

Guidelines for leasing industrial land through the Land Act 1994

Applicants

Applicants who are eligible for leasing land from Economic Development Queensland (EDQ) generally have the potential to provide long term economic growth to Queensland. They are expected to be new and expanding industries involved in manufacturing, processing, reprocessing and ancillary activities, and are generally exporting or directly competing with imports. They may purchase or lease land on a non-competitive basis.

Industrial land for lease

EDQ manages a network of estates throughout Queensland, which complement land available through the private sector property market. These estates:

- are strategically located
- are fully serviced to the relevant industry standards
- are designated in accordance with the Sustainable Planning Act 2009
- cater for a range of industrial and specific purpose activities
- provide easy access to major transport routes
- offer room to expand as businesses grow.

Leases administered under the Land Act 1994 are for a term up to a maximum of 15 years. During this time, lessees are required to meet lease conditions and apply to convert the lease to freehold tenure. Applications for leases are subject to a detailed evaluation by EDQ.

Eligibility criteria

Each application is assessed on an individual basis taking into account:

- merits of the proposed development (and intended onsite activity)
- preferred development of the estate
- existing land use designations
- local government planning requirements e.g. conditions of approval
- consistency with other industries located on the estate
- compatibility of land uses within and adjacent to the estate
- adequate site coverage.

In addition, some estates may have specific eligibility criteria, which will be provided to proponents upon application.

The proposal must also demonstrate compliance with:

- sustainable commercial viability and the business integrity of the applicant
- growth orientation—for example, the following might be taken into account:
- an indicated sales growth of 20 per cent per annum over the past three years with expectations of continued growth at this level in the future (with a preference for such growth to be in import replacement or export)
- new capital commitment in plant and equipment or critical intellectual property of 30 per cent in total capital stock over the first 12 months at the new location
- intention, ability and commitment to purchase within the term of the lease.

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Leasehold applicants are also required to demonstrate an appropriate level of business planning and have access to expertise necessary to implement the project.

In particular, the applicant must demonstrate skills in, and commitment to:

- business planning (business plan to be provided, if available)
- financial management
- marketing and production planning
- technological innovation
- product design and development
- human resource planning (including occupational health and safety training)
- quality assurance.

The proposal must also be approved by the relevant local government before finalisation of the lease agreement.

Rental prices

Rental prices are set at the approved rate for leases under the Land Act 1994 in accordance with values set by the relevant government department.

Performance conditions

Leasing a site places contractual obligations of site development on the applicant requiring:

- construction of buildings
- establishment of the proposed business and appropriate performance standards including provision of an appropriate landscaping scheme and adherence to licence approvals.

These conditions specify the size of buildings to be erected and the amount of capital expenditure to be incurred on buildings and plant. Under normal circumstances, EDQ expects building site coverage to comprise 50 per cent of the site.

The applicant must also comply with all the requirements of the local government such as town planning, building construction, car parking, landscaping and any state government licences.

The applicant must comply with the requirements under the Land Act 1994 to ensure that any adverse impacts on surrounding areas are minimised, especially in relation to air, water and noise emissions.

The applicant must provide a copy of the council approved building plans prior to a lease being issued. Under no circumstances may an applicant enter or occupy land without the prior approval from EDQ.

Converting to freehold tenure

After meeting the development conditions contained in a lease, the lessee may apply at any time to convert the lease to freehold tenure.

Valuation to determine purchase price is carried out under the Land Act 1994 upon receipt of a conversion application. The date the application is received by the department is taken as the valuation date. It is therefore not possible for EDQ to give future indicative valuations as these vary in accordance with market trends.

Transferring a lease

EDQ will generally approve the transfer of a lease when:

- the lessee is complying with the conditions of the lease
- the lessee applies to transfer the lease to another eligible business or industry

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- there is no evidence that the lessee will receive speculative gain
- a prospective lessee is willing to comply with the terms of the lease.

Any arrears of lease payments must be settled at the time of transfer.

Subletting and selling

EDQ offers land within its estates on a priority basis to allow establishing businesses and industries to maximise funds initially for buildings, plant and equipment and to establish cash flows. For this reason, EDQ will not permit the construction of buildings with a view to subletting or selling for speculative gain.

Guidelines for forfeiture

Where a lessee fails to comply with the conditions for the lease, the lease is liable to forfeiture.

Examples of when a lease may be subject to forfeiture proceedings are when a lessee:

- fails to commence development of a site within the period specified
- fails to establish or maintain an approved industry on the site
- fails to satisfactorily comply with the development conditions
- sublets part or the whole of the land without consent
- fails to pay the rent on the property.

If any of the above is likely to occur, the lessee should immediately contact EDQ for advice.

Making an application

An application form for the lease of industrial land is available from industrial.edq.com.au.

Any additional information that will assist in processing the proposal should be included with the application.

EDQ will carry out a credit evaluation of the applicant and assess the application against four basis requirements:

- the proposed use of the land
- technical capability, expertise and experience of the applicant
- financial backing and capability of the applicant
- the applicant's intentions/commitment to proceed with the proposed development.

Additional information may be sought from the applicant at the time of the interview. All proposals should be discussed with EDQ before lodging a formal application.

Contact

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