

Subsequent Business Paper



Ordinary Meeting of Council

to be held at

Council Administration Centre

180 Mort Street, Lithgow

on

Monday 24 August 2026

at 6:30 PM

ORDER OF BUSINESS

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2.1. F&G - 24/08/2026 - Proposed Lease to Lithgow Golf Club Limited

Strategic Context for this matter:

Developing Our Built Environment: To provide a choice of effective public and private transport options, suitable entertainment and recreational facilities, and lifestyle choices while enhancing the existing rural areas, villages and towns that make up the Lithgow LGA.

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Responsible Officer: Vanessa Browning - Director Finance and Governance

Executive Summary

The purpose of this report is to seek Council's approval to grant a lease to Lithgow Golf Club Limited (ACN 001 037 823) (Lithgow Golf Club) in respect of the golf clubhouse and golf course located at 2 Links Drive, Marrangaroo, being Lot 1 in DP8400412 (the Property).

Administration's Recommendation

THAT Council:

1. Grant preliminary approval to the proposed 5 year lease to Lithgow Golf Club Limited.
2. Give public notice of the proposed lease and place the lease on public exhibition for at least 28 days.
3. If no submissions are received during the exhibition period, Council proceed with the lease, and for this purpose, authorise the General Manager to sign all documents and attend to all matters necessary to give effect to the lease.
4. If any submissions are received during the exhibition period, the matter be returned to Council will details of submissions received, and any proposed recommendations in respect of the lease.

Attachments

1. Draft Lease to Lithgow Golf Club Limited - August 2026 [2.1.1 - 37 pages]

Reference to any relevant previous minute

Min.No. 21-119 Ordinary Meeting of Council held 24 May 2021

Min.No. 26-115 Ordinary Meeting of Council held 29 June 2026

Min.No. 26-50 Ordinary Meeting of Council held 23 February 2026

Background and discussion

Council's records indicate that the first lease to Lithgow Golf Club commenced on 13 February 1981. The present lease commenced on 1 September 2021 and has been in monthly hold over since 31 August 2023. The Lithgow Golf Club wishes to enter a new lease. The terms and conditions of the lease have been discussed and negotiated with the Lithgow Golf Club, and the parties agree in principle to the terms and conditions of the draft lease, included as an attachment.

Lithgow Golf Club operates its business by raising funds through club membership, golf fees, food and beverage services, and occasional functions. As a not-for-profit organisation, Lithgow Golf Club invests its income back into the business. Additionally, Council expends a substantial sum each year

on the maintenance of the golf course, an area where the parties have agreed in principle to work towards a more sustainable agreement. Lithgow Golf Club pay the Council 20% of its annual operating profit as a contribution to golf course maintenance.

Consideration of the renewal of the lease to the Lithgow Golf Club, including a Business Plan, was tabled at the Finance Committee Meeting held 29 June 2026, where it was recommended:

THAT the Finance Committee consider the Business Plan and provide feedback to inform the conditions of the new lease with the Lithgow Golf Club for Council's consideration.

No separate formal resolutions or documented written feedback from individual Councillors regarding the contents of the Business Plan were identified in the records reviewed.

The Minutes of the Finance Committee Meeting, including the recommendation was tabled at the 29 June 2026 Council Meeting (Min.No. 26-115).

Council's Authority to Grant a Lease

Council's land register and the 2015 Lithgow Golf Course Plan of Management confirm that the Property is classified as community land. Section 45 of the Local Government Act 1993 (the Act) permits Council to grant a lease or licence of community land only in accordance with Division 2 of Part 2 of Chapter 6 of the Act, with the detailed requirements set out in sections 46, 46A, 47, 47A and 47D.

Community Land

The applicable rules under the Act regarding the use of community land are as follows:

- Exclusive occupation or exclusive use of community land is prohibited, except in accordance with a lease or licence (Section 47D);
- A lease or licence of community land can only be granted in accordance with express authorisation in a plan of management (Section 46(1)(b));
- Public notice and exhibition requirements apply to a proposed lease or licence (Section 47(1) and Section 47A(2)).

As Lithgow Golf Club wishes to have exclusive occupation and use of the Property, a lease must be in place (in accordance with point 1 above).

The 2015 Lithgow Golf Course Plan of Management expressly authorises the provision of a lease, therefore, point 2 above is satisfied.

If Council resolves to grant a lease to Lithgow Golf Club, the lease will be placed on public notice and exhibition for 28 days, in satisfaction of point 3 above.

Council Resolution 26-50

At the Ordinary Meeting of Council held on 23 February 2026, Council considered a Notice of Motion concerning the proposed renovation of the upstairs residence at the Golf Club. Council resolved:

THAT Council defer consideration of this matter pending a report from the General Manager, in accordance with Section 3.10 of the Code of Meeting Practice, outlining the availability of funds required to implement the recommendation should it be adopted.

Council's projected operating result for 2026/27 is a \$3 million deficit, and available financial and staffing resources have been committed to higher priority actions adopted by Council in the Operational Plan. As a result, the costs and work required to obtain specialist advice and prepare a scope of works for an expression of interest cannot be accommodated at this time.

The subject of the Notice of Motion was discussed with Lithgow Golf Club and has been referenced in the Club's updated Business Plan. The Club has advised that higher priority income-generating works are proposed, and that renovation of the upstairs residence cannot be accommodated within the next five years without grant funding. As the negotiated lease terms provide the Club with exclusive use of the clubhouse, the proposed renovation of the upstairs area cannot proceed as contemplated by the Notice of Motion.

The Proposed Lease

The key terms of the proposed lease are outlined in the table below.

Key term	Summary
Parties	The lease is between Lithgow City Council as Lessor and Lithgow Golf Club Limited as Lessee.
Premises	The leased land is 2 Golf Links Drive, Marrangaroo , being title folio 1/840412 , including the car park and buildings, but excluding the specified machinery shed area.
Permitted use	The premises may be used as a golf course, licensed golf clubhouse, golf pro shop, upstairs manager's residence subject to conditions, and associated golf club activities including meetings and social functions.
Term	The lease term is as specified in Item 1 on the front page of the lease, being five (5) years.
Holding over	If the Lessee remains after expiry with the Lessor's consent, the arrangement continues monthly, with rent payable monthly and either party able to terminate on one month's written notice.
Rent	Rent is \$7,926.86 plus GST per annum at commencement, payable yearly in advance.
Rent review	Rent is reviewed annually on each anniversary of the term using the Sydney CPI formula, with rent not reducing below the previous amount.
Outgoings and utilities	The Lessee pays usage charges for water, sewer, drainage, trade waste, utilities and services. The Lessor pays council rates, water and sewer rates excluding usage, land tax if applicable, and the Lessor's insurance premiums.
Maintenance contribution	The Lessee must pay the Lessor 20% of its annual operating profit plus GST as a contribution to golf course maintenance, after providing audited accounts. No contribution is payable if there is no operating profit.
Maintenance and repair	Responsibilities are split between the parties under Annexure C – Maintenance and Repair Table . Generally, the Lessor has responsibility for structural items, course and grounds, and end-of-life replacement of certain assets, while the Lessee has cleaning, routine maintenance and specified repair obligations.
Golf course maintenance	The Lessor maintains the Golf Course under the Maintenance Program in Annexure D, subject to available budget and resources.
Greens Committee	A Greens Committee of Lessor and Lessee representatives meets monthly to discuss maintenance and improvements. Disputes can be escalated to Council's General Manager or Group Manager Operations.
Public access	The Lessee must allow public access to the Golf Course and licensed clubhouse during business hours, except for approved club competitions or events. Public fees cannot be increased without Lessor approval.
Liquor licence	The Lessee must comply with all liquor licensing laws and must not surrender, transfer, vary, mortgage or otherwise deal with the liquor licence without the

	Lessor's consent. On expiry or termination, the Lessee must procure transfer of the liquor licence to the Lessor or its nominee without compensation.
Manager's residence	The upstairs manager's residence is not safe or habitable at the lease date and cannot be used unless approved as safe and habitable. The Lessor is not required to repair or renovate it.
Insurance	The Lessor maintains building, workers compensation and public liability insurance for its risk. The Lessee must maintain public liability insurance of at least \$20 million , plate glass insurance, workers compensation, insurance for Lessee's property and any other required insurance.
Indemnity	The Lessee indemnifies the Lessor for loss, damage, injury or death caused by the Lessee's acts, omissions, negligence or use of the premises, except to the extent caused by the Lessor.
Assignment and subletting	The Lessee cannot sublease, assign, transfer, licence, mortgage or otherwise part with the premises or lease interest without the Lessor's prior consent, which may be withheld in the Lessor's absolute discretion.
Alterations and improvements	Structural alterations or additions require the Lessor's prior written consent. The Lessor may approve or refuse works in its absolute discretion and may impose requirements.
Inspection rights	The Lessor may enter the premises on at least 48 hours' notice , or without notice in an emergency, to inspect, repair or carry out works the Lessee has failed to undertake.
Governance and operational meetings	The parties agree to meet quarterly to discuss operation, maintenance, management, safety and improvement of the Golf Club and facilities.
Termination	The lease may terminate due to compulsory acquisition, serious damage or force majeure where repair is not undertaken, or breach following written notice and failure to remedy.
Dispute resolution	The parties must attempt to resolve disputes in good faith within 28 days before mediation through the Resolution Institute, except for urgent interlocutory relief.
Notices	Notices must be in writing, signed by an authorised representative and served at the addresses specified for the Lessor and Lessee.
No partnership or agency	The lease does not create a partnership, agency or joint venture; the relationship is only Lessor and Lessee.
Costs	Each party pays its own costs for negotiation, preparation, execution and performance of the lease.

Consultation and Communication

As outlined in the report, if resolved to grant a lease, the lease will be placed on public notice and exhibition for 28 days.

Policy

Policy 9.16 Compliance Policy

Policy 10.20 Leasing and Licensing Policy

Legal

The subject matter of this report concerns Council's management of community land under the Local Government Act 1993 (NSW). Section 45 provides that Council may grant a lease or licence of community land only in accordance with Division 2 of Part 2 of Chapter 6 of the Act. The proposed lease must therefore comply with the community land leasing provisions, including sections 46, 46A, 47, 47A and 47D.

In particular, the lease must be expressly authorised by the applicable plan of management, be consistent with the relevant core objectives for the land, and comply with the required public notice, exhibition and submission processes. If the lease term, including any option period, exceeds 21 years, or if an objection is received in circumstances requiring referral, Ministerial consent may be required. Other relevant legislation includes the Real Property Act 1900 (NSW), the Conveyancing Act 1919 (NSW) and general common law principles relating to leases and contracts.

Risk Management

The primary risks arising from this report are legal, operational, financial and reputational. These risks are mitigated by ensuring the proposed lease complies with the Local Government Act 1993 (NSW), is authorised by the applicable Plan of Management, and is subject to the required public notice and exhibition process before the lease is finalised. Operational and financial risks are further managed through clearly defined lease terms, maintenance responsibilities, insurance requirements, indemnities, public access obligations, dispute resolution provisions and ongoing governance meetings between Council and Lithgow Golf Club. If submissions are received during the exhibition period, the matter will be returned to Council for further consideration before any final decision is made.

Financial

There will be a minimal cost associated with the public exhibition process mandated under legislation. Should there be no public submissions and the lease is enacted, Council's engaged Property Manager will manage the lease's implementation, management and associated costs, which will be deducted from the annual lease payment.