



Cabinet Domestic Policy Committee

DOM Min (10) 12/4

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Minute of Decision

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Crown Pastoral Leases: Policy for Time Payment of Back Rent

Portfolio: Land Information

On 27 July 2010, the Cabinet Domestic Policy Committee:

Background

- 1 **noted** that rent setting for Crown pastoral lease reviews has been significantly delayed, which will cause lessees to owe back-rent;
- 2 **noted** that an existing rental adjustment scheme provides for lessees to offset rent in exchange for undertaking environmental services and superior stewardship activities above the minimum required by a pastoral lease;
- 3 **noted** that lessees will be encouraged to use the rental adjustment scheme to partially address the amount of back-rent;

Addressing significant financial hardship due to back rent

- 4 **agreed** to the following policy statements to address significant financial hardship due to back-rent:
 - 4.1 rent, including back-rent associated with lease reviews, is expected to be paid consistent with the terms of the lease agreement;
 - 4.2 back-rent paid in full within one month of invoice will receive the same early payment discount that is applied to rent;
 - 4.3 time payment options can be considered by the Commissioner of Crown Lands where a lump sum payment of back-rent due to lease reviews would cause significant financial hardship;
 - 4.4 time payment agreements must:
 - 4.4.1 be based on the back-rent excluding early payment discount;
 - 4.4.2 be over the shortest practical time period, but not exceeding a term of five years;

- 4.4.3 provide for immediate recovery of any back-rent owing if a lease is sold or transferred to another party;
- 4.4.4 be a floating rate loan with interest at the official cash rate;

Approval of time payments

- 5 **invited** the Minister of Finance to:
 - 5.1 approve the time payment of pastoral lease back-rents as expedient in the public interest for the purposes of section 65L of the Public Finance Act 1989;
 - 5.2 delegate authority to the Secretary to the Treasury to approve individual time payment agreements for back-rent, and to allow the Secretary to delegate the authority to the Commissioner of Crown Lands as required;

Financial provisions

- 6 **agreed** to establish a new Non-Departmental capital expenditure appropriation in Vote Lands entitled Loans for Crown Pastoral Lease Holders;
- 7 **agreed** that the scope of the appropriation for Loans for Crown Pastoral Lease Holders be “This appropriation is limited to loans made to Crown pastoral lessees who suffer significant financial hardship due to back-rent payable under the Crown Pastoral Land Act 1998”;
- 8 **noted** that in April 2010, Cabinet agreed to a capital contingency of \$3.0 million for Crown pastoral lease time payment back-rents for 2010/11 [CAB Min (10) 13/4(31)];
- 9 **approved** the following changes to appropriations to enable loans to lessees with no impact on debt:

	\$m – increase/(decrease)				
Vote: Lands Minister for Land Information	2010/11	2011/12	2012/13	2013/14	2014/15 & out years
Non Departmental Capital Expenditure: –Loans for Crown pastoral lease holders	3.000	-	-	-	-

- 10 **agreed** that the changes to appropriations for 2010/11 be included in the 2010/11 Supplementary Estimates and that, in the interim, these expenses be met from Imprest Supply.

