

AD HOCKERY

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An occasional one-pager from The Public Land Consultancy

Lex Dines Out ... at ratepayers' expense?



The oysters to start, and then maybe the half suckling pig ...

Nothing wrong with fine dining, says Lex.

It's the land tenure arrangements he finds curious. And the cross-subsidies that don't appear on the municipal financial statements.

Here we have a restaurant (it's real, but we can't identify it right now) which is a sub-tenant of a sporting club, which is a tenant of a council, which is the Committee of Management of a Crown land reserve.

The sub-lease was issued without the council's knowledge, and without the approval of DELWP. These breaches put the head lease in default and in jeopardy of termination. It needed a retrospective Deed of Variation.

The rental for the head lease is well below market valuation, a benefit not expressly authorised by the lease conditions. We have no difficulty with implied subsidies to sporting clubs, as long as they are brought to account, and don't inadvertently flow through to commercial sub-tenants.

In this case we don't know what the sub-tenant is paying the head tenant, and neither does the council as the landlord. We do know that the proportion of the head-rent attributable to the sub-tenancy is less than 5% of the rents being paid by the restaurant's commercial competitors leasing freehold premises just across the street.

Hidden subsidies in the form of less-than-market or peppercorn rentals have concerned the Auditor-General - and perhaps they should also concern the ratepayers...

Anyway, how about that Louise Roederer bubbly with the Iranian fairy floss?

See you there!
Lex Loci