

Proposal from the Trustees of the
CAULFIELD RACECOURSE RESERVE
(Trustee)
to the
THE VICTORIAN AMATEUR TURF CLUB
[incorporating Melbourne Racing Club]
(Club)

Purpose

To renegotiate the tenure arrangements at the Reserve between the fifteen trustees, as tenants in common (**Trustee**) and the Victorian Amateur Turf Club (incorporating Melbourne Racing Club) (**Club**).

Background

The Reserve is delineated in Crown Grant Volume 7275 Folio 814, which is jointly held in freehold by fifteen trustees, as tenants in common (**Trustee**).

The Victorian Amateur Turf Club (incorporating Melbourne Racing Club) (**Club**) has previously held the following leasehold estate for part of the Reserve known as the grandstand lease, (including Administration Building, Tabaret Building, Guineas Car Park, Grandstand & Associated Buildings).

Term

The Club previously benefitted from this arrangement under a 21 yr term which ran from 23 October 1991 to 22 October 2012 (**Grandstand Lease**).

An interim lease of 12 months was granted under the same arrangements on 22 January 2013 to 21 January 2014. The interim lease is necessary because s 17F of the CLRA limits the duration of any overholding period under the Grandstand Lease to 3 months.

Summary

The Trustee, having sought, advice from the following parties:

- Victorian Government Solicitors Office (**VGSO**)
- Department of Environment & Primary Industries (**DEPI**) formally the Department of Sustainability & Environment (**DSE**)
- Office of Minister Ryan Smith, Minister for Environment and Climate Change (**Land Minister**)

is seeking to change the current structure of the Grandstand Lease with the Club and implement a new tenure structure at the Reserve.

Structure

Current Structure	New Structure
Term: 21 yrs	Term: 21 yrs
1 x Lease (Grandstand)	1 x Lease s 17D of the <i>Crown Land (Reserves) Act 1978 (CLRA)</i> (Grandstand, Neerim & Western Road Stables)
1 x Lease (Neerim Rd Stables) (expiry date 27 April 2029)	
1 x Lease (Western Rd Stables) (expiry date 15 March 2019)	
	1 x Concurrent Licence s 17B and s 17BAA of the CLRA (Racecourse Proper, Training tracks & racing structures in centre of racecourse for racedays)
Deed of Maintenance A term of 21 years commencing 17 February 1997 to 16 February 2018	Deed of Maintenance Max Term 3 yrs s 17(2)(b) of the CLRA, with an updated allocation of roles and responsibilities
Responsibilities of tenant to maintain & upkeep Reserve to agreed standard.	Responsibilities of tenant for upkeep & development (subject to approval) for all areas covered under the proposed Lease & Licence structure.
	Responsibilities of landlord for areas not covered by Lease/ Licence / Deed of Maintenance
	Long term objectives of Reserve to be determined by Trustees for the three defined purposes: Racing, Recreation & Parks

Valuations / Rentals

The Trustee has sought independent advice from Charter Keck Cramer (**CKC**) in relation to appropriate rentals per square metre; reflecting the uses undertaken by the Club on various parts of the Reserve, being consistent with government policy and in line with the review of community, commercial and mixed uses. Preliminary advice from **CKC** is attached.

Additional advice has also been sought from two independent open space contractors; City Wide and Serco in relation to the likely annual cost of maintaining the Centre of the Reserve.

* This annual cost has been estimated at \$120,000.

Name	Current [2012 ex GST]	New	Difference
Grandstand Lease	55,807	497,000	441,193
Western Stables Lease	25,884	325,000	299,116
Neerim Road Stables Lease			
Maintenance Fee	Approx. 280,000	(120,000)*	180,000
Balance	381,691	702,000	380,989

Conclusions

The Trustee approached **DEPI** to seek guidance as to whether the new structure is consistent with prevailing Government and **DEPI** policy for reserved Crown Land. **See attached correspondence from DEPI.**

Future Planning

The Trustee will develop a Strategic Plan for the development of the Reserve in consultation with representative user groups for the purpose of Racing, Recreation & Parks.

Any income derived by the Trustee will be re-invested for the benefit of these representative users groups in line with the Caulfield Racecourse Reserve Strategic Plan.

PRELIMINARY ADVICE

Property Description

Estimates of Ground Rental
Caulfield Racecourse, Station Street, Caulfield.

Registered Proprietor

Crown Land with the Trustees of the Caulfield Racecourse Reserve.

Lessee

Victoria Amateur Turf Club trading as Melbourne Racing Club.

Instructions

To advise the estimated ground rental on the basis of a proposed 21 year lease which will incorporate an annual adjustment, a market review every 3 or 5 years and the lessee will be liable for all outgoings including GST. The estimated ground rentals provided incorporate:

- Administration office, Tabaret building and Guineas car park sites and the grandstand complex site; and
- The Neerim Road and Western stable sites on an individual basis.

Interest being Assessed

Ground rental.

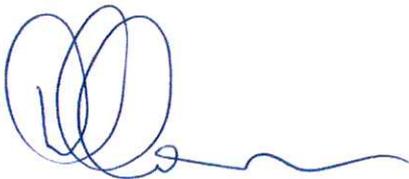
Date of Rental Advice

11 July 2012

Estimated Ground Rental

Administration Office Site	\$90,000 p.a.
Tabaret Building Site	\$232,000 p.a.
Guineas Car Park Site	\$80,000 p.a.
Grandstand Complex Site	\$95,000 p.a.
Neerim Road Stable Site	\$280,000 p.a.
Western Stable Site	\$45,000 p.a.

Prepared by
Charter Keck Cramer



D. R. Lane FAPI
Certified Practising Valuer
API Member No. 423
Director



Department of
Environment & Primary Industries

Rec'd 29.4.2013

Port Phillip Region
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ABN 90 719 052 204

Our Ref: 1204470

23 April 2013

Ms Julia Page
Secretary
Caulfield Racecourse Reserve Trust
Level 1, 25 Flinders Lane
MELBOURNE VIC 3000

Dear Julia

CAULFIELD RACECOURSE RESERVE TRUST

I refer to your letter dated 12 April 2013 regarding the proposed lease between the Caulfield Racecourse Reserve Trust (CRRT) and the Melbourne Racing Club (MRC).

The maximum term for the standard *Crown Land (Reserves) Act 1978* (the Act) lease is 21 years. Amendments to the Act in 2009 made provision for the Minister to lease land for a term that is more than 21 years but no greater than 65 years on the basis that the Minister is satisfied that:

- a. The purpose for which the lease is to be granted is not detrimental to the purpose of the reservation;
- b. The proposed use, development, improvements or works specified in the lease are of a substantial nature and of a value that justifies a longer term lease; and
- c. The lease is in the public interest.

The '*Leasing Policy for Crown Land in Victoria 2010*' (the Policy), a copy of which is attached, (refer page 11), gives some guidance regarding a submission that would enable the Minister to assess any proposal for a term longer than 21 years.

The Policy also outlines three broad leasing principles:

- a. To provide benefits to the public through leasing
- b. To ensure consistency and transparency in leasing and
- c. To manage leased Crown land in an ecologically sustainable manner.

When assessing rental, a commercial lease will be subject to market valuation by the Valuer General (refer page 13 of the Policy). The Policy does however recognise a mix of commercial/community type leases, details of which should be clearly provided when seeking a valuation. [REDACTED] Officer of the Valuer General [REDACTED] is available to provide advice on this issue.

Privacy Statement

Any personal information about you or a third party in your correspondence will be protected under the provisions of the *Information Privacy Act 2000*. It will only be used or disclosed to appropriate Ministerial, Statutory Authority, or departmental staff in regard to the purpose for which it was provided, unless required or authorised by law. Enquiries about access to information about you held by the Department should be directed to the Manager Privacy, Department of Sustainability & Environment, PO Box 500, East Melbourne, 3002.



Finally, thank you for your invitation to attend the lease negotiations between the CRRT and the MRC, however as the Minister is not a party to the lease, it is preferable that departmental officers not attend negotiations, but remain available to provide advice and guidance on specific issues where necessary.

If you have any further queries on this matter, please contact me [REDACTED]
[REDACTED]

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sally Burgess', written in a cursive style.

Sally Burgess
Program Manager Public Land
Port Phillip Region