

Rent in the Western Division

August 2015

On 28 June 2002, a Bill to amend the *Western Lands Act 1901* was passed through the NSW Parliament. One of those amendments is Part 6: Rent.

What has changed?

Lease purposes have been categorised into urban and rural types.

For urban leases (such as residences, business or motels), the rent will be based on land value rather than capital value.

For rural types (such as leases for grazing, agriculture, horticulture or cultivation and grazing), the Act establishes a completely new system for setting and adjusting rents.

The former rent system was subjective, inequitable and out-of-date. It was common for rent per hectare on identical, adjoining properties to vary enormously and it was possible for some landholders to pay up to thirty times as much rent as their neighbours for the same land use on adjoining leases.

The new rent system has been developed in conjunction with the NSW Farmers Association and other pastoral and local government interests in the NSW Department of Primary Industries - Lands Western Division.

Under the new system, rent is devised using a formula that reflects the land area, the environmental impact and the profitability of different land uses. It is calculated on a landholding basis (which may be comprised of several leases) rather than on individual leases.

Calculating rent

For urban leases, rent is a fixed percentage of land value; 3% and 6% respectively for urban general and urban business.

The rent for each rural landholding will be determined using a formula involving up to five components.

If a landholder has a property that includes grazing, cultivation, intensive agriculture and rehabilitation, his or her rent will be calculated using the formula:

Rent = (base rent + cultivation + intensive agriculture – rehabilitation) x index

1. Base rent

The base rent will be calculated on the total land area of the holding, which may be comprised of several leases, provided that they are a single property unit run under a common family or business name. The leases do not need to adjoin each other.

The base rent will involve a sliding scale where rent per hectare will decrease as the size of the holding increases. This recognises that on larger holdings, productivity per hectare is generally lower. The scale is set by regulations under the *Western Lands Act 1901*.

2. Cultivation

The number of hectares approved for cultivation will be charged at the cultivation rate per hectare and added to the basic charge.

3. Intensive agriculture

The number of hectares used for intensive agriculture, such as irrigation will be charged at the intensive agriculture rate per hectare and added to the basic charge.

The unit charges on cultivation and intensive agriculture represent premiums for land uses that impose greater 'wear and tear' on the environment, including the impacts on soil, vegetation, biodiversity and salinity.

4. Rehabilitation rebate

The number of hectares set aside for managed rehabilitation will be calculated at the cultivation rate per hectare and DEDUCTED from the basic charge.

The rehabilitation rebate applies where a portion of a landholding is specifically managed to achieve a positive environmental outcome.

5. Annual adjustment

The total annual rent will be adjusted each year by Consumer Price Index.

Why change?

The amendments represent the most important and historic package of reforms to the management of the Western Division since the enactment of the *Western Lands Act 1901*.

In the past century the Western Division has changed a great deal, but the legislation underpinning its management has lagged behind. The result has been that social and economic opportunities for Western Division residents and visitors have been unnecessarily restricted, and some administration was excessively cumbersome.

The 2002 amendments to the Act provided the people of the Western Division with administrative systems and legislation suited to the 21st century.

They allow for improved economic, social and environmental outcomes for the Western Division and enable lessees and people living in the division to build increased security, flexibility and resilience into their operations.

How did this change come about?

The Western Lands Review was established in March 1998. The review team, led by The Hon. John Kerin undertook an extensive consultation process over an eighteen-month period.

Public consultation identified issues impacting on long term sustainable management of the Western Division.

The review team prepared its Western Lands Review Final Report by drawing on public responses, six independent consultancy reports and meetings with more than 400 stakeholders. The report was released in March 2000 for a five-month feedback period. The report made 57 recommendations and attracted 216 submissions.

After consideration by the government, these amendments give effect to many of the final report's recommendations that have been endorsed.

More information

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