Lands Community Buildings (Sport and Recreation) Policy

Informs the process for redeveloping a Community Building

Identifies design principles and essential Community Building elements (e.g. public toilets, drinking fountains)

Adopted December 2024

Adelaide Park Lands Leasing and Licensing Policy

Informs who can be granted a lease, licence or permit and:

- what they are permitted to do
- how long they can occupy the area
- how much they will pay in fees

Adopted 2016 – needing update

Local & State Government – Best Practice

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A 2020 review by the Office for Recreation, Sport and Racing and the Local Government Association (SA) provided a Guide for Leasing and Licensing Sport and Community Facilities with best practice advice provided, including:

- Lease or Licence is an appropriate tool for occupation of community land for a period of greater than one year.
- Expression of Interest (EOI) is the best method for selecting a new lessee.
- Five years is a common lease or licence period.
  - Longer leases should be considered where the lessee is making a significant financial investment.
- Incorporating lease options is good practice, breaking up the term of longer agreements (eg. 5 + 5 years).
- Councils should assess the skills/competencies of lessees and sub-lessees.
  - Training and support can resolve some skill/competency gaps where required.
- Inspections and reviews should occur at least annually & maintenance responsibilities should be clearly defined.
- Benchmarking fees and combining fee models with financial incentives to achieve outcomes eg good governance, optimal use, social inclusion.
- Rental income could contribute to a sinking fund to be reinvested back into community facilities.
- Typical services provided by councils to Community lessees include facility maintenance and management support, club development support, grant assistance and capital funding.

Local Government Benchmarking

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Leases

- The City of Adelaide (CoA) applies a flat rate across all leased buildings, with fixed discounts of 70% (education) and 80% (community).
- Most Councils base lease fees on a percentage of the asset value and apply, on average, an 85% discount to this calculation.
- Some councils link discounts to performance criteria.
- CoA places all building maintenance responsibilities on its lessees. Most councils are either fully responsible for building maintenance or share maintenance responsibilities with lessees.
- Including CoA, most councils use market valuations to determine commercial lease fees.

Licences

- CoA's licence fees are comparable to those of most councils, where licensees are responsible for maintenance.
- CoA's fees are comparatively high where councils undertake maintenance (i.e. CoA has a higher cost recovery).
- CoA's fees are comparatively low where access to a facility is restricted (i.e. fenced).

Park Lands Leasing and Licensing Policy

Previous Community Consultation and Council Member Feedback

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The Community was consulted on a draft policy in 2022 and provided the following feedback;

Lease and Licence Fees

- Calculate lease fees on building floor area rather than building footprint.
- Fees should reflect maintenance responsibilities.
- Some agreed with an incentivised discount but were concerned by potentially onerous reporting.
- Consider the financial status of organisations in granting discounts.
- Concern about CoA setting sub-letting fees.

Tenure

- Mixed views on appropriate tenure length.
- Tenure should consider past performance and investment, as well as proposed investment.
- Support for EOI process; however, several lessees thought they should be exempt.
- **Liquor licence** requests should consider the proximity of the leased premises to residents.
- Support for **temporary signage** and parking as opposed to permanent.

Council Members considered Draft Leasing and Licensing Policies in 2023 and 2024, and asked administration to consider;

- Discount levels
- Delegations for leases < 5 years
- Liquor licenses
- Car parking arrangements
- Advertising and sponsorship, including player payments
- Unlocking Park Lands for broader access
- Building footprint impacts
- Commercial use of Park Lands
- Concern over leases/licences of up to 12 months for individuals
- Concerns about lessees fundraising
- Stronger rigour in sub-letting processes
- Clarify fees for education vs community organisations
- Greater transparency in EOI process and feedback to unsuccessful applicants
- Apply new Policy to all lessees (not just at renewal)
- Apply indexation to lease and licence fees
- Explanation of independent market valuations

Draft Guiding Principles

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Draft Guiding Principles

Strategic Alignment	Sustainability and Stewardship	Inclusive and Equitable Access	Good Governance
Alignment with: • CoA Strategic Plan • Adelaide Park Lands Management Strategy • Community Land Management Plans • Integrated Climate Strategy • Adelaide Park Lands Act • CoA Cultural Policy	Shared asset responsibilities Sustainable fees to enable Park Lands re-investment Optimised use of facilities Climate adaptation and greening incentives	Welcoming environments Fee structures aligned to: • Building asset values • Levels of exclusiveness • Maintenance responsibilities • City centricity • Community benefit	Transparent lessee selection through EOI Clarity of EOI exemptions Timely decision-making Alignment with legislation Tenure linked to investment Annual reporting Capacity building

Draft Guiding Principles

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At an August 2025 Workshop, Kadaltilla provided feedback on the Draft Guiding Principles:

Design

- Apply universal design principles

Resilience

- Stronger emphasis on biodiversity and climate adaptation
- Encourage responsible waste management

Financial

- Consideration of capital investment by lessee in determining value
- Support for not-for-profit community groups
- Consideration of lessee's capacity to contribute to redevelopment costs
- Ring fence income generated by fees for Park Lands re-investment

Community

- Prioritise public good and community access
- Recognise the volunteer contribution to the Park Lands environment

Proposed Policy Updates

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Sustainability & Stewardship

	Existing Policy	Proposed Policy
Asset Management	The existing Policy is not directive on asset management responsibilities; current leases put all responsibility on the lessee	**Community Lessees** • Shared responsibilities for 'core structural' elements, with CoA to renew and lessee to maintain • Remainder of elements to be renewed and maintained by lessee • Provide lessees with clear maintenance responsibilities • CoA to regularly inspect for compliance **Commercial Lessees**: • Commercial tenants responsible for full asset renewal and maintenance (structural and non-structural).
Fundraising Activities	Small-scale café and kiosks, club-related events, commercially operated sports clinics	Enable non-sport-related activities to optimise the use of facilities. Agreement on the number of private events.
Environmental Sustainability	Mentioned only in assessment principles	Lessees positively encouraged to deliver environmental initiatives that contribute to the sustainability of the Park Lands (e.g. electricity contract with an all-renewable electricity retailer, organising clean ups and recycling, participation in tree planting, waste management practices that reduce landfill). Fee discounts for active participation in sustainability initiatives

Proposed Policy Updates

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Inclusive and Equitable Access

	Existing Policy	Proposed Policy
Lease Fees	**Community:** Flat rate: $55 per sqm, with discounts: 70% (education), 80% (community organisations)	Fees based on replacement value of the asset (e.g. 2.5%), less capital contribution by the lessee Apply Tiered Discount Model up to: - 90% (community/education (government)) - 80% (city-based education (non-government)) - 70% (non-city-based education (non-government)) Consider discount for active participation in community benefit initiatives/activations
	Commercial: Market review every 5 years	Negotiated terms, with base rental informed by Market Valuation
Licence Fees - Community	Reviewed annually under CoA Fees and Charges Double fee for restricted access facilities	Increase fees where access is restricted (e.g. locked courts) Reduce fees where facilities are accessible and lessee-maintained
Sub-letting (Community Only)	Permitted; fees capped at 50% of operational costs	Fee range set by CoA (benchmarked against industry) Must support broader community access
Capacity Building and Recognition	No specific reference	Support lessees to address barriers to inclusion and connect with the broader community Recognise the contribution of volunteers

Park Lands Leasing and Licensing Policy

Proposed Policy Updates

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Good Governance

	Existing Policy	Proposed Policy
Tenure	5 years to 42 years	Default term of 5 years; - up to 21 years (supported by lessee capital investment); - 42 years limited to government use
Lessee Selection	EOI required for terms greater than 1 year; vague exemption for "extenuating circumstances"	Give priority weighting to: • community (not-for-profit) organisations • diversity • optimal utilisation Engage a Commercial Property Agent for Commercial EOIs For <u>occupied</u> sites, an EOI may not be required when: • The lease/licence is for a period of two years or less • The lease/licence is with a State or Federal Minister • The lessee/licensee and their proposed services align with relevant plans and policies and will deliver a clear public benefit • There is likely to be no realistic alternative lessee or licensee
Governance	No specific reference	Submit annual report to CoA, including subletting and financials

Key Questions

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Next Steps

- Multiple leases are expiring in 2026
- Community Building Projects will trigger new lease negotiations

Policy Timing

- November 2025 – Draft Policy to Kadaltilla
- February 2026 – Draft Policy to Council Committee
- February / March 2026 – Public Consultation
- May 2026 – Consultation findings to Kadaltilla
- June 2026 – Final Policy to Council for Adoption