



Client Newsletter

Leasing Policy for Crown Land in Victoria 2010

April 2011

Crown Land Leasing Policy

In the past, there has not been a consolidated policy for the leasing of Crown land in Victoria.

The DSE released the *Leasing Policy for Crown Land in Victoria 2010* (**the Policy**) in October 2010 in recognition of the value of Crown land to the community and the importance of having a robust and relevant policy for managing Crown land leasing.

Key Objectives

The Policy establishes principles relating to the leasing of Crown land in Victoria and provides a consistent State-wide framework for public land managers to use.¹ It aims to promote transparency and certainty in the leasing of Crown land.

Summary

In October 2010, the DSE released its Crown land leasing policy to achieve a consistent, State-wide framework for public land leasing.

The Policy provides for a two-stage approval process and guidance regarding rentals that may apply to commercial, community-based or a 'mixed use' arrangement.

The Policy also introduces environmental management as a consideration in Crown land leasing.

The Policy came into effect on 13 October 2010 and applies to leases of Crown land made or renewed under the:

- *Crown Land (Reserves) Act 1978*;
- *Forests Act 1958*; and
- *Land Act 1958*.²

The Policy applies to Crown land leased by DSE, Parks Victoria, as well as the numerous trustees and committees of management appointed under the *Crown Land (Reserves) Act 1978*.³

Principles

The Policy establishes the following three broad principles in the management of Crown land:

To provide benefits to the Victorian community through leasing;

To ensure consistency and transparency in leasing; and

To manage leased Crown land in an ecologically sustainable manner.

Principle 1: To provide benefits to the public through leasing

Having regard to the fact that Crown land is held by the State for the benefit of the Victorian community, this principle requires that the grant of a lease over Crown land should generate substantive public benefits. Factors for public land managers to consider when assessing this requirement include:

- Does the lease promote public health and well-being, improve sporting, recreational and cultural facilities, or protect public land values?
- Is there economic benefit? For example, will the lease attract investment, create jobs, promote tourism, or provide a financial return for the State?
- Will government programs be continued? For example, will the lease support the implementation of government policies or programs?
- Does the lease promote innovation? For example, will it encourage the development of new skills or improved technology, or provide new services?.⁴

Principle 2: To ensure consistency and transparency in leasing

This Principle describes the two-stage process for the granting of a lease over Crown land in Victoria.

1. All lease proposals must be submitted to DSE for the Minister's Approval in Principle (**AiP**) before a land manager agrees or commits to granting a lease of Crown land.⁵ Specifically, the lease proponent must prepare a detailed submission demonstrating that the proposed lease is consistent with the Principles and supply all relevant background information. The submission will enable the Minister to properly assess the lease.

2. If the proposal receives AiP, the Minister may approve the terms and conditions of the lease.

The Policy provides guidance on what to include in the AiP submission, as well as the standard lease terms and conditions.

Principle 2 also deals with Crown land lease rent. Rental payments are divided into the following categories based on use:

- Commercial and private use: Rent based on market value of the land, determined by either the Victorian Valuer-General or a registered valuer. Rent reviews are to be at 3-year intervals;
- Mixed community/commercial use: Rent is determined by the public land manager, taking into account factors such as the tenant's gross annual turnover and how the tenant will provide public benefits. Tenants may be eligible for rent subsidies if they can satisfy certain criteria, such as whether the tenant will provide or promote community, cultural, sporting, recreational or similar facilities or activities, or the tenant is a not-for-profit organisation; and
- Community use: Tenants pay minimum rent based on the cost of recovering expenses incurred in preparing and administering the lease. The permitted use and other terms of the lease must provide solely for a land use that generates community or social benefit.

Principle 3: To manage leased Crown land in an ecologically sustainable manner

This Principle provides that the State's Crown land assets, including land and buildings, should be managed in an ecologically sustainable way.

Environmental management measures that may be considered by Crown land managers in developing lease proposals include:

- Mitigating the potential effects of climate change on land and buildings;
- Preventing loss of native vegetation;
- Improving the environmental efficiency of new and existing buildings;
- Using water and energy more efficiently; and
- Using renewable or recyclable materials.

Further information about the implementation of environmental management activities on Crown land will be provided at a later date.

Next Steps

The DSE is preparing further guidance for land managers on the implementation of the *Leasing Policy for Crown land in Victoria*, in consultation with key stakeholders. The VGSO will provide further updates of opportunities to become involved in the consultation process as they become available.

The Leasing Policy is available at www.dse.vic.gov.au

For further information

If you would like to be involved in the consultation process, or have any queries regarding the elements of the Policy described in this Newsletter, please contact:

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¹ Department of Sustainability and Environment, *Leasing Policy for Crown Land in Victoria 2010* (October 2010) 1.

² Ibid.

³ Ibid.

⁴ Ibid, 6.

⁵ Ibid.