

## **Issue**

The concessional arrangements for perpetual leases expired on 30 June 2009.

## **Background**

- On 6 July 2004 the *Crown Lands Legislation Amendment (Budget) Bill 2004* introduced changes to the Crown Lands legislation to allow for a uniform minimum annual rent and for the establishment of special arrangements for the conversion of perpetual leases to freehold and subsequent purchase of this land.
- The reforms were aimed to simplify the Department of Lands administration and to encourage holders of these leases to purchase the remaining equity on their properties.
- Holders of these leases were invited to convert their land to freehold at a purchase price being the lesser of either 3% of the value of the land (as the residual interest the Crown holds in the lease) or the notified value recorded in the Departments records (generally the value of the land when it was opened up for settlement).
- Concessional rents were offered to leaseholders during this time. The Government indicated that they would move towards a market based rent system for any leases that were not converted to freehold with the minimum rent for all holdings being not less than \$396 per annum (plus CPI).

## **What has happened**

- The Association has been heavily involved in the process of conversion including obtaining the original concessional arrangements and the extensions.
- The original concessional period agreed in 2004 was set to expire in 2006.
- On May 25 2006 the Minister announced the extension of the perpetual lease offer for 12 months until 10 September 2007.
- A further extension was provided to September 2008
- The Minister for Lands announced on 20 August 2008 that the perpetual lease conversion offer would be extended for a further 6 months until 9 March 2009
- A further extension was provided to 30 June 2009
- The Department of Lands sent letters to leaseholders in early 2009 warning of the 30 June 2009 deadline for the concessional period.

## **What is the current situation**

There are 10,720 perpetual leases covering approximately 4.5 million hectares in NSW.

As of 17 December 2009:

- Over 10,062 applications for conversion to freehold had been received, of which 6,349 had been approved and 3,713 had been received but awaiting approval.
- 658 perpetual leases are still yet to be lodged with the Department for conversion.
- Please click [here](#) to access the Department of Land's Perpetual lease purchase application kit.

## **What Happened after 30 June 2009**

- The concessional rent arrangements were removed. Remaining lease holders who had not submitted an application to convert will now be required to pay higher (market) based rents. These will be calculated as a percentage of the land value held on the Valuer General's Register.
- Leaseholders will still be able to apply to convert a lease to freehold at the rate of 3% of the land value however they will be charged rent at the new rates until the application is processed.
- Leaseholders who had lodged an application before 30 June 2009 will only be charged rent at the concessional rate until the application is processed.