

CAULFIELD RACECOURSE RESERVE

25 March 2014

The Hon Ryan Smith MP
Minister for Environment & Climate Change
Level 17
8 Nicholson Street
Melbourne VIC 3002

Dear Minister Smith

Expiry of Grandstand Lease – Caulfield Racecourse Reserve

Further to our recent updates, I am writing to advise you of the current status of lease negotiations with Melbourne Racing Club (MRC) in relation to Caulfield Racecourse Reserve.

The current Grandstand Lease expired on 22 January 2014 and the maximum over-holding period of 3 months will expire on 22 April 2014.

The Grandstand Lease, which specifies a 12 month term, was entered into to allow sufficient time to conclude negotiations for a long term lease.

Those negotiations are ongoing. The trustees are not yet satisfied with the proposals offered by Melbourne Racing Club.

It is unlikely that those negotiations will conclude in sufficient time for the necessary approvals to be obtained for a long term lease to commence on expiry of the over-holding period.

Accordingly, on expiry of that period, it is proposed to grant a short term lease to the Melbourne Racing Club to provide further time to conclude those negotiations. I attach for your information a copy of my letter to MRC, sent today.

In summary, the Trustees will consider granting a lease, subject to approval by the Minister, under section 17D of the *Crown Land (Reserves) Act 1978 (Vic)*. The term of the lease would be for a period of 6 months, and otherwise on the current terms subject to the following:

1. the Trustees and MRC would ask the Valuer-General to determine the rental to apply under any long term lease and the parties would agree to accept the Valuer-General's decision;
2. if the Valuer-General has not been formally engaged by 22 June 2014, the Trustees' reserve the right to terminate the interim lease on 4 weeks' notice;
3. the maintenance and development arrangements will be reset in conjunction with agreeing the terms of a new lease, and that going forward agreed terms for maintenance and development arrangements will be reviewed in 3 year intervals;
4. no further interim leases would be granted by the Trustees.

We shortly expect to send you a proposal for approval in principle of a short term lease in accordance with the Leasing Policy for Crown Land in Victoria (2010).

For your information, we have reiterated to Melbourne Racing Club our expectation that it will devote the necessary resources to ensure that a new lease and terms and conditions for maintenance of the site be negotiated and executed within the term of the short term lease.

Yours sincerely



Greg Sword AM
Chairman
Caulfield Racecourse Reserve

cc Premier Denis Napthine, Minister for Racing

Attached:

Letter to Melbourne Racing Club, dated 25 March 2014

CAULFIELD RACECOURSE RESERVE

25 March 2014

Mr Mike Symons
Chairman
Melbourne Racing Club
PO Box 231
Caulfield East
Vic 3145

Dear Mike

Expiry of Grandstand Lease

I am writing to outline the Trustees' proposed actions to address the expiry of Melbourne Racing Club's (MRC) rights to occupy the premises leased pursuant to the Grandstand Lease. As you know, the Trustees have a discretion to allow the MRC to remain in occupation of the premises for up to 3 months from the end of the lease term – that is, until 22 April 2014.

However, as the legislation does not permit an over-holding beyond this period, and no new lease has been agreed, the MRC's entitlement to occupy the premises pursuant to the Lease will expire at midnight on 22 April 2014.

At the outset, I note that the Trustees intend to manage the Reserve in a way that minimises, as far as is reasonably practicable, disruption to existing users of the site, including horse trainers.

It is worth noting, though, that the soon to expire Grandstand Lease was entered into to allow 12 months for the Trustees and the MRC to negotiate future tenure arrangements for the site on a holistic basis.

It is regrettable that this has not occurred.

Proposed actions

The grant of a further lease for 12 months is not appropriate.

Short-term lease

The Trustees are prepared to consider granting MRC a short term lease, subject to approval of the Minister, to continue to occupy the existing area covered by the Grandstand Lease for a period of 6 months commencing on expiry of the Grandstand Lease.

The interim lease would contain the following terms:

1. the current rental and other lease terms would apply;
2. the Trustees and MRC would ask the Valuer-General to determine the rental to apply under any long term lease and the parties would agree to accept the Valuer-General's decision;
3. if the Valuer-General has not been formally engaged by 22 June 2014, the Trustees' reserve the right to terminate the interim lease on 4 weeks' notice;

4. the maintenance and development arrangements will be reset in conjunction with agreeing the terms of a new lease, and that going forward agreed terms for maintenance and development arrangements will be reviewed in 3 year intervals;
5. an acknowledgment that no further interim leases will be granted by the Trustees.

Long-term lease

The Trustees' expectation is that MRC will devote the necessary resources to ensuring that a new long term lease and terms and conditions for maintenance at the site can be negotiated and executed within the term of the interim lease. Our current expectation is that the new lease would be 21 years and approval would be sought under section 17D of the *Crown Land (Reserves) Act 1978 (Vic)*.

The following key terms are proposed:

1. The rental for the new lease would be a commercial rental as determined by the Valuer-General;
2. We reiterate the Trustees' expectation that a Head Lease would be entered which covers the administrative building, Tabaret site, the Grandstand and ancillary building sites together with the Neerim Road stables and Western stables;
3. The current stables leases would be surrendered by the Club;
4. The Trustees would grant a licence to the MRC for portions of the Reserve that are shared by the Club with other user groups (rather than exclusively occupied by the MRC) including the centre of the Reserve.

Communication to other stakeholders

The Trustees are aware that the imminent expiry of the Grandstand Lease may create uncertainty or anxiety for other affected stakeholders.

I am attaching, for your information, correspondence I have sent today to the Minister for Environment and the Department of Environment and Primary Industries updating them on the matters set out in this letter.

[REDACTED]

I look forward to a greater level of engagement on this important issue and I await your response to this proposal within 14 days of the date of this correspondence.

Yours sincerely



Greg Sword AM
Chairman
Caulfield Racecourse Reserve

cc Mr Brodie Arnhold, Chief Executive Officer, MRC

Attached:

Letter to Minister for Environment dated 25 March 2014

Letter to Department of Environment and Primary Industries dated 25 March 2014

[REDACTED]