

Housing (Freeholding of Land) Regulation 2017

Explanatory Notes for SL 2017 No. 172

made under the

Housing (Freeholding of Land) Act 1957

Short title

Housing (Freeholding of Land) Regulation 2017

Authorising law

Section 3A of the *Housing (Freeholding of Land) Act 1957*

Policy objectives and the reasons for them

Perpetual leases are leases which are granted in perpetuity. For many years, perpetual town leases were used by the Queensland government to assist low income workers to afford homes.

The *Housing (Freeholding of Land) Regulation 2006* (2006 Regulation) was due to expire on 1 September 2016 and approval was obtained for an exemption from expiry for 12 months on the basis that the Act was under review. The 2006 Regulation will again be due for expiry on 31 August 2017.

Accordingly, a policy objective is for the Regulation to be remade to provide for the ongoing administration and conversion of the department's remaining perpetual town leases.

The conversion of perpetual town leases to freehold is provided for by the *Housing (Freeholding of Land) Act 1957* (Act) which establishes how the chief executive must declare the percentage of the unimproved value of the residential lease, for a voluntary conversion to freehold land, or an automatic conversion to freehold land. The declared percentage for establishing the purchase price (for voluntary conversions) or conversion costs (for automatic conversions) must not be more than 100% and be worked out in accordance with requirements prescribed under a regulation.

The Regulation prescribes requirements for working out the declared percentage for section 3A of the Act and calculating the equitable percentage for section 3 of the *Housing (Freeholding of Land) Regulation 2017*.

The *Housing (Freeholding of Land) Regulation 2017* supports administration of the Act and the achievement of the Act's objects by prescribing the requirements for working out the declared percentage for establishing the purchase price and conversion cost for a voluntary or automatic conversion of a residential lease to freehold land.

The *Housing (Freeholding of Land) Regulation 2017* will continue to give effect to the provisions of the Act. The reference in the 2006 Regulation to “capital indexed Commonwealth bond real yield rate” has been replaced with a reference to its successor the “Treasury Indexed bond real yield rate”. The time period of the yield rates has been updated so that the maturity dates cover the term of the Regulation.

Achievement of policy objectives

The Regulation will achieve its objective by prescribing the calculation for working out the declared percentage for section 3A of the Act.

Consistency with policy objectives of authorising law

The Regulation is consistent with the policy objectives of the authorising laws.

Inconsistency with policy objectives of other legislation

The Regulation is consistent with the policy objectives of other legislation.

Alternative ways of achieving policy objectives

The Regulation is the only effective means of achieving policy objectives.

Benefits and costs of implementation

No additional costs will be incurred in the implementation of the Regulation.

Consistency with fundamental legislative principles

The Regulation is consistent with the fundamental legislative principles in the *Legislative Standards Act 1992*.

Consultation

In accordance with the Queensland Government Guide to Better Regulation (“the Guidelines”), the Office of Best Practice Regulation within the Queensland Productivity Commission was consulted in relation to the regulatory proposal. The Commission considers the remake of the Regulation does not require further assessment under the Guidelines.

Notes on Provisions

Part 1 Preliminary

1 Short title

Clause 1 provides that, when made, the short title of the Regulation is the Housing (Freeholding of Land) Regulation 2017.

2 Commencement

Clause 2 provides for the Regulation to commence on 1 September 2017.

3 Requirements for working out declared percentage- Act, s3A

Clause 3 sets out the requirements for working out the declared percentage for section 3(A)(2)(b) of the Act.

4 Calculating *equitable percentage*

Clause 4 sets out the formula for calculating the equitable percentage for section 3 of the Regulation.