

Western Australian Land Authority —

Ms L.L. Baker, Chairman.

Mr B.J. Grylls, Minister for Lands.

Mr R. Holt, Chief Executive Officer.

Mr F. Marra, General Manager, Finance and Strategy.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

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 committee clerk by Friday, 8 June 2012. 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 with the Clerk's office.

I now ask the minister to introduce his advisers to the committee.

[Witnesses introduced.]

The CHAIRMAN: Member for Gosnells.

Mr C.J. TALLENTIRE: I refer to the second dash point under the first dot point on page 282, where mention is made of the Oakajee development, encompassing a strategic industrial core area of 1 134 hectares. Can the minister advise how much money has been spent so far on the Oakajee development?

Mr B.J. GRYLLS: The advice that I have is that no specific line item in what I have before me would tell me what the individual breakup for Oakajee is. Ross Holt informs me that over many years funding for development of the Oakajee industrial estate has come from consolidated revenue. If the member wanted that information, I would have to provide that by way of supplementary information.

Mr C.J. TALLENTIRE: I would like to request that. Given the topicality of the Oakajee proposal, it would be of interest to Western Australians to know how much has been spent on the project to this day.

Mr B.J. GRYLLS: I am happy to provide supplementary information to the member for Gosnells about the moneys allocated to the creation of the Oakajee strategic industrial estate. I add further to that that the decision in this year's budget to fund the powerline to get energy to Karara will basically allow the first project in the opening up of the resource sector in the midwest to get underway, which provides further impetus for the Oakajee project to become a reality in the future.

The CHAIRMAN: Thank you, minister, but you are just going to provide that information, nothing to do with what you have just said, clearly.

[*Supplementary Information No B12.*]

Ms R. SAFFIOTI: I refer to page 282 and the development of Claremont north east precinct under the metropolitan program. How much funding has been dedicated to that priority project of the government?

Mr B.J. GRYLLS: I am happy to let Ross Holt answer that question.

Mr R. Holt: The Claremont project is one that stacks up commercially and, as such, government is not providing an allocation to support that project. We can provide information on the current forecasts for development expenditure if that is required.

Ms R. SAFFIOTI: LandCorp is spending the money before it recovers the money so there would be some outlay currently.

Mr R. Holt: Yes.

Ms R. SAFFIOTI: Is that information available?

Mr R. Holt: No. Is the member looking for the outlays to date or the planned outlays to date, including right through to the end of life of the project?

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Ms R. SAFFIOTI: Basically, the expenditure and income streams of the project over the life of the project by way of supplementary information.

Mr B.J. GRYLLS: By way of supplementary information, I will supply to the member for West Swan information on the expenditures on the Claremont activity centre and how LandCorp plans to undertake that.

[*Supplementary Information No B13.*]

Mr A.J. SIMPSON: I refer to the asset investment program on page 282 of budget paper No 2. My question relates to LandCorp working with the private sector to help develop the state, using the private sector's money and also time and land to make the whole thing function better.

Mr B.J. GRYLLS: The best example I can give—I spoke about it earlier today—is the nine-storey high-rise development in Karratha that we opened. LandCorp worked on not just creating the lot. We created a large super lot. On that super lot in Karratha we have placed a service worker village with 100 units of accommodation at subsidised rents for hairdressers, Bakers Delight apprentices, Anglicare workers and the like. As well as that, we created two lots at the front of that site. That was won by Finbar after an expressions of interest process. Finbar has built a nine-storey apartment tower and, subject to finalisation, two more nine-storey towers will follow. LandCorp did the work in essentially bringing that land from the crown land estate into a title that was useable. We then worked with other government agencies to facilitate changes to the town planning scheme to allow that to take place. The land was bought at market value by Finbar, the proponent. Through the Pilbara Cities initiative, the private sector could see a clear focus of government on essentially being able to work with industry to be rid of the hurdles to development, and that has been allowed to happen. In a growing state like ours, with the population continuing to surge with 1 000 new families moving to the state each week, we will have to be very innovative with the way we use government skills to partner with private sector capital and allow enough housing to stay ahead of the demand curve.

[5.40 pm]

Mr R. Holt: I think everything LandCorp does is normally about providing platforms for the private sector to invest. As the minister indicated, a lot of our activities are about de-risking and de-constraining areas that would otherwise be unpalatable for private investment. We see that the major role of LandCorp is to undertake that de-risking and to open up opportunities for the private sector that would not otherwise be available. We outsource about 90 per cent of our activities to the private sector. We actively seek partners and also the provision of what we call super lots or en globo parcels of land to the private sector. That is on the land development side. On the built form side, we work very closely with builders and built form developers to make sure that the land product we are delivering meets their demands and basically accommodates the demands of the community.

Mr M.P. MURRAY: The second dash point on page 283 refers to the regional development assistance program. It is good to see that Collie got a development program. There are two things that I grapple with in new subdivisions. The first is the lack of greenfields playing areas. Many of the subdivisions have passive recreation areas, but this one is two metres wide and four blocks long and people cannot kick a football. I am hearing from many councils that LandCorp and other developers are creating problems for the future by not putting enough public open space in one area. Under the whole process, there is public open space, but it is in bits and pieces and gardens. People would be over every back fence in a subdivision to get their football out of someone's yard. It is going to cause problems.

The other problem is pollution in some areas. Collie has a terrible problem with wood smoke. I have asked this question of all governments: why can we not put reticulated gas in those subdivisions? This has been done previously; it is done in England on a regular basis. There is a tank at the end and everyone has a meter and the tank is refilled; the same thing is done at service stations. That gives people access to clean fuel. People in Perth get a subsidy to get rid of their wood fire. People in Collie cannot see because of their wood fire. I am not joking. Some mornings there is a fog-smog mix at 11 o'clock. It is an easy way to put into country areas the services that are provided in city subdivisions. I think it is about time optic fibre and gas were put on all blocks that are developed by LandCorp.

Mr B.J. GRYLLS: I thank the member for Collie–Preston. The member for Kalgoorlie also agrees with the member about lot sizes.

Mr J.J.M. BOWLER: It was not so much lot sizes, but there are no ovals in major parks where kids can play.

Mr B.J. GRYLLS: Yes. Clearly the Fremantle Dockers players, of whom I am a supporter, have grown up in those environments because they are exhibiting all the facets of not having enough space to practise in! I am very aware of that open space issue in all our subdivisions. I think block size is the first issue—can the kids get out in the backyard? The next issue is how close to the park people are and whether there can be five different groups

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of people kicking the footy in the park. It is a big risk in the current environment. There is high demand, and the challenge in town planning for the extension of water, power and sewerage services, and native title settlement in the north west, is that block sizes are being constrained to try to get a greater yield out of a given parcel of land. I think that is flowing into some of the things that the member is talking about. Apartments and inner-city or activity-centre density is fine for some, but it is not fine for all. We have to get much better than that. I appreciate the member raising that topic. I will have Ross add something to that about how LandCorp might be planning.

With regard to the member's comment about wood fires and the reticulation of gas, I know that he was involved in a study that looked at using pods to have small localised reticulation rather than a main trunk line. We are trying to balance the cost of the subdivision and the infrastructure provided. As someone who likes a wood fire, I do not know whether I want to agree to have one of those namby-pamby gas ones that make it look as though people are living in a modern inner-city apartment.

Mr M.P. MURRAY: The minister could get one with imitation logs!

Mr B.J. GRYLLS: I like to see the flames coming out of the chimney. If I cannot see the flames coming out of the chimney, I am not trying hard enough! I take the member's point, and I will ask Ross to add his points.

Mr R. Holt: I will be brief. We try to provide a diversity of lot sizes in our developments. So, rather than providing all lots at 400, 600 or 800 square metres, we provide a variety, because different people want different living conditions. Sometimes it is subject to land availability. It is very constrained in Onslow. If there were large lots there, it would mean that very few people would have their accommodation needs satisfied. I think we would be looking at smaller lots there purely because of the supply and demand situation. But that feeds into the public open space issue. Small lots require better public open space that is more accessible and of a better quality. We work very closely with local government authorities on the planning of subdivisions. A number of them say that they have enough POS, they do not want any more and they do not want the maintenance responsibilities. We normally provide in the order of 10 per cent; that is a standard provision. Quite often local government authorities say that they would rather have cash in lieu of the 10 per cent. The Western Australian Planning Commission is also a check and balance on some of that to make sure that the outcomes are appropriate.

On the gas supply issue, we would be very happy to look at it. We have not done so to date. One question that we would need to resolve is: who is going to own and operate that system? We would need someone after the LandCorps of the world have come in, developed and sold off. Managing that sort of ongoing supply is not our core business.

Mr M.P. MURRAY: If it is not put in at the start, it will never get put in; that is the point I want to make.

Mr R. Holt: Agreed. It is the same with the fibre optic.

Mr B.J. GRYLLS: It is a bit like Telstra. Telstra had a lot of fibre backbone across the state but it never offered the fibre backbone to consumers. Why would it when it was charging them a higher price for a product that they already had? A lot of the rollout of the national broadband network into regional WA has already been done. All it will do is plug it in and switch it on. A bit of this ties into that. If Kleenheat Gas or another gas bottle provider does all right out of it, the last thing it would want to do is come up with a solution that is cheaper for Joe Public; if it is doing well out of it, it will want to do well out of it for as long as it possibly can. The member referred to the ability to bring some competition into the market. As Ross said, it would be interesting to try to drive some innovation such as that.

Mr M.P. MURRAY: In Broome, the gas bottles for the power station are on one side of town. It goes all through the new subdivision and no-one is on gas.

Mr B.J. GRYLLS: The line is underneath it.

Mr M.P. MURRAY: I am sure that there could have been a commercial arrangement for that.

Mr B.J. GRYLLS: That is mainly because the cost of providing a billing system for 250 customers outweighs the benefit of doing it.

Mr M. McGOWAN: There is a reference to Oakajee in the first dot point on page 282. Obviously, the government has held back, taken back or put into a holding account its expenditure in that regard. LandCorp has done some work. Does that mean that any expenditure being undertaken for LandCorp's work on Oakajee and the industrial estate has now been put on hold?

Mr B.J. GRYLLS: The planning is done and the approvals are there. We are negotiating with one more landowner to complete the construction of the industrial zone. Our work on that essentially continues. But I assume that the money is provided as the money is needed.

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Mr M. McGOWAN: Sorry; I could not understand what the minister was saying.

Mr B.J. GRYLLS: Essentially, the work of LandCorp is the creation of the industrial estate and buffer zone, so that work continues. Essentially, most of it is done. Ross, do you want to tell us —

[5.50 pm]

Mr R. Holt: As the minister is indicating, that land has been assembled over many years. It has all been based on the idea of having a strategic industrial area that will be ready for when developers come onto the scene, with their time frames. They will have to get only project approvals rather than estate approvals. All the planning, environmental and any other approvals are now in place, so when a proponent comes and says that they want to locate at Oakajee, they still need to go through their project approval process, but that is a much shorter time frame than the overall estate approvals.

Mr M. McGOWAN: How does putting \$339 million of state money into a holding account, in view of the fact that the project has been significantly delayed, impact on what LandCorp has been doing?

Mr B.J. GRYLLS: The industrial estate will be available for any proponent, so there has been no delay to LandCorp. Essentially, the money that the Leader of the Opposition is talking about is the commonwealth money that was made available to the project. Again, that is a question that I am sure the Leader of the Opposition put to the Premier this morning. Essentially, it sounds as though the land assembly and creation of the industrial estate are almost complete. That means that as an industrial estate is there, if someone wanted to relocate now in advance of the final decision, they could do that.

Mr M. McGOWAN: What is the possibility of someone locating there if there is no port?

Mr B.J. GRYLLS: Leader of the Opposition, the government would suggest that there will be a port. The Leader of the Opposition may not think there will be a port; we believe there will be a port, and that is why it is important to have the industrial land assembled and ready for the associated infrastructure that will be added. The notion of waiting for a final investment decision before doing anything is the scrambled egg I am trying to unscramble in the Pilbara, where essentially all the decisions of industry were made, and then government has tried to chase its tail to try to get planning approvals, industrial estate expansions and housing available. It is a much better place to be in to have the industrial estate issues resolved, and that allows for development to proceed when the industry decides that that will work.

Ms R. SAFFIOTI: On page 283 are the financials, basically. Why has there been such a significant increase in the metropolitan program, and what comprises that, from the 2011–12 estimated expenditure to the 2012–13 estimated expenditure? That is an increase from \$59 million to \$140 million.

Mr R. Holt: Our activities in the metro area and the development and acquisition expenditure are driven by the number of projects and the stage of the projects. The Alkimos project will commence next year, so that requires major up-front investment. That is a primary driver. We are also acquiring a significant number of sites, including the Carine TAFE site, which we are partnering with Cedar Woods and the St Ives Group. The Alkimos one we are partnering with Lend Lease. So a primary driver is just the growth in the number of projects that are at the point at which they are through, if you like, the project conceptualisation stage and are now moving into the development stage.

Ms R. SAFFIOTI: In relation to borrowings and the way in which these things have been funded, there is an increase in internal funds and balances from \$183 million to \$287 million. Is that because LandCorp is making a lot of sales and getting a lot of returns to allow it to fund these projects by increases in the amount of internal funds and balances?

Mr F. Marra: That is correct. As the new projects come on stream—principally Alkimos and a few other new projects—they will generate additional sales, and that is being used to fund the development expenditure.

Ms R. SAFFIOTI: I refer to the 2011–12 estimated expenditure of \$59 million. One of the reasons the jump is so high is that \$59 million looks remarkably low. Is that one of the lowest levels of expenditure over the past decade, for example?

Mr R. Holt: Yes, and I think that reflects, in part, the metropolitan property market—the residential property market primarily. We do not just continue to develop land if there is no demand. We tend to have things development-ready. We have all the planning et cetera done, and then we respond to the market. That is not trying to trickle land onto the market in order to maximise return; it is more about just the prudent use of scarce financial resources. We make sure that the supply basically matches the demand and, preferably, with a bit of an overhang of supply.

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Mr B.J. GRYLLS: If I can just add to that, I think LandCorp has three to four per cent of the metro land supply, so we are a small component of the available land in the metro area.

Ms R. SAFFIOTI: As a follow-up question —

Mr J.J.M. BOWLER: Another one?

Ms R. SAFFIOTI: Yes.

Mr J.J.M. BOWLER: The ratio is about 12 to one. I have a question on Kalgoorlie that I would like to get out sometime today.

Mr B.J. GRYLLS: We will get it done.

Ms R. SAFFIOTI: In relation to the expenditure, the view was that the market did not require the additional spending in 2011–12.

Mr B.J. GRYLLS: I can answer that. This is on Perth and Peel land and acquisition. With LandCorp having three to four per cent of the market and the market being substantially depressed and there being a lot of blocks available in privately held subdivisions across the state, LandCorp does not spend hundreds of millions of dollars providing land to a market that does not want to buy it. LandCorp should obviously be diverting its interest to where there is a problem, and that is what it has done—knowing that it has to have a land bank into the future that is ready should problems emerge in the future.

The CHAIRMAN: I believe the member for Kalgoorlie has a question.

Mr J.J.M. BOWLER: I do.

Mr M.P. MURRAY: I forgot about it, he has been whingeing for so long.

Mr J.J.M. BOWLER: I let about 10 or 11 go. I agree with the member that there should be more for the opposition, but I have a question on my electorate. The second dot point on page 282 refers to regional land. Historically, Kalgoorlie has a famine or feast with land. In the last couple of years, we have had a fair bit of land available in our wonderful grass golf course estate, but I have noticed in the last three or four months that they seem to be going off. I do not want to get caught once again with a famine with LandCorp not ready to release the next stage of the grass golf course estate.

Mr B.J. GRYLLS: I will be happy for the boss of LandCorp to assure the member for Kalgoorlie that that will not be the case.

Mr R. Holt: I can definitely give the member that assurance. As the member knows, that estate is a great development surrounding the golf course. It has been very, very slow in sales terms. We have no intention of being caught with the stock out.

Mr B.J. GRYLLS: What is our time line for that subdivision?

Mr R. Holt: Currently, 27 lots are available, and we are planning on another 32 being developed and released in the next financial year.

The CHAIRMAN: I give the call to the member for Warnbro. Watch the time, folks.

Mr P. PAPALIA: In the second dot point on page 282, the metropolitan program refers to the department's role in facilitating the development of government priority urban projects. I wonder whether the minister knows, through the Rockingham Kwinana Development Office, whether the department has any role in facilitating the Golden Bay development. In referring to the previous question from the member for Collie–Preston about small block sizes, contributions and potential sporting fields, is there any way of getting some contribution from the Department of Housing towards Australian Rules football at Lark Hill?

Mr B.J. GRYLLS: Ross informs me that that Golden Bay development is a Department of Housing development, so we do not have a role in that. Having said that, the Rockingham development office, headed by Phil Edman, has managed to gain enormous significance, based on Phil's insistence. He is doing a good job.

Meeting suspended from 6.00 to 7.00 pm