

Freeholding leases—lessee's responsibilities

What is a freeholding lease?

A freeholding lease is a tenure granted by the Department of Environment and Resource Management (DERM) to a person who elects to pay the purchase price for an area of State land over several years, similar to paying off a mortgage.

What is the leaseholder responsible for?

A leaseholder of a freeholding lease is responsible for complying with the following:

Purpose—freeholding leases are issued for a specific purpose, such as agriculture or commercial uses. The lease must only be used for the purpose for which it was originally issued.

The issue of a lease does not automatically imply it can be used for the purpose issued, because approval from other authorities may also be required.

Conditions—all freeholding leases are subject to various conditions that leaseholders must comply with.

Statutory requirements—freeholding leases are subject to various statutory requirements:

- Duty of care—requires the landholder to maintain the land in good condition (e.g. implementation of good land management practices or preventing land degradation and/or contamination).
- Quarry material and forest, mineral and petroleum products on and below the surface are to be reserved in accordance with *Forestry Act 1959*, *Mineral Resources Act 1989* and the *Petroleum Act 1923*.

Rent—when a freeholding lease is issued by DERM, the landholder is required to pay an annual freeholding instalment.

Leases can be paid out at any time during the lease without penalty. However, penalty interest is charged for any late payment.

Further actions

Lease conversion to a deed of grant—on receipt of the final freeholding instalment, a deed of grant will be issued, provided the landholder has complied with the condition, purpose and statutory requirements.

Transfer (sale)—subject to DERM's consent, freeholding leases may be transferred to another person qualified to hold the lease.

Sublease—subject to DERM's consent, freeholding leases may be subleased if the proposed purpose is consistent with the purpose and conditions of the head freeholding lease.

For approval to transfer or sublease, an application must be lodged at any DERM business centre.

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

Cancellation

DERM can cancel a lease after giving reasonable notice if a landholder:

- breaches a condition or the purpose of a lease
- fails to comply with statutory requirements
- fails to pay rent by the due date.

Other fees

Landholders are advised to contact their local council about any additional fees relating to freeholding leases.

Further information

For more information on a term lease, contact a DERM business centre or visit DERM's website <www.derm.qld.gov.au>.

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