



Department of Planning,
Lands and Heritage

Pastoral Lease and Permit Rent Determinations

Guideline

June 2024

Acknowledgement of Country

The Department of Planning, Lands and Heritage acknowledges the Aboriginal people as the traditional custodians of Western Australia. We pay our respects to the Ancestors and Elders, both past and present, and the ongoing connection between people, land, waters and community. We acknowledge those who continue to share knowledge, their traditions and culture to support our journey for reconciliation. In particular, we recognise land and cultural heritage as places that hold great significance for Aboriginal people.

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the Communications Branch.

Objective

To provide a clear overview of the rationale and method of pastoral lease rent determinations and pastoral permit rent determinations under Part 7 of the *Land Administration Act 1997* (LAA).

Pastoral Leases

- The Minister for Lands determines the annual rent payable for pastoral leases under section 122H of the LAA.
- Annual pastoral lease rent does not include permit rent.
- The Minister for Lands applies the pastoral rent formula in section 122H(3) of the LAA, which requires the rent to be adjusted each year by the rate of change in the Perth All Groups Consumer Price Index (CPI) over the preceding year.
- The 'determination day' for CPI rent determinations is 31 December annually.
- The determined rent is payable from 1 July the following year.



Timeline of CPI Rent Determination Year (annually excluding Valuer-General rent determination years)

Consumer Price Index (CPI) model and the Perth All Groups CPI

The CPI model adjusts pastoral rent with inflation each year and reduces volatility. The CPI model is commonly used for rent reviews in commercial leases. The Perth All Groups CPI is updated quarterly by the Australian Bureau of Statistics.

Valuer-General pastoral lease rent determinations

- Every 10 years commencing from 2028, the Valuer-General will conduct a rent determination under section 123 of the LAA.
- No CPI adjustment will be made in a Valuer-General rent determination year.
- In determining the rent the Valuer-General must consult the Pastoral Lands Board (PLB) about the economic state of the pastoral industry.

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- In Valuer-General rent determination years, the determination date will be on or before 31 December, with the determined rent being payable from 1 July the following year.



Timeline of Valuer-General rent determination year (every 10 years)

- The current objection process will continue to apply to Valuer-General determinations of rent but will not apply to CPI adjustments as a result of a CPI determination.

Rent for new pastoral leases

- Where the Minister for Lands grants a new pastoral lease under section 101 of the LAA, the Valuer-General must determine a rent for that lease.
- Consistent with existing pastoral leases, the rent is the amount of ground rent, as at the previous Valuer-General rent determination date that the land might reasonably be expected to realise in good condition for a long-term lease for pastoral purposes under which all normal outgoings are paid by the pastoral lessee.
- The Minister for Lands will adjust the Valuer-General rent determination figure to take into account changes in CPI since the date of that determination, to ensure equity with existing pastoral leases.

Interim determination of annual rent for pastoral leases

- The Minister for Lands may ask the Valuer-General to make an interim determination of pastoral lease rent, in accordance with section 123A of the LAA, if the Minister is satisfied that it is necessary or expedient to do so because of:
 - a change in the pastoral lease area; or
 - any other change in relation to the pastoral lease that may materially affect the rent payable.
- When a change in the pastoral lease area has occurred, the Valuer-General will determine the rent as at the previous Valuer-General rent determination date.
- The Minister for Lands will adjust the Valuer-General rent determination figure to take into account changes in CPI since the last Valuer-General rent determination date.

Examples of scenarios where the Minister may ask the Valuer-General to make an interim determination:

- adjoining land amalgamated into the pastoral lease causing the total area to increase;
- land surrendered from the pastoral lease causing the total area to decrease; or
- changes to the physical capacity of the land to support livestock as the result of a new road.

Effect on rent if reduction in stock numbers

- The Minister for Lands can reduce the rent for a pastoral lease in proportion to the reduction in permitted stock, on the advice of the PLB.
- The circumstances in which this applies are when permitted stock numbers are reduced by:
 - a soil conservation notice,
 - a determination and direction notice from the PLB; or
 - in accordance with an approved management plan.

Permits

- The Valuer-General determines the annual rent payable for new pastoral permits issued by the PLB which include a condition that additional rent will be applicable for the permit area (permit rent).
- A Valuer-General determination of permit rent will occur at least once every five years (and not more than once in a year), on request of the Minister for Lands.
- No CPI adjustment will be made in a Valuer-General determination year.
- The permit rent will be applied from the permit rent commencement date specified in the permit conditions.
- The PLB may consider it appropriate for payment of the annual permit rent to commence six or 12 months after a permit is issued where certain factors apply that result in delays to the activity. This may include:
 - the high cost of development
 - conditional statutory approvals
 - seasonal factors.
- For information on the circumstances in which the PLB may delay the commencement of permit rent, please see the Annual Rent for Land Under Permit Policy on the [PLB's policy web page](#).

CPI permit rent determinations

- The Minister for Lands applies the permit rent formula in section 122I(4) of the LAA, which requires the rent to be adjusted each year by the rate of change in the Perth All Groups CPI over the preceding year.
- The 'determination day' for a CPI permit rent determination is 31 December each year and the determined permit rent is payable from the following 1 July.

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Definition of key terms

Term	Definition
CPI number	The Consumer Price Index, All Groups index number for Perth
Determination day	31 December, annually
Previous Valuer-General determination date	<p>A determination made on or before 31 December 2028 1 July in the most recent calendar year in which the Valuer-General determined rents under section 123(4) (as in force immediately before commencement day); or</p> <p>A determination made after 31 December 2028 1 July in the most recent rent determination year before the calendar year in which the determination is made.</p>
Valuer-General rent determination year	2028 and every 10th calendar year after that year
Pastoral rent formula	<p>AR = B × (CPIr/CPIr-4)</p> <ul style="list-style-type: none"> • AR is the annual rent; • B is the base annual rent; • CPIr is the CPI number for the previous quarter; • CPIr-4 is the CPI number for the corresponding quarter.
Base annual rent	The current rent of the pastoral lease.
Previous and corresponding quarter	<p>The 'quarters' referred to in relation to CPI calculations are March, June, September and December.</p> <p>Previous quarter The most recent quarter ending before the determination is made for which a CPI number is available. (eg. likely to be September).</p> <p>Corresponding quarter The quarter in the calendar year immediately preceding the calendar year in which the determination is made, that corresponds to the previous year. (E.g., if the previous quarter was September 2023, the corresponding quarter would be September 2022. In this example, the September 2023 and September 2022 CPI numbers would be included in the formula).</p>
Permit rent formula	<p>PR = B × (CPIr/CPIr-4)</p> <ul style="list-style-type: none"> • PR is the permit rent; • B is the permit rent that applies immediately before the determination is made; • CPIr is the CPI number for the previous quarter; • CPIr-4 is the CPI number for the corresponding quarter.

The above table does not represent a comprehensive guide. Please refer to section 122G of the *Land Administration Act 1997* for terms used.

Pastoral lease and permit rent provisions in the LAA

Section	Application
112A	Effect on rent if reduction in stock numbers
122G	Terms used
122H	Minister to determine annual rent (pastoral lease)
122I	Minister to determine permit rent (where pastoral lease subject to permit)
123	Valuer-General to determine annual rent at 10 yearly intervals
123A	Minister may request Valuer-General to make interim determination of annual rent
123B	Determining annual rent when new pastoral lease granted
124A	Phasing in annual rent (including by regulation)
124	Annual rent if permit is issued
125	Payment of rent
126	Objections to determined rent or value of improvements
127	Rent for amalgamated leases
128	Delay, waiver or reduction of rent

Questions and further information on Rent Determinations

Department of Planning, Lands and Heritage

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Landgate

For information on the process for pastoral lease rent determinations by the Valuer-General and lodging an objection to a rent determination, visit <https://www.landgate.wa.gov.au>

Phone: 08 9273 7373 or for Regional Australia 1300 365 288

Email: customerservice@landgate.wa.gov.au