

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
ADDITIONAL ESTIMATES 2016-17

Finance Portfolio
28 February 2017

Department/Agency: Finance
Outcome/Program: 2/2.3
Topic: Malabar

Senator: McAllister

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Number of pages: 2

Question:

Senator McALLISTER: How were the questions of cost addressed by the department in coming to an arrangement with the rifle association about what the rent would be and what the indexation would be?

...

Senator McALLISTER: Is that benchmarked against any other indexation rate? How did you come up with the indexation rate?

Ms Hall: It largely reflects the arrangements that had been in place under the previous licence.

Senator McALLISTER: So your evidence is that 3.5 per cent reflects the indexation rate?

Ms Hall: No.

Senator Cormann: No. The 3.5 per cent is actually more generous to the taxpayer.

Senator McALLISTER: Well, I am asking how 3.5 per cent was arrived at.

Ms Hall: I will have to take the detail of that on notice.

...

Senator McALLISTER: Ms Hall, are you able to tell me about value for money or any kind of process you went through to ensure value for money in establishing a negotiating position?

Ms Hall: The department would have followed the relevant requirements with respect to the obligations under the frameworks that govern disposals of interest in land, which this transaction was. I would have to come back to you on notice in relation to the detail of the specific assessments and authorities that were provided as part of that process.

Senator McALLISTER: I would appreciate it if you would.

Answer:

The Commonwealth commenced negotiations with the New South Wales Rifle Association (NSWRA) on a revised occupancy agreement (lease) in June 2015, following the Government's 18 March 2015 announcement to transfer the south-eastern portion of Malabar Headland to the NSW Government to create a National Park.

The lease is substantially consistent with the terms of the perpetual licence it replaces, and provides improved overall value for money for the Commonwealth. It also supports the Government's commitment to create the National Park through the transfer of a portion of the Malabar site to the NSW Government.

Compared to the licence, the lease limits the number of shooting days per week, allowing access to the new National Park, and is for a fixed term of 25 years plus further options totalling 25 years.

The former perpetual licence provided a formula for rent reviews that did not automatically result in an increase every year. The lease mandates annual rental increases of 3.5%. The 3.5% indexation rate is comparable to other leases between the Department of Finance and tenant organisations and is in excess of the current Australian Government 15 year bond rate. The rate was agreed as part of negotiations with NSWRA and preserves the real value of the rental stream over time.