

Summary Guide to Revised Common Good Policy - Common Good Fund and General Fund Interaction

Key:-

CG = Common Good Fund

GF = General Fund

| Issue | Report Scenario Reference | | | | |
|--|---|---|---|--|--|
| | Scenario 1 – Buildings always treated as vested in the CG and being used by GF operationally | Scenario 2 – GF creates a new building on CG land to be used by the GF operationally | Scenario 3 – GF existing building (operational) but reassessed as being CG | Scenario 4 – GF existing building (non-operational) but reassessed as being CG | Scenario 5 – CG building reassessed as belonging to the GF |
| Common Good Policy Reference | 2F(i) | 2F(ii) | 2F(ii) | 2F(iii) | 2F(iv) |
| Rental of Ground | GF pays commercial rate for ground and buildings | GF pays commercial rate for ground | GF pays commercial rate for ground | No rental paid by GF | No rental paid by GF |
| Rental of Buildings / Equipment | GF pays commercial rate for ground and buildings | GF pays no rent but is responsible for building maintenance and running costs | GF pays no rent but is responsible for building maintenance and running costs | GF pays no rent but remains responsible for building maintenance and running costs until end of transfer period | GF pays no rent |
| Running Costs | GF | GF | GF | GF for 1 year then CG once transfer period has elapsed | GF |
| Dilapidation Repairs and Costs (Note 1) | GF to meet if such spend is necessary to enable sale or re-let by CG. Where to be demolished, then dilapidation repairs would not be required | CG to meet if such spend is necessary to enable sale or re-let by CG. Where to be demolished, then dilapidation repairs would not be required | CG to meet if such spend is necessary to enable sale or re-let by CG. Where to be demolished, then dilapidation repairs would not be required | CG to meet if such spend is necessary to enable sale or re-let by CG. Where to be demolished then dilapidation repairs would not be required | GF to meet if such spend is necessary to enable sale or re-let by GF |
| Investment / Asset Enhancement works | GF (Note 3) | GF (Note 3) | GF (Note 3) | CG | GF |
| Asset Demobilisation Costs (removal / demolition) (Note 1) | CG | GF | GF | GF | GF |

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|---|--|--|--|--|--|
| Depreciation Costs | Met by the Fund whose Balance Sheet holds the asset valuation i.e. may be GF if tenant related | Met by the Fund whose Balance Sheet holds the asset valuation i.e. may be GF if tenant related | Met by the Fund whose Balance Sheet holds the asset valuation i.e. may be GF if tenant related | Met by the Fund whose Balance Sheet holds the asset valuation i.e. may be GF if tenant related | GF |
| Asset owned by | CG | CG albeit any tenant works undertaken will appear on GF Balance Sheet | CG albeit any tenant works undertaken will appear on GF Balance Sheet | CG albeit any tenant works undertaken will appear on GF Balance Sheet | GF |
| Proceeds from asset sale | CG (net of sale costs) | CG (net of sale costs) | CG (net of sale costs) | CG (net of sale costs) | GF (net of sale costs) |
| Proceeds from asset re-let (if no GF operational use) | CG | CG | CG | CG | GF |
| Proceeds from asset sub-let | GF while still in GF operational use | GF while still in GF operational use | GF while still in GF operational use | CG | GF |
| Transfer Period | Not applicable. No change in current approach proposed | Note 2 | Note 2 | Note 2 | Not applicable. No change in current approach proposed |

Note 1 – in scenarios 2, 3 and 4 it is possible that a situation arises whereby it would be better value from both a GF and CG perspective for the GF to pay for dilapidation repairs instead of incurring demobilisation costs. In other words if asset demobilisation would cost more to the GF than dilapidation repairs so that a building could be reused by the CG and the CG wished to take on the building thereafter for sale or lease then the policy could be flexed to allow that on best value grounds. A high level of certainty about the re-use of the building would be required in such an instance so that dilapidation costs were not expended on a building which then proved difficult to sell or re-let.

Note 2 - Where a building is no longer required by the GF for operational use, a one year transfer period applies during which the GF continues to hold tenant financial responsibility. During this period the future use will be determined through consultation / reporting to council and a decision made on what the Common Good wishes to happen with the asset. After this period all financial responsibility reverts to the applicable CG.

Note 3 – there may be instances where the nature of a proposed investment would merit a financial contribution from the Common Good Fund if this enhanced the value or life of the asset in question and was of direct benefit to the Common Good Fund. Such instances have occasionally arisen in the past and would be considered on their merits should such circumstances arise again in future.