

# GLP - PMC - Secondary Use Policy

GLP/2002/002 – Version 1

Endorsed 01/01/2000  
by PMC, Property Management Committee, Queensland Government

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## Version history

Version	Date	Comment
1	01/01/2002	Endorsed
1.1	06/07/2005	Conversion Project - New WORD/XML template
1.2	04/02/2008	Edit policy title
1.3	12/04/2010	Correct Department Name

## Purpose / Scope

To ensure the economically efficient and effective use of the secondary capacity of essential government property in a sustainable manner.

## Rationale

Under-utilised property assets are a wasted resource not realising their potential contribution to the economy of the State and to the community generally.

By taking advantage of the secondary capacity of properties, a government agency is able to reduce operation and/or holding costs associated with property management. As a consequence funds are released to extend that agency's and the State's service delivery which will be of direct benefit to the community.

## Policy

Property-holding agencies must optimise the secondary use of their property holdings.

### ***Secondary Use Guideline #1 - Secondary Use Identification and Evaluation***

Identification and evaluation of secondary use

- Property holding agencies are responsible for identifying and choosing to make available the secondary capacity of their properties.
- Identification of secondary capacity will normally arise as a result of the preparation of a property management plan for each property. Each agency will need to develop standards/benchmarks by which the optimum use and surplus capacity of its properties can be identified.
- Secondary use of property must be consistent with the primary use and capability of the property. That is, the primary use should not be compromised.
- Appropriate land planning agencies should be consulted to assist in determining consistent uses.
- Allowing commercial and/or exclusive secondary uses to be established on community category properties, which should be held under reserve and not lease tenure, would usually be inconsistent with the primary purpose of the property.

### ***Secondary Use Guideline #2 - Eligible Applicants***

Any person, government agency, private company or community group is an eligible applicant for the secondary use of government property.

### ***Secondary Use Guideline #3 - Tenancy Arrangements***

- Tenancy arrangements should be reduced to writing and be signed by the parties to the agreement.
- Property holding agencies are responsible for ensuring that tenancies reflect both the interest government holds over the property and the appropriate level of security to enable a tenant to successfully undertake agreed activities. Secondary Use Guideline 6 provides a table setting out the various types of tenancies which are available, indicators of when to use each type of tenancy and examples of uses which would typically be found under each tenancy type.
- All rents shall be at market rental and be re-evaluated when appropriate, depending on the nature of the occupation and the nature of the property. Two yearly reviews are recommended for long-term tenancies (greater than three years) and where there is substantial private market for similar leasing opportunities. The rental should take into account the equity of each party in the property asset, (e.g. a lessee may have constructed improvements on a property for which it would not pay a rental). The rental shall not be less than the holding agency's overheads attributable to the tenancy, including items such as power, cleaning and maintenance, (rentals may need to be calculated on a pro rata of use basis). This is relevant to many minor tenancies where the market rental is only nominal. Where the annual market rental is likely to exceed \$10,000, the rental must be assessed by a qualified valuer. Rentals may be negotiated within normal market place parameters for the type of tenancy involved.

### ***Secondary Use Guideline #4 - Tenancy Conditions***

1. All tenancies should include conditions which set out clearly the obligation for both parties which would include as appropriate:
  - payment of relevant overheads, such as local government rates, cleaning, security, power, maintenance of facilities, cost of preparing a tenancy agreement, factoring in depreciation on

improvements where appropriate (these latter types of costs may be capitalised over the period of the tenancy rather than as a lump sum)

- provision of suitable indemnity and public liability insurance
- compliance with statutory requirements (e.g. obtaining local government approvals)
- control of public access
- payment of rental.

2. Where capital expenditure is involved and structures are modified or constructed, it will be necessary to clarify remedial obligations pertaining to ownership, removal and/or restoration of the property. As a general rule, it should be stated that where capital costs are involved in establishing/upgrading facilities on government property, those capital costs would ordinarily be met by the occupier. (This is not to say that, where such a development is consistent with the property holding agency's long term view for the property, the policy will not allow it the flexibility to enter into other arrangements, such as joint development, with the proposed user).

## **Secondary Use Guideline #5 - Making Secondary Use Available**

- At present there is no electronic medium with the required functionality to identify the availability of secondary capacity on a government wide basis as there is for surplus property on the Government Land Register (GLR). The need and cost effectiveness of extending the functionality of the GLR to cover this type of information will be investigated after this initiative has been fully implemented and tested.
- Competing interests are usually determined by public competition provided that it is economically sound and practical to do so.
- Priority may be given in accordance with the guidelines contained in Disposal guidelines for **private treaty disposal**.
- Property holding agencies may reject, at an early stage, application which they consider are frivolous or vexatious.

## **Secondary Use Guideline #6 - Tenancy For Various Secondary Use Types**

Tenure category - forms of tenancy	Tenancy indicators	Examples of use
Lease - (reserves may be leased by the trustees under section 343 of the Land Act or section 203B by the Department of Environment and Resource Management where longer periods are required; leases over freehold property must accord with the requirements of the Land Title Act).	<ul style="list-style-type: none"> <li>• need for exclusive possession in front of others</li> <li>• consideration (rental) is paid</li> <li>• may involve large capital investment</li> <li>• longer term; usually have a duration of greater than one year</li> </ul>	<ul style="list-style-type: none"> <li>• a kindergarten or child care centre</li> <li>• commercial advertising signs</li> <li>• other office accommodation</li> </ul>
Permit - (a permit to occupy is used for Crown Land; a license or agreement to use is applied over freehold land, e.g. tenancy agreements).	<ul style="list-style-type: none"> <li>• not exclusive possession</li> <li>• consideration (rental) is paid</li> <li>• insurance and indemnity is often considered a necessary precaution</li> <li>• the term usually ranges from one month to three years</li> </ul>	<ul style="list-style-type: none"> <li>• apiary site</li> <li>• pump site</li> <li>• week to week occupation of dwelling</li> </ul>
Exchange of letters - (an authority to use is applied over Crown Land; an agreement to use is applied over freehold land).	<ul style="list-style-type: none"> <li>• short term, or recurring short periods</li> <li>• no consideration (rental) is paid</li> <li>• not a binding agreement on either party</li> <li>• may involve joint use of existing facilities</li> <li>• level of capital investment is minimal</li> <li>• activities are of a low key nature</li> </ul>	<ul style="list-style-type: none"> <li>• camping</li> <li>• hiking</li> <li>• community sign boards</li> <li>• circus/carnivals</li> <li>• monthly meeting of a community group in a school room</li> </ul>

	<ul style="list-style-type: none"> <li>• in most instances some form of indemnity will be required</li> </ul>	
<p>Joint management - (the need for an allocation of tenure is determined on a case by case basis).</p>	<ul style="list-style-type: none"> <li>• involves joint facilities development</li> <li>• capital investment may be major</li> <li>• long term</li> <li>• agreement does not require exclusive possession as multiple occupancy is a feature</li> </ul>	<ul style="list-style-type: none"> <li>• swimming pool</li> <li>• library</li> </ul>