

# **Alpine Resorts Leasing Policy Frequently Asked Questions**

## **What are the benefits of the new leasing policy?**

The policy provides lessees with new entitlements. These include two significant new benefits, being the first right to negotiate a new lease prior to the expiration of the existing lease, and ownership of the value in the improvements on the leased land. Overall, the new policy aims to improve the level of certainty and security related to alpine investment.

## **What is the advantage of the approval in principle process?**

The process will shorten the time taken to negotiate new leases. This is because it clearly sets out the Government's intentions and therefore gives an increased level of confidence to all parties, at an early stage, as to which proposals are likely to be given favourable consideration by the Minister.

## **Who will pay for the transfer from a current lease to a new lease?**

It will be necessary for you to bear the Board's legal and other costs associated with the transfer from the lease you are on now to the revised lease that introduces the new provisions detailed in this paper.

## **Who will prepare the new lease and documentation associated with the transfer from my current lease to a new lease?**

The Board will prepare all documentation necessary for you to transfer from your current lease to a new lease. However, this offer to prepare documents does not apply to mortgages, sub-leases or other property interests. This responsibility will rest with the lessee subject to acceptance of the documents by the Board.

## **How does my club/business go about entering into a lease that embraces the provisions of this policy?**

In order to transfer from your current lease to the revised lease, you will need to surrender your current lease and enter into the new revised lease. You can commence this process by making application to the Board.

## **If my club/business surrenders its current lease in preference for the new replacement lease, what length of lease term will be given?**

If you seek to surrender your lease and take up the offer of the revised standard alpine lease you could expect to receive a lease term corresponding to the balance of the term remaining on your current lease. However, in the event that you propose to undertake redevelopment,

substantial refurbishment or can meet special requirements that provide benefit to the resort, the term would be assessed against the relevant provisions and the lease term matrix.

**My club/business plans to undertake works to significantly improve the premises. Does this impact on my lease?**

If redevelopment or refurbishment is to occur, you may apply to the Board for a new lease in accordance with the lease term matrix. It will require that you surrender your current lease and enter into a new revised lease.

**What do I need to do to get a 51 year lease?**

The lease term matrix provides that development to 100% of "Strategically Identified Development Potential" of the site, as identified in the Alpine Resorts Planning Scheme, would qualify for a 51 year term, subject to compliance with other specified conditions. A new development costing \$8 million would also qualify for a 51 year lease, subject to similar conditions.

**How does this new policy help permanent residents of the Resorts?**

The lease term matrix provides that for permanent residential occupation lease terms of up to 40 years are available for a "negotiated level of development". Development levels will be negotiated with the Board taking into account the strategic objectives for the resort. It should be noted that any new lease would also contain the 'first right to negotiate' provisions.

**Will my rental payments change?**

Under the new lease, rentals will be determined by the Valuer General and will be influenced by movement in the value of land in the alpine resorts, so rentals may increase or decrease. If you choose to remain on your existing lease you will continue to be bound by the rent review provisions associated with that lease.

**Will it be possible to vary my current lease to provide for improvements to remain with the lessee?**

No. The new policy provisions have been incorporated into a revised draft of the standard alpine lease. All site holders will be able to surrender a current lease and replace it with the revised standard lease. You will not be able to vary a current lease to obtain this benefit.

**My club/business would like to obtain some of the features of the new policy but retain others from its current lease. Will it be able to do this?**

No. The revised standard alpine lease is available as a whole – you will not be able to 'mix and match' its features with your current lease.

**Can my club/business remain on its current lease?**

Yes. Your current lease represents a binding contract between the Board and your club/business for the life of the lease. At expiry the provisions of any policy pertaining at that time will be considered, however, the provisions of that lease will prevail.

**When will standard leasing documentation to support this policy be available?**

A revised standard alpine lease has been prepared by the Department of Natural Resources and Environment as an interim lease to enable leases issued post-30 March 2002 to include the new policy initiatives. It is based on the form of lease approved by the Minister for Environment and Conservation for use in all alpine leases, the "Final Standard Alpine Lease 17 Oct 2000". An entirely new suite of standard documents will be developed at a later stage.

**When will Lease Registration and Strata Leasing be available?**

The Department of Natural Resources and Environment is currently investigating the implementation of these important new initiatives. As it will involve a high degree of consultation with stakeholders including the legal profession and it is highly likely to involve legislative amendments, it may be a year or more before implementation is possible. It is likely that registration may be able to be introduced in some form more readily and at an earlier date than strata leasing.

**What changes to new leases will be required to allow for Registration and Strata Leasing?**

At this stage it is unclear as to what changes will be required. However, it is clear that there will be significant changes needed and that leases and all supporting documentation will need to be re-drafted.