

**DevelopmentWA —**

Mrs L.A. Munday, Chair.

Dr A.D. Buti, Minister for Lands.

Mr F. Marra, Chief Executive Officer.

Mrs F. Barclay, Chief Financial Officer.

Mr M. Ryan, Executive General Manager, Planning and Transition.

Ms C. Smith, Principal Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. It is the intention of the chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by close of business Friday, 1 October 2021. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the Leader of the Opposition.

**Ms M.J. DAVIES:** I refer to page 769 of budget paper No 2, volume 2, and the significant issues impacting the government trading enterprise. Paragraph 6 refers to regional development and the models for land and housing delivery in regional WA. Can the minister talk us through some of the strategies that the government is using to address what has been a longstanding issue?

**Dr A.D. BUTI:** The whole issue of accommodation development in the regions is a challenging one. Land is available, but we need to work out the most appropriate way to open that up or release that land to ensure that we get appropriate accommodation. I will throw to Frank Marra to elaborate.

**Mr F. Marra:** The regional portfolio is one of the key portfolios for DevelopmentWA. Outside the Perth metropolitan area, many of the challenges are around the cost of developing land and then the cost of building upon that land. The state is responsible for the land and infrastructure costs and we have been challenged by the heated construction market recently, with construction costs increasing substantially. To try to ameliorate that, last year we introduced the Regional Land Booster program. That allowed us to reprice our land to the prevailing market conditions at the time. DevelopmentWA repriced over 1 000 blocks of land that it had held on behalf of the state, across the state. Some 290 lots have now been sold in over 40 towns across Western Australia. It is the first time that there has been a sale in some of these regional towns for five-plus years. That is one of the key ways that the state has addressed this challenge of affordability at the moment.

**Ms M.J. DAVIES:** Can I confirm that 1 000 blocks came under the regional booster program?

**Dr A.D. BUTI:** Mr Marra is talking about the Regional Land Booster program that cabinet approved in July 2020 to the amount of \$166.3 million. After one year of the program, 290 lots have been contracted across 42 regional towns with a combined value of more than \$65 million. Construction on these lots is expected to generate 976 jobs with an estimated private sector investment of \$321 million.

With regard to the current status of the Regional Land Booster program, as of 22 September this year, 338 lots were contracted, with Karratha and Broome recording the highest sale volume. Of the contracted lots, 17 are in Port Hedland, 13 are in Pinjarra—all lots in Pinjarra have already settled—and 11 are in Karratha. Out of the 244 lots that have already been settled, 37 are in Karratha, 36 are in Broome and 43 are light industrial area lots. In Onslow, 22 residential lots are to be contracted to Mineral Resources. Over the next six months, the regional program will assess major regional locations that are exhibiting a continued demand and require new land stages to be developed. Sales have been achieved so far in 52 regional towns.

**Ms M.J. DAVIES:** I am going to have to refer to *Hansard* to keep track of what the minister just said. Did the minister just say that 1 000 blocks in total were part of the Regional Land Booster program? How many of those have actually been sold?

**Dr A.D. BUTI:** That is true. Incentives have been offered for 100 programs offering more than 1 000 lots in total, out of which 290 have been sold.

**Ms M.J. DAVIES:** Did the program start last year?

**Dr A.D. BUTI:** Yes.

**Ms M.J. DAVIES:** When did it start? Was it in last year's budget?

**Dr A.D. BUTI:** It was approved in July last year and it started a month after that. As of September, that many have been sold so far.

**Ms M.J. DAVIES:** So 290 have been sold—thank you. The minister said something about investigations that will be undertaken over the next six months in regional centres where there is still an overheated market. Can the minister tell me whether those target towns or regions have already been identified?

**Dr A.D. BUTI:** I will defer to Mr Marra.

[2.10 pm]

**Mr F. Marra:** We have stock available in most markets across regional Western Australia. The markets we are actively working on at the moment to make sure that future land supply will be brought on are places like Broome north. We have land supply actively being brought to market in Albany in a couple of projects that were transferred recently from the Department of Communities to DevelopmentWA, and we are preparing a number of business cases for a number of local governments, such as the Shires of Jerramungup, Cunderdin, Dalwallinu and Dandaragan.

**Ms M.J. DAVIES:** Is that the exhaustive list or is there a list we can get by way of supplementary information?

**Dr A.D. BUTI:** Does the Leader of the Opposition want us to read out the whole list?

**Mr F. Marra:** That was the list, minister.

**Dr A.D. BUTI:** That was the list.

**Ms M.J. DAVIES:** That was the list, so—Jerramungup, Cunderdin, Dandaragan?

**Mr F. Marra:** The places are Jerramungup, Cunderdin, Dalwallinu and Dandaragan.

**Dr A.D. BUTI:** That is in the wheatbelt region. There are other regions. Does the Leader of the Opposition want the other regions?

**Ms M.J. DAVIES:** Yes. I know I am the member for Central Wheatbelt; I am very interested in the wheatbelt!

**Dr A.D. BUTI:** We have the whole list here. Would Mr Marra like to read the list out?

**Mr F. Marra:** Certainly. In Albany, we will be activating lots at Oyster Harbour and Clydesdale Park. We have sites that we will be bringing to market in Middleton Beach in Albany as well. In the Shire of Plantagenet, we are working with a local agribusiness firm on expanding its abattoir capacity. In the Shire of Gnowangerup, we are supporting the shire's efforts to deliver new light industrial lots in the north west of the town.

**Ms M.J. DAVIES:** Is that outside the Regional Land Booster program? Is that just business as usual for the department?

**Mr F. Marra:** The Regional Land Booster program was aimed at existing stock that was held by the state.

**Ms M.J. DAVIES:** Is this new?

**Mr F. Marra:** These are new projects that will be developed and the pricing will be set to market. Effectively, the Regional Land Booster program is not required for these, because they will be repriced ready for the market at the moment.

**Ms M.J. DAVIES:** I have a further question about the Regional Land Booster program. Will those lots stay at the price they were at at the application of the program across the forward estimates? Will they be pulled off the market? Will there be changes? How does the government intend to deal with them going forward?

**Dr A.D. BUTI:** Obviously, there is a continual re-evaluation of the price of land according to market forces, so it is hard to determine. It will not necessarily be a fixed price. The Regional Land Booster program has been of great value in unlocking land. I should also add that under the regional development assistance program, the state government will provide DevelopmentWA with direct funding to assist in helping local communities to try to develop land, whether it is residential, commercial or industrial. There is much work done. Of course, these things take a bit of time.

**Ms M.J. DAVIES:** I refer to the works mentioned earlier in Jerramungup, Cunderdin, Dalwallinu, Dandaragan and Albany. How does local government register and qualify for the program? I presume there are not unlimited funds available to government to do this. How are they prioritised? How are they applied for?

**Mr F. Marra:** As the minister indicated, DevelopmentWA runs the regional development assistance program, which is open to all regional local governments, so local governments are able to apply to DevelopmentWA. We then work with each local government to determine the priority of the landholdings and allocate that \$4 million in funding that the minister spoke of earlier to deliver land in those small towns.

**Ms M.J. DAVIES:** Is that \$4 million a year?

**Dr A.D. BUTI:** That is correct, but that is obviously in addition to the Regional Land Booster program.

**Mr P.J. RUNDLE:** I have a further question. Gnowangerup was mentioned. I have some recent correspondence saying that the cost of blocks there makes them untenable to develop or to sell or pass on to anyone. Are there any strategies in place to improve that situation?

**Dr A.D. BUTI:** I will ask Mr Marra to add to my initial comments. Obviously, the Regional Land Booster program and the regional development assistance program are geared to assist. I am not sure whether Mr Marra has any further comment.

**Mr F. Marra:** The regional development assistance program is aimed at trying to meet the cost differential between the cost of production and the selling price. That is why we prioritise each individual project to try to make that \$4 million go as far as possible to as many different sites. It is fairly typical in small country towns for the development cost to exceed the revenue that can be achieved; therefore, that \$4 million per annum is used as a subsidy to meet the market, so to speak.

**Mr P.J. RUNDLE:** Is there a high level of engagement between the department and those local governments to enable some other methodology of getting these blocks to market at a sensible level?

**Dr A.D. BUTI:** There is constant engagement by DevelopmentWA in the regions. The chair often discusses this issue with me. I am not quite sure what the member means by “different methodology”. These programs are in existence now and, as I said, DevelopmentWA is constantly talking with authorities and others.

**Ms M.J. DAVIES:** Has there been any thought given to increasing the amount available to that program at the moment and freeing up more affordable land so it encourages people to build and create new spaces? I am talking about the \$4 million, especially in the context of the housing shortages we are experiencing. I can think of several cases in Northam of people being willing to free up their accommodation if they had the opportunity to expand into a different type of house. I know we are not talking about building houses under the minister’s department, but it is land accessibility and the price of land that prohibits building, particularly in smaller communities, as the member for Roe mentioned. Was any thought given to framing this budget as a COVID response and to increasing that amount across the forward estimates, given some of the challenges we are facing?

**Dr A.D. BUTI:** The amount is considerable at the moment. It is \$4 million per annum under the regional development assistance program, and \$166 million under the Regional Land Booster program. That is quite a considerable subsidy and incentive for development in the regions. That is what it is at the moment, and it is quite considerable.

**Ms M.J. DAVIES:** Was there no request for or consideration of that increasing? It is outside of the Regional Land Booster program, which I acknowledge is new and very welcome. There has always been a program to develop blocks. Has that been static or was consideration given to increasing that?

**Dr A.D. BUTI:** What we have at the moment is what we have at the moment, and I think it is quite considerable. That is what we have.

**Ms M.J. DAVIES:** Is the minister’s assessment that that is meeting the needs or the demand that is currently present?

**Dr A.D. BUTI:** I never said that, member. As I said in the earlier session about sporting clubs, there is never enough money. The Leader of the Opposition knows that very well, having been a former minister of the Crown. This is a considerable, significant contribution.

[2.20 pm]

**Ms M.J. DAVIES:** I refer to page 770, and the 2021–22 dividend retention. Paragraph 7 states —

DevelopmentWA will retain its forecast 2021–22 dividend payment ... to instead contribute to funding future infrastructure investment.

Could the minister unpack for me what “funding future infrastructure investment” means? Are there programs to which that is already attached to determine where that \$64.6 million will be applied? In what years would the minister anticipate that would be spent?

**Dr A.D. BUTI:** Obviously, as the member will realise, strategic infrastructure requirements are a very important part of DevelopmentWA. Those funds will be guaranteed for future business cases, and in the fullness of time they will be utilised. I am not in a position now to talk about where the funds are going, because the business cases have not been formulated.

**Ms M.J. DAVIES:** The decision for that dividend to be retained, is it parked in DevelopmentWA waiting to be spent?

**Dr A.D. BUTI:** It will be utilised in a strategic manner.

**Ms M.J. DAVIES:** I am not trying to be difficult, minister. It is not an inconsiderable amount of money and DevelopmentWA must have some priorities that it would like to see achieved. Quarantining that amount without

any detail probably does not pass muster, in terms of transparency. Can the minister provide no indication of what kinds of projects that might be applied to across the forward estimates?

**Dr A.D. BUTI:** Going forward, the strategic infrastructure requirements are going to basically three different areas: regional, industrial and metropolitan.

**Ms M.J. DAVIES:** Is there a delineation of what percentage would be spent in each of those three categories?

**Dr A.D. BUTI:** No.

**Ms M.J. DAVIES:** There is \$64.6 million floating in DevelopmentWA that is not attached to any projects. When does the minister envisage that those business cases will be developed and put forward for utilisation of those funds?

**Dr A.D. BUTI:** It is not floating.

**Ms M.J. DAVIES:** It is not attached to anything, so the minister cannot tell me where it is going.

**Dr A.D. BUTI:** It is not floating in the air somewhere.

**Ms M.J. DAVIES:** It may as well be; it is not going anywhere!

**Dr A.D. BUTI:** I know the Nationals WA has a hard issue with financial responsibility.

**Ms M.J. DAVIES:** I am trying to find out what the minister wants to do with that money. I think I am being very financially responsible, asking where the minister's \$64.6 million is going to go.

**Dr A.D. BUTI:** The business cases have to be brought to the minister, then they have to be approved by the Expenditure Review Committee. That is the normal process.

**Ms M.J. DAVIES:** I understand that business cases are required, but is there no notion within DevelopmentWA or in the minister's mind of what that would be applied to?

**Dr A.D. BUTI:** I have nothing further to add.

**The CHAIR:** Leader of the Opposition, the minister is not answering anything further. Do you have a new question?

**Ms M.J. DAVIES:** Yes. I refer to page 769 of budget paper No 2, under the heading "Machinery of Government Reforms". Could the minister explain paragraph 3 to me a bit further and expand on what is there?

**Dr A.D. BUTI:** I think it is reasonably clear. As a result of the machinery-of-government changes, the former Department of Communities' land development functions have now been moved over to DevelopmentWA. DevelopmentWA now effectively becomes the development arm of social housing. There has been a transfer of the Department of Communities' commercial land development projects, assets and staff to DevelopmentWA. That process is basically what is mentioned there, that DevelopmentWA becomes the development arm of mainly the social housing component of the Department of Communities.

**Ms M.J. DAVIES:** Could the minister tell me the number of staff who have come across as part of that transfer?

**Dr A.D. BUTI:** Twenty staff.

**Mr P.J. RUNDLE:** I refer to the same page, 769, and paragraph 5, which states that DevelopmentWA will have a greater role in the delivery of social housing. Can the minister tell me how this will play out?

**Dr A.D. BUTI:** As I mentioned in the previous answer, DevelopmentWA now has the development arm of social housing that was formally in the Department of Communities, with the transfer of staff members. I will hand over to Mr Marra if he wants to add any comments.

**Mr F. Marra:** The Department of Communities' land bank, land operations and associated projects were transferred to DevelopmentWA, which will continue with those projects and continue development, either outright or in joint venture partnerships that already existed when those projects transferred across. We will then make land available for the social housing program, as occurred in the past with the Department of Communities. Further, where there is higher density or more complex projects, DevelopmentWA will engage with the market to get the social housing constructed for the Department of Communities.

**Mr P.J. RUNDLE:** Is it just with the Department of Communities, or is there also a relationship with the Minister for Housing?

**Dr A.D. BUTI:** The housing and planning ministers and I, as Minister for Lands, are part of the steering committee looking at the issue of social housing.

**Mr P.J. RUNDLE:** Areas have been identified, such as Geraldton, Bunbury and Albany. Is there an intent for DevelopmentWA to also look at places like Esperance, which is desperately in need of social housing? There appears to be a focus in regional areas on those three larger centres. Is there a focus on other areas of need as well?

**Dr A.D. BUTI:** All areas of the state are being considered, but obviously these decisions have been made in conjunction with the Ministers for Housing and Planning. DevelopmentWA will obviously have the role of developing social

housing, but decisions are also made through the dialogue between the Minister for Housing, the Minister for Planning and me.

**Ms M.J. DAVIES:** I refer to page 772 under the heading “Asset Investment Program”. I have a couple of questions about this one. I note that a number of industrial parks are listed there but not the most important, which would be Avon Industrial Park, which is on the doorstep of my electorate. I am wondering whether any work has been done in relation to the AIP; and, if so, how has that been progressed and supported, and are there any planned investments? For the minister’s background—I am sure he has been briefed—it has been a challenging area to develop over time. It does not seem to have progressed, yet it is very close to Perth; it is ideally located. What is the government’s intentions for trying to activate that particular park?

[2.30 pm]

**Dr A.D. BUTI:** I might just hand this one to Mr Marra.

**Mr F. Marra:** Thank you for the question. We have had the Avon Industrial Park project on the books for a number of years. We actually have available stock in the area and we work with the development commission and the local authority to activate that stock. There have been a number of inquiries over the years for that land, and we will continue to market it and make it available to the market. Currently, we have some eight lots available for purchase and activation at Avon Industrial Park.

**Ms M.J. DAVIES:** Are all the lots serviced?

**Dr A.D. BUTI:** Mr Marra.

**Mr F. Marra:** The lots are serviced suitable for a particular use. It really depends on the final intended use of the land and whether further servicing would be required.

**Ms M.J. DAVIES:** Can the minister advise what budget is applied to the promotion of the opportunities at the park? Over time, I think there have been various different efforts to try to elevate that, but I wonder what particular effort is being made and what is in the budget that is being applied.

**Dr A.D. BUTI:** We do not have those exact details. I do not think that we can actually provide them even later on, but it is around three per cent of total project spend for Avon.

**Ms M.J. DAVIES:** Is there a ranking for the business parks? There is a number listed in the budget papers. I wonder whether there is a ranking in terms of where the government is aiming to activate and attract tenants or facilitate investment.

**Dr A.D. BUTI:** Every region has an industrial park. It is important. In regard to the priority, the member should address that matter to the Department of Jobs, Tourism, Science and Innovation and the Minister for State Development, Jobs and Trade.

**Ms M.J. DAVIES:** In terms of where the investment is, does the minister think that the policy gets it there rather than from DevelopmentWA? Is there no ranking within DevelopmentWA in terms of which estates need to be, or could be, developed or where the best bang for buck would be?

**Dr A.D. BUTI:** Mr Marra.

**Mr F. Marra:** We work with the Department of Jobs, Tourism, Science and Innovation to help prioritise at a state level. In individual region areas, the regional development assistance program provides us with advice, as do the regional development commissions, but we aim to have industrial land available in each of the regional areas, and that is why the minister indicated the importance of making land available in each area. Where land is available, we prioritise those regional areas where land is not available at the given time.

**Ms M.J. DAVIES:** I draw the minister’s attention to the second sentence of paragraph 1.1, which states —

The ILA portfolio is forecast to deliver more than 4,500 jobs during construction and around 10,000 jobs once businesses are fully established.

They are nice, round figures. Can the minister give me an understanding of how he arrived at the 4 500 and 10 000 figures? Do those figures include all the industrial parks or is it just the ones listed? I am trying to get an understanding of how the minister can make a claim that there will be that many jobs.

**Dr A.D. BUTI:** It is not a claim; it is a forecast. I will hand over to Mr Marra.

**Mr F. Marra:** Thank you. DevelopmentWA employed an economist to give us an indication as to the impact that our industrial estate has on the economy. The Industrial Lands Authority is forecast to deliver a certain number of estates over the budget period. We have forecast that as that land is sold and developed by private interests, the development by those private interests will release those 4 500 jobs during the construction phase. The ultimate use of that industrial land is what gives the 10 000 jobs once the businesses are fully established. Therefore, it is the leverage that the Industrial Lands Authority is able to achieve by releasing the land in the first place.

**Ms M.J. DAVIES:** Would that not depend on, essentially, what the land is used for? I mean, you could put a big shed in an industrial park that has only two people working on it. I am assuming that there is some standard of modelling that was used somewhere along the line. I am just trying to understand how those figures were arrived at and how that is measured.

**Dr A.D. BUTI:** I will throw to Mr Marra shortly. Obviously, as the member can see in that paragraph, a number of significant projects are listed, and that formed part of the modelling forecast that the experts look at. But I will refer further to Mr Marra.

**Mr F. Marra:** The minister has indicated the methodology that we use, which is that we look back over previous estates and make an assumption as to how they will be developed in the future. Therefore, in that case, it is an estimate based on the past informing the future. Those estimates could be higher or they could vary depending on the ultimate use, but we have found that when we take the perspective of a large sample size, this is a reasonable estimation as to what the economic impact will be from developing the sites that the Industrial Lands Authority releases.

**Ms M.J. DAVIES:** Those 4 500 jobs during construction and 10 000 jobs once businesses are fully established assumes that all those industrial parks are full; is that the premise we are working on?

**Dr A.D. BUTI:** It is based on what we expect to sell over the next four years. It is not on all of them because it is not possible to do all those in the next four years.

**Mr P.J. RUNDLE:** I refer to the same page, 772, and paragraph 1.3. I was wondering whether I could have an update, considering that the Esplanade Hotel was knocked over in 2006 and here we are 15 years later, on how the Albany Middleton Beach project is going.

**Dr A.D. BUTI:** Actually, it is going very well, member. I was down there not so long ago, and I invite the member to join me, if he wants to, on another occasion. It is going actually quite well, but I will hand over to Mr Marra to elaborate further.

**Mr F. Marra:** Thank you. Since the site was acquired, it has been fully rezoned. Infrastructure has been put into place. The road has been realigned. The site has been created for the landmark hotel on the beach side, and the mixed-use precinct area has also been delineated and created. We have been able to contract the sale of the hotel site to a Western Australian body. It is preparing plans at the moment and is finalising those with the City of Albany. Further to that, to try to activate the remaining mixed-use precinct, DevelopmentWA has taken it upon itself to demonstrate an innovative new product. We have recently received development approval to produce six duet homes, which are dual-key, terraced homes that we will build on the Middleton Beach site, which will allow for downstairs business occupancy and upstairs residential occupancy. There can be a cottage industry kind of operation downstairs, whether it be a cafe or a tourism-related business, and accommodation upstairs. We are in the market at the moment getting tender prices and we hope to be under construction within the next few months.

**Dr A.D. BUTI:** I will add to that. In regard to the hotel, it is expected to be a four star-plus hotel, with 80 to 100 rooms, alongside beachfront, food and beverage facilities.

**Mr P.J. RUNDLE:** I refer to the duet homes. Can they be owned by two different parties—the downstairs and the upstairs—or is it an arrangement in which one person owns it and subleases the other part?

[2.40 pm]

**Dr A.D. BUTI:** It is aimed at a single owner with dual occupancy.

**Mr P.J. RUNDLE:** With the hotel site being on the beach side, has that blocked out the vision of those buildings, duet homes or whatever on the other site that are obviously on the inland side?

**Dr A.D. BUTI:** The duet homes do not face the beach; they face Mt Clarence.

**The CHAIR:** That completes the examination of DevelopmentWA.