

## Application for conversion of a lease

This fact sheet explains how to apply for conversion of a lease, and how the Department of Environment and Resource Management (DERM) assesses applications under the *Land Act 1994*.

### When can an application be made?

At any time during the term of their lease, leaseholders can apply to convert a:

- perpetual lease to freehold
- term lease to a perpetual lease
- term lease to freehold.

A term lease for pastoral purposes (which includes a pastoral holding) can only apply to convert to perpetual leases, and only after 80 per cent of the existing term on the lease has expired unless special circumstances exist.

An application to convert a lease cannot be made if the existing lease:

- is a freeholding lease
- is a lease over a reserve
- contains a specific condition that restricts the conversion of the lease
- is a road licence, occupation licence or a permit to occupy.

If an earlier application for conversion has already been refused by DERM and the reasons for the refusal have not changed, your application may be rejected without consideration.

### How to apply

To convert a lease, you must submit:

- Part A *Contact and Land Details* form LA00 and Part B *Application for conversion of a lease* form LA01, with both parts A and B completed
- the prescribed application fee.

You can submit an application at any DERM business centre, however, it is preferable to do so at the office nearest to which the land is located, where staff can also advise you of the correct application fee.

For a list of DERM business centres, visit DERM's website <[www.derm.qld.gov.au](http://www.derm.qld.gov.au)> or contact the department on 13 QGOV (13 74 68).

The form must be completed accurately otherwise it will be returned to you for completion, which will delay the process.

If you are unsure if your application is complete, contact your nearest DERM business centre to discuss your application with staff prior to lodgement.

### Application considerations

Your application will be assessed against the requirements under the Act, and DERM will also:

- use relevant DERM policies, procedures and guidelines
- seek the views of relevant stakeholders (e.g. other state government agencies and local government authorities)
- consider native title issues
- ensure that all outstanding rent on the lease is paid.

A DERM officer may also inspect the leased land.

### Native title

As part of the assessment process, DERM will undertake a native title assessment of the leased land. This will determine if and how native title may need to be addressed.

Depending on the outcome of the native title assessment, the leaseholder (as a condition of the offer) may be required to satisfactorily address native title issues for the proposed tenure offered.

### Notice of the decision

When all issues, including native title, have been investigated, DERM will give applicants written notice of the decision.

If an application is refused solely on the basis that the leaseholder has not fulfilled the lease conditions, they can appeal the decision.

### Requirements of an offer

If an application is approved, the written offer sets out conditions such as the:

- land must be surveyed
- offer is for only part of the lease
- applicant must enter into a conservation agreement.

The offer will also set out requirements that must be met before the offer is considered to have been accepted.

These usually include:

- payment of the purchase price, including GST
- payment of stamp duty on the sale
- lodgement of a plan of survey, if needed
- payment of all regulatory fees and charges.

The offer will also include a *Notification of acceptance* form that must be completed and returned to DERM within the timeframe specified or it will lapse.

## Purchase price

Unless a price or formula has already been stated in the conditions of the lease to be converted, the purchase price will comprise the:

- total of the unimproved value of the land being offered, as if it were fee simple (freehold)
- market value of any commercial timber on the land that is the property of the State.

The unimproved value of the land is calculated as at the day DERM receives the conversion application. Leaseholders can appeal against purchase price decisions.

The purchase price must be paid in a single payment. However, the leaseholder may elect to pay it annually if the application for conversion is for a:

- grazing homestead perpetual lease
- non-competitive lease
- special lease.

Such instalments will also include interest.

## Further information

For more information on conversion of lease contact a DERM business centre or visit DERM's website <[www.derm.qld.gov.au](http://www.derm.qld.gov.au)>.

August 2011  
L116

For general enquiries contact the  
Queensland Government call centre 13 QGOV (13 74 68)  
or visit [www.derm.qld.gov.au](http://www.derm.qld.gov.au)