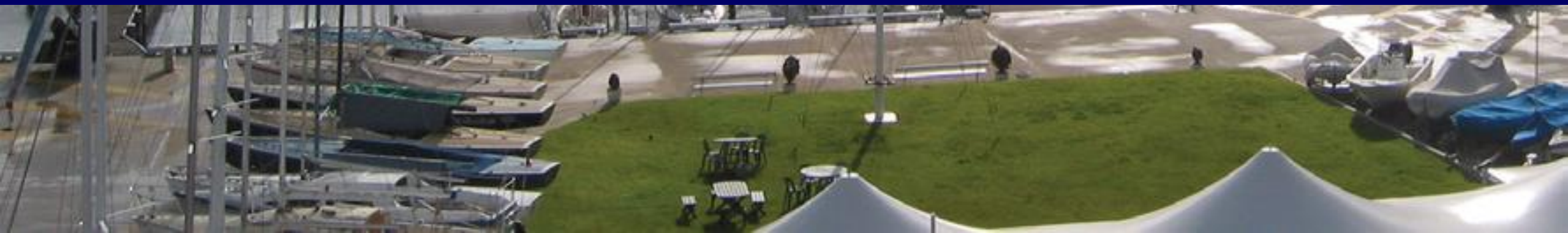




Securing a Long Term Lease - 'Royals' Story

John Forsyth & Alex McGillivray



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Introduction

The Speakers

John Forsyth – Director Simpson Forsyth - Property Consultancy and Valuation practice specialising in commercial and retail property rent reviews, lease renewals and dispute resolution. A member of the Royal Yacht Club of Victoria General Committee and Chair of the Club's Development Committee and Marina Project Committee.

Alex McGillivray – General Manager, Royal Yacht Club of Victoria since 2010. Previous experience Golf Australia 15 years (Company Secretary/Industry Development) including extensive government negotiations, industry development and project management.



Introduction

Today's Presentation is Royals' story, you will create your own.



Introduction

The Club

- Started in 1853 – first in Victoria, grew out of the gold rush.
- First Royal club of any type in Australia.
- Approx. 900 members today.
- 172 wet berths in old piled marina.
- 50 hardstand boats.
- 22 boats in Yard.
- America's Cup campaigner in 1983.
- First travel lift on bay.



Background to the Lease

Royals had:

- A lease over the land (only) expiring in 2015 with an option to extend for a further 21 years.
- A series of annual licences over:
 - other land abutting the Lease (3), and
 - infrastructure on the seabed (1) for marina piles, jetties and slipway. (*Note not the berths!*)
 - Typical of a number of keel boat club licences & leases



Background – Planning since late 1990's

- The Club has had plans to develop a marina over and beyond the existing footprint since the late 1990's.
 - Beyond what was granted
- A series of government initiated Williamstown Foreshore Strategic plans were prepared, most not getting to print.
 - These sought to plan the Williamstown Foreshore areas and provide a basis for future planning.
- These held up the Club's plans.



Background – Planning

Royals sought:

- Planning approval in approx. 2007.
 - This was an error on the part of the Club as the marina area and land component are both under the provisions of the Port of Melbourne Planning Scheme.
 - As such, the Club does not require a planning permit to build a marina. – know your planning zones!
 - In 2010 the Government released the Williamstown Foreshore Plan which provided Royals with an extended and wider footprint, the only organisation to receive this approval.



Background – Planning

Following Foreshore plan release:

- The Club successfully argued that the Williamstown Foreshore Strategic Plan 2010 covered off the public consultation requirement, and
- The land and seabed footprint for the lease was readily agreed with Parks Victoria.

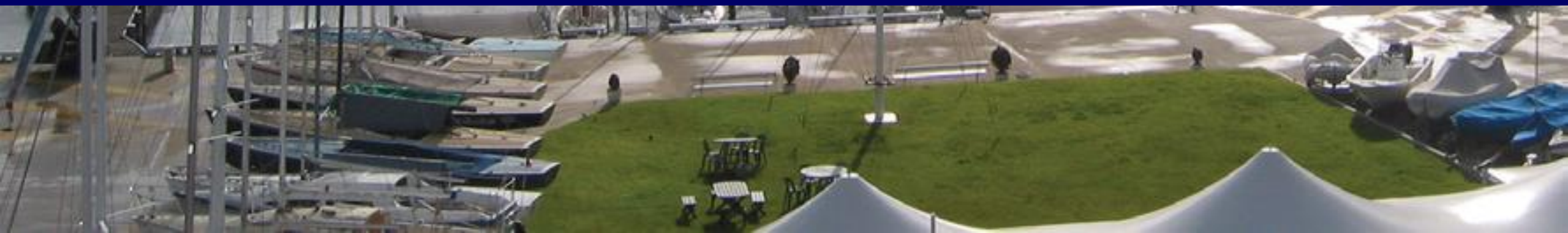


The Extended Lease Area





Beyond 21 years – what you need



What you need for beyond 21 years

The Minister must be satisfied that -

- The purpose of the lease is not detrimental to the purpose for which the land is reserved,
- The proposed use, development, improvements or works specified in the lease are of a substantial nature and value which justifies a longer term lease, and

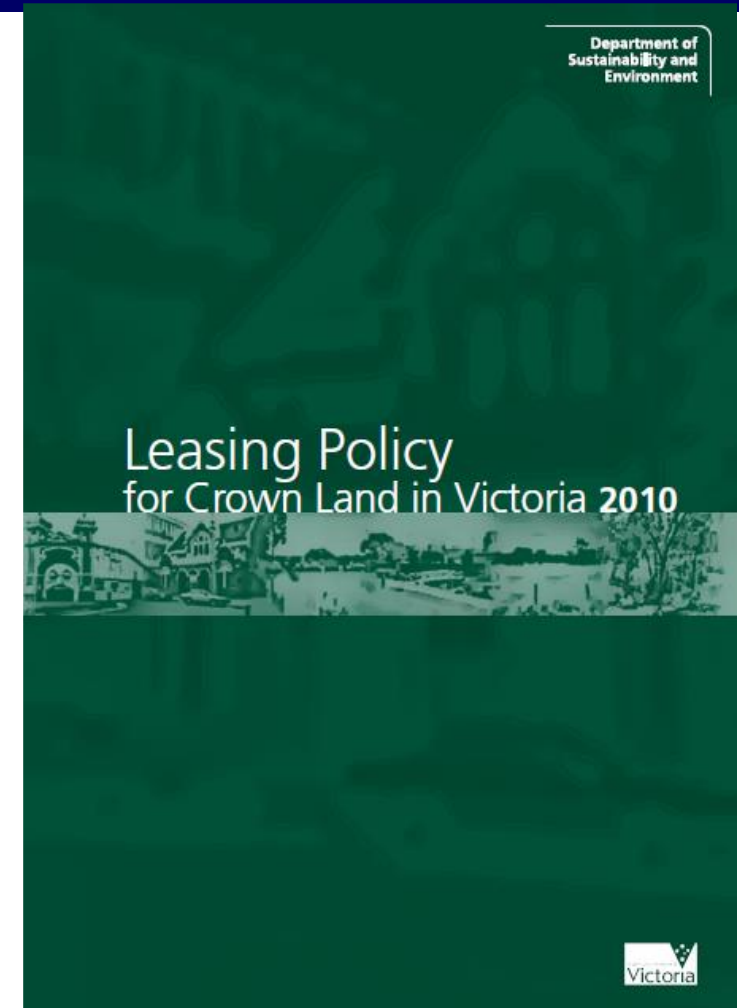


What you need for beyond 21 years

The Minister must be satisfied that –

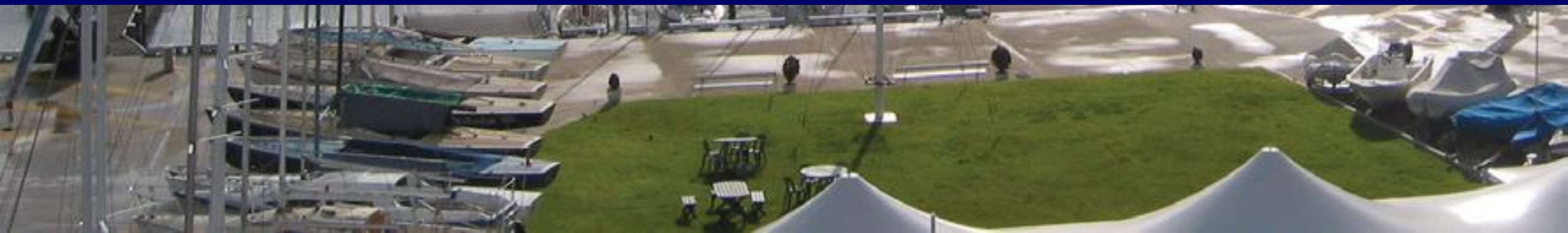
- The granting of the lease is in the public interest – *Community Benefit*.
- There is a supporting Business Case

http://www.depi.vic.gov.au/_data/assets/pdf_file/0013/261400/Crown-land-leasing-policy-Oct-2010.pdf





The New Lease & Parks Victoria



The New Lease & Parks Victoria

Strategy and Execution

- Not rocket science!
- The key was a new lease over land and sea bed.
- Twenty-one years too short.
- Longer term would enable:
 - ✓ secure future for the Club
 - ✓ creation of a long term strategic plan for the Club
 - ✓ projects to be 'banked'



The New Lease & Parks Victoria

Strategy and Execution

- Reversion of assets to the Crown can put a burden on 'not for profit' clubs.
- Royals set about achieving a longer term lease.
- Formed a Marina Project Committee.
- McGillivray & Forsyth given the role to negotiate new lease.
- Marina Project Committee took on two 'projects'
 - ✓ new lease, and
 - ✓ development of a new marina.



The New Lease & Parks Victoria

Strategy and Execution

- Appointed a professional Project Manager and communications (with members) consultant for the marina so we could run marina and lease in parallel.
- Engaged the assistance of members and friends of the Club with political and other relevant affiliations.
- Commenced negotiations with Parks Victoria.
- At the same time we commenced the design and costing of a new marina with approximately 240 pens.



The New Lease & Parks Victoria

Strategy and Execution

- Royals had to upgrade all of its facilities to survive and compete – long term tenure is vital.
- A longer term for its new lease was requested.
- PV suggested sixty-five years.
- However, the Club would have to commit to significant capital expenditure on the public asset over a pre-agreed period.
- Marina, Clubhouse, Hardstand, lockers, car park etc
- Estimated at \$42M (\$2015) – with sunset dates.



The New Lease & Parks Victoria

Strategy and Execution

- Parks Victoria and the Minister required a Business Plan.
- All projects had to be independently costed, justified financially, marketing plans outlined, etc. thus illustrating:
 - ✓ The strategic importance,
 - ✓ Environmental, social, economic costs and benefits associated with the lease,
 - ✓ The capital outlays and term proposed to amortise the investment,
 - ✓ Reasons why they cannot be amortised within 21 years.



The New Lease & Parks Victoria

Strategy and Execution

- Many hours and glasses of red later a 34 page document appeared – probably the largest single task of the project.
- The staff of PV assisted greatly by reading a draft of the document and suggesting amendments required to satisfy their requirements.



The New Lease & Parks Victoria

Strategy and Execution

- A term longer than twenty-one years requires Ministerial approval.
- Needed to establish political will and engage with senior public servants and local members of Parliament (dozens).
- Great support was received from local parliamentary members.
- Important to respect the process of Government.



The New Lease & Parks Victoria

Strategy and Execution

- Negotiations took some 11 months on the lease to final signing.
.....however after initial agreement there was one unexpected hurdle – be prepared!



The New Lease & Parks Victoria

Strategy and Execution

- Agreement was reached in October 2014 and the lease signed by the then Minister, subject to the approval of the Board of Parks Victoria.
- A change of Government occurred in November 2014.
- The Board of PV decided to sign only if the previously agreed rent was increased by around 25%.
- This was despite the initial rent having been settled with the Office of the Valuer General. This appears to be the only time that they can do this.



The New Lease & Parks Victoria

Strategy and Execution

- Agreement finally reached after some compromise by PV Board.
- New Lease signed on 14 May 2015.

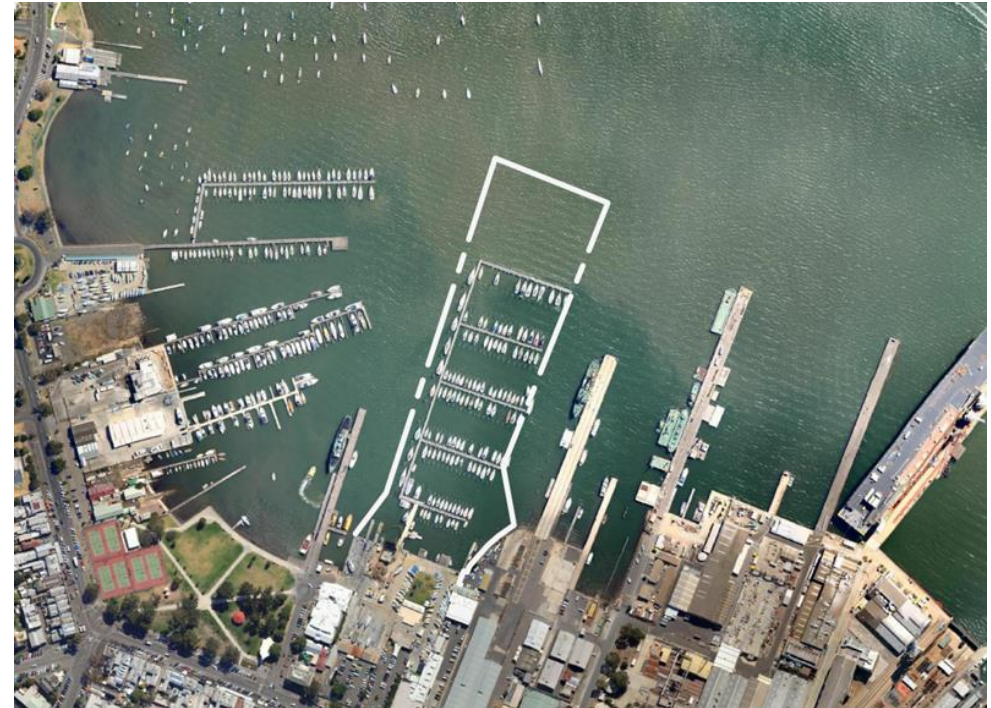
Despite a few hurdles during the journey, the Parks Victoria Staff and Board members were very supportive and encouraging of our endeavors. Our Parliamentarians and officers of other Governments departments, Clubs and Yachting Victoria were also very supportive and helpful. Our thanks to all involved.



The New Lease & Parks Victoria

Key Deliverables over 65 years:

- New Marina and attenuation
- Redevelop the Clubhouse
- Upgrade boatyard, lockers, 'Off the Beach' area and carpark
- Repeat part or all of the above projects.



Q & A

