

**STANDING COMMITTEE ON ESTIMATES AND
FINANCIAL OPERATIONS**

2014–15 ANNUAL REPORT HEARINGS

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 9 DECEMBER 2015**

**SESSION THREE
METROPOLITAN REDEVELOPMENT AUTHORITY**

Members

**Hon Ken Travers (Chair)
Hon Peter Katsambanis (Deputy Chair)
Hon Liz Behjat
Hon Alanna Clohesy
Hon Rick Mazza**

Hearing commenced at 1.28 pm**Mr KIERAN KINSELLA****Chief Executive Officer, examined:****Mrs HILARY MANDERSON****Director, Finance and Treasury, examined:****Mr Mark REUTENS****Executive Director, Corporate Services, examined:**

The CHAIR: On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I would like to welcome you to today's hearing. Firstly, can the witnesses confirm you have read, understood and signed a document headed "Information for Witnesses"?

The Witnesses: We have.

The CHAIR: Witnesses need to be aware of the severe penalties that apply to persons providing false or misleading testimony to a parliamentary committee. It is essential that all your testimony before the committee is complete and truthful to the best of your knowledge. This hearing is being recorded by Hansard and a transcript of your evidence will be provided to you. The hearing is being held in public, although there is discretion available to the committee to hear evidence in private either of its own motion or at the witnesses' request. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before answering the question. Government agencies and departments have an important role and duty in assisting Parliament to review agency outcomes on behalf of the people of Western Australia, and the committee values your assistance with this.

Do any of the witnesses wish to make an opening statement? If not, we will go straight to questions.

Mr Kinsella: Happy to go straight to questions, Chairman.

Hon SUE ELLERY: Good afternoon. I have got some questions around Elizabeth Quay, so we can start with them. First off, in respect to The Esplanade train station, does the MRA see any issues with that station and any requirements for improvements or modifications to cater for more people using the station to access Elizabeth Quay—I guess I say that in the context of there being some safety issues in respect to the escalators and stuff in recent years—and, if so, what improvements or modifications would you be looking for to make sure Elizabeth Quay gets the best service out of that train station?

Mr Kinsella: From the MRA's point of view, we do not really have much of an understanding of the technical requirements of the station in terms of extra patronage. There is an issue on The Esplanade regarding pedestrian movement from the train station into the quay and certainly people coming from St Georges Terrace down those roads. In fact, I am meeting tomorrow with Main Roads and the City of Perth just to put some final touches on plans to deal with the pedestrian movement because we are aware of that and we are trying to plan our way through that. But on the actual train station, I am not aware of the capacity of the escalators or anything.

Hon SUE ELLERY: So what do you think the solutions are to assisting pedestrian movement down through that way?

Mr Kinsella: We do not really know what the numbers will be, so what we are trying to do is some modelling, and Main Roads has been doing some modelling, together with the City of Perth.

I suppose it is important to remember that the road movement is in the hands of Main Roads and the City of Perth, but we are working with them to try to find where the obvious key access points are and to try to put in place whatever insurance we could to make sure that we manage people crossing in a safe way. That may include a set of pedestrian lights on Sherwood Court, so that is part of the subject for tomorrow's discussion. We certainly are very keen to make sure of The Esplanade pedestrian crossing, because at the moment, even at peak hour, the William Street–Esplanade intersection is quite a busy intersection, so we will be working through those sorts of contingency plans. I think our philosophy will be to monitor it very closely during the first three, six and nine months of operation and to be as flexible as we can in bringing whatever pedestrian management processes we need to bear.

Hon SUE ELLERY: At the other end of Elizabeth Quay are the ferry services. In answers already provided by the PTA to this committee, the PTA said that the start-up of the ferry services to the Elizabeth Quay ferry terminal are in the hands of the MRA, so I am asking the MRA now: what is your planning? When do you think that ferry services will start out of Elizabeth Quay?

Mr Kinsella: My understanding is that on 13 December there will be sea trials to make sure that the ferry can come in and move around the quay and the ferry drivers can get used to the maritime conditions and get themselves used to coming in through that new channel. My understanding is that 31 January 2016 will be the day that the services switch. I think the government has already announced that the Elizabeth Quay ferry terminal, the Elizabeth Quay train station and the Elizabeth Quay bus port will all come into effect on that day and all of the PTA timetables and passenger information will change to reflect that. We have targeted Sunday, 31 January.

Hon SUE ELLERY: With the other services that use Barrack Street jetty now, what is planned for Barrack Street jetty once the Elizabeth Quay terminal is open to the public? What services will operate from Barrack Street jetty and what will operate from Elizabeth Quay? How will you split the services?

Mr Kinsella: The regular passenger transit service from the PTA will transfer to Elizabeth Quay. All the other commercial ferry operators will continue to use Barrack Street jetty. They will have more room, obviously, because they will be able to spread out a little bit more. The management of those jetties and the commercial relationships still remain with the Department of Transport, so from our point of view, recently on 17 October we completed our works around Barrack Street Square and have put in place the new facilities for the traders. We have a plan to continue to support the traders with place activation activities so that we are still bringing people to Barrack Street jetty. Given the ongoing construction of the major buildings at Elizabeth Quay, we think quite a few people will find their way to those commercial eateries at the Barrack Street jetty.

Hon SUE ELLERY: Can I ask you about marketing for Elizabeth Quay? There was a series of radio advertisements to promote Elizabeth Quay. What was the total budget for those advertisements, if you are able to tell me that?

Mr Kinsella: We do not have the amount of money.

Hon SUE ELLERY: Can you take that on notice?

Mr Kinsella: We can take that on notice and provide that.

[Supplementary Information No C1.]

Hon SUE ELLERY: What about other advertising planned between now and opening? So, between December 2015 and, say, March 2016, what advertising is planned or booked, and are you able to tell me what the budget is for any advertising in that category?

Mr Kinsella: Chairman, I would need to take that on notice. I do not have that with me today.

The CHAIR: We will make that all part of C1.

Hon SUE ELLERY: I have got some questions, Chair—I will keep going until you stop me—about various lots.

Mr Kinsella: Around Elizabeth Quay?

Hon SUE ELLERY: Yes. For lots 2 and 3, can you tell me how many expressions of interest were received and when do you expect to finalise the sale of those two lots and when do you expect construction to commence?

Mr Kinsella: We had nine proponents make a bid for those sites. The evaluation panel has had its first look at those proponents and we are seeking clarification on some elements of the short—there has not been a formal short list, but we are going back and talking to the ones that are in our sights. We expect that somewhere in February, we will be in a position to announce a preferred proponent, and then, typically, it takes us about six to nine months to reach a complete contracted stage with the preferred proponent. That is really about getting all of the terms in the contract set. We suspect that the move from sale to construction will be fairly quick compared with the previous sites that we have sold at Elizabeth Quay just because we will have the public realm completed and we have been through the process a couple of times. So we should be able to get there a bit quicker and we will have titles available for settlement. My best guess sitting here today would be we are probably around 15 to 18 months away from construction starting on the site following the DA.

Hon SUE ELLERY: With lot 4, the last time you appeared before this committee—probably this time last year—you said that you were anticipating that you were not likely to take lot 4, which has got a very high value, to market for a while. So, a year on, what are the current plans for lot 4 and when do you expect to take it to market?

Mr Kinsella: The current plan for lot 4 is to be activated, and you may have seen in the media that the Festival of Perth will use lot 4 as part of their presentation. We have made a commitment to the Festival of Perth that they could run that event there for four years. Probably at the beginning of the year leading into the last event—I am thinking around February or March 2018—we would start a sale process, depending on how the market is, so that by the time that the last Festival of Perth event in the four-year cycle comes to a conclusion, we would be in a position to complete a deal on the sale of that lot. That is our thinking, and that would be where we aim to be, depending upon what happens with the overall commercial market. We see that as a commercial office site in principle for main use. We would be hoping that in that three-year window the commercial market returns to some sort of equilibrium.

Hon SUE ELLERY: Moving around the lots to lots 5 and 6, in the hearing last year, the advice that the committee was given was that you had begun an exclusive negotiating period with Brookfield Properties but you did not expect the negotiation process to conclude by the end of 2014, but I think via a parliamentary question, it is now anticipated that that period would not end before 13 June 2016. Can you explain whether there is any particular reason why the negotiating period has been so long and do you have a time frame for when the commercial building would commence?

Mr Kinsella: I think we took the view that with Brookfield, one of the world's major facilities management companies, having their interest in the site and seeking to find a tenant to start a commercial office tower, we were not in a position to get probably a better proponent for that site. We are in a position where the market for commercial office towers is probably the softest it has been for a considerable amount of time. We did not see much benefit in withdrawing from that process at this stage. I suppose what we have done is said that we have got a very good proponent who has got all the capability—as good as anybody else in the marketplace, we suppose—at this stage to make that project come to fruition. That is why we have given them that extended time to deal with the site. I am not able to say at this stage that we have a project sitting there. We are still talking to them and they provide us with feedback about the sort of work they are doing in the market, so they are active, trying to bring that deal together, until they close a deal and come back to us. We certainly have set with them a commercial price and our expectation, so we are happy that

the state will get a good deal if this deal transpires. We are just continuing to encourage Brookfield. We have put our trust in their capability and their market reach.

The CHAIR: How long do they have? I think the last time you came before us you were talking about the exclusive negotiating period finishing on 12 December, which is a year ago, then you extended it out over a year. As I understand it, the original tenant they were looking at has found other accommodation. How long do they continue to maintain the exclusive rights to put together a deal for that site before you say, “It’s now back open for people to come to us with proposals”? How long do they maintain their exclusivity for?

Mr Kinsella: As the member stated, that exclusive negotiating period is up for review on June 2016. It expires at that stage and we would then have to take a market view at that point to as to whether or not that would be extended or whether we thought we would need to go back to the market again.

[1.45 pm]

The CHAIR: What did the original tender provide for? When they tendered for that site, what was the expectation indicated in the tender documents about the level of exclusivity for that site?

Mr Kinsella: The tender documents are pretty much written in weight of what the authority requires. Without quoting it verbatim, we were able to make the arrangement we have made with legal advice. That is where we are at. I suppose there is a point in time where we will say that enough is enough and we need to go back to the market. There is no sunset clause in the tender document per se; it would just be a matter of perceived fairness for the rest of the market.

The CHAIR: In the current market are we realistically likely to get a commitment to a new building? You would be monitoring the market at the moment probably as much and anybody else because you have other sites in Perth. Is it realistic to expect that we will get some sort of conclusion?

Mr Kinsella: I think Brookfield’s capacity to do something in the current market is as strong and anyone’s. I suppose we remain not with confidence but faith in the fact that we have near enough to the best proponent we could have who has carriage of that site at the moment. We do not have other proponents knocking at our door.

The CHAIR: I do not question Brookfield’s capacity to put it together. It is whether or not the current market allows it to be put together.

Mr Kinsella: The only analogy I could make is that when we went to market with lots 2 and 3, we brought in nine proponents. Amongst that group of nine, there was a serious group of proponents that, given that they were successful on lots 2 and 3, may look for other sites at Elizabeth Quay.

The CHAIR: Were lots 2 and 3 commercial?

Mr Kinsella: They can all be commercial mixture lots.

The CHAIR: Lots 5 and 6 were commercial.

Mr Kinsella: There is nothing to prevent a hotel or a residential development being built on those sites.

The CHAIR: In 5 and 6?

Mr Kinsella: Yes.

The CHAIR: I thought 5 and 6 were aimed at commercial development.

Mr Kinsella: From a philosophical position we would prefer to have the office commercial towers on lots 4, 5, 6 and 7 where they meet up against the existing CBD, and to use the wings on 9 and 10 and 2 and 3 for residential and hotel development.

The CHAIR: For short-term, long-term or permanent accommodation?

Mr Kinsella: Yes. The design guidelines allow for development of all the sites. It is really just our vision of where we have tried to put the emphasis, but we could certainly live with a good development on lots 5 and 6 that included apartments, a hotel and an office tower that was all integrated.

The CHAIR: But you have to have an office tower as part of the component. You would not allow on lots 4, 5, 6 and 7 a residential facility on its own without any other commercial development, or are we now looking at the potential for Elizabeth Quay to become fully residential?

Mr Kinsella: The design guidelines have always allowed for that to occur. It has really just been our vision to try and keep the commercial on lots 4, 5, 6 and 7. There has never been anything that would preclude that; it is just not our preference.

The CHAIR: Would that allow Brookfield to come back to you with a proposition for residential apartment towers on 5 and 6?

Mr Kinsella: Yes. The guidelines allow that.

Hon SUE ELLERY: I will go to lots 7 and 8 and the variation to the proposed original agreement. When did the MRA receive a formal request from Chevron Australia?

Mr Kinsella: We received a request from Chevron on October 2015. Although I had some meetings and discussions with representatives from Chevron, it was not until October 2015 that we received a formal request.

Hon SUE ELLERY: Before that, when were you first notified that Chevron was going to talk to the Premier about deferring the original agreement?

Mr Kinsella: I do not have that date in my head. I suppose the way that these things work is that Chevron had the appointment with the Premier's office staff and we were, as a matter of courtesy, informed that a discussion would take place. If you are seeking that date from me, I would have to put that on notice. Basically, the discussions with Chevron were initiated by the staff from the Premier's office and we were informed as a matter of courtesy that the discussions were taking place. Sometime later—it was not the next week—we sat and had our own meeting with the two representatives from Chevron.

Hon SUE ELLERY: I will ask you to check the date if you are able to.

[*Supplementary Information No C2.*]

Hon SUE ELLERY: If you trust me for a minute, the information in front of me that is on the public record now is that the Premier had a phone conversation with Chevron on 28 July and that he advised them to approach the MRA to request a variation. That is the public information that I have so far, but I will ask you to check when you were notified that Chevron was going to talk to the Premier about deferring the original agreement.

Mr Kinsella: There were several conversations with representatives from Chevron in my office and we talked around some of the elements of how that would change, and then we had a formal letter in October.

The CHAIR: We will make that all part of C2.

Hon SUE ELLERY: Thank you. Noting the deed amendment, can the MRA tell us the specific new milestone dates including when a development application must be submitted, construction commencement and completion dates, and any other key milestone dates that have changed?

Mr Kinsella: The deed amendment is yet to take place. Again, these are matters for further negotiation. I do not have a deed amendment in place. I am still waiting for some matters to resolve with Chevron and then I need to take that back to my board. The minister, under cabinet delegation, is the person who can authorise the actual legal instrument in the deed.

Hon SUE ELLERY: Do you have a sense of if we are close to getting sign off on the terms of the deed or are there still obstacles in the way to doing that?

Mr Kinsella: I think we were very close. There are a couple of minor matters to resolve about the arrangements that the MRA might have with Chevron about putting the site into a temporary mode for the three years before construction starts in terms of it being grassed and used for a place of activation in the meantime. We are just working through some of the finer points of that. We will be hopefully able to sign that out and move forward with the building in the new year because of the steps that have to be taken.

The CHAIR: What happens on 16 December? Is that not the current date that they are required to have the DA submitted by? If you have not got a variation, what happens on 16 December when they are in noncompliance of their current agreement with you?

Mr Kinsella: I think because we have had the conversation we understand where we are both getting to. Normally with those sorts of events, if we were concerned about the proponent not meeting their contractual arrangements, we would provide them with a notice to say that they are not in line with their contract and then ask them to fix that. In this case we both have a common understanding of where we are trying to get to, so it will just be a matter of —

The CHAIR: Have they paid the purchase price yet?

Mr Kinsella: Yes, that settled about two years ago.

Hon SUE ELLERY: I have only two lots left to ask about: lots 9 and 10. What is the anticipated time for construction to start and will the hotel and the tower will be built simultaneously; and, if not, what are the separate time lines for construction?

Mr Kinsella: The developer is planning to start construction in late February or early March on the basement excavation. My understanding is that it is an all-in-line build. The site will be hoarded off as we finish the works on the Elizabeth Quay public realm, which is likely to happen somewhere in mid-January. They will then go ahead with their construction timetable.

Hon SUE ELLERY: Thank you.

Hon PETER KATSAMBANIS: Staying with some of your projects in the North Metropolitan Region I want to talk about Scarborough. I have a few special questions around the Scarborough redevelopment but perhaps you are able to give us a quick overview of where we are at and what you are working on in the foreseeable future.

Mr Kinsella: On Monday night we were able to brief the councillors from the City of Stirling on the progress we have made with the project and share with them some of the fine details. The master plan has been out and accepted in the community. Once the master plan was adopted by council and ourselves, we then engaged with a landscape architect to do the design so that we can get the most accurate costings we can on the works to happen. In doing that ultimate design, the landscape architect has brought some added value to the master plan, which was basically the subject of the briefing to the council on Monday evening. I think all parties are pretty pleased with where we are at the moment. In recent weeks we have had an expression of interest. We are trying to prequalify the construction company that will do the works for the MRA. That will close just before Christmas and over the Christmas–new year break we will sort through and short-list the construction companies—there will be four or five—and ask them to bid on our bill of quantities for that site. We have in the master plan opportunities to create commercial spaces in the reserve next to the esplanade car park. Last week we advertised for a registration of interest from developers who might want to develop those commercial sites. Plans are afoot to relocate the surf club early in the new year to a temporary facility so that we can commence demolition and forward works somewhere in that April to May period. You may also be aware that the City of Stirling is planning concurrently to build a 50-metre swimming pool in the same —

Hon PETER KATSAMBANIS: I have some questions around that, yes.

Mr Kinsella: We are trying to work with the city as best we can to do a joint forward works package so that when sand is being moved around, it is being moved to the advantage of both projects rather than to have to take fill away from the site. Essentially, there will be a forward works package for both organisations in that time frame, then we will go ahead with our own packages. Both organisations are set to try to complete work by December 2017 and return the beach to its new stage.

[2.00 pm]

Hon PETER KATSAMBANIS: Great. I have some questions around that. Firstly, is the swimming pool wholly or partly on any of the land that is part of the MRA package or part of the MRA envelope?

Mr Kinsella: The swimming pool sits within the defined master plan area and within the redevelopment area, so the City of Stirling will need to get a development application approved by the MRA to do those works. We are working through that with their engineering people at the moment. What we tried to do is get as much integration between the swimming pool build and the build we are doing, so that from the general public's point of view the two buildings will flow together and share things like universal access, universal toilet facilities and staircases. In a technical sense they will have their own building envelope butting up against ours, but we are really trying to make sure that when you see the completed site you will not know that was a City of Stirling or an MRA site so that there is the best integration we can possibly have.

Hon PETER KATSAMBANIS: Are you involved in any way in the procuring of funds for that swimming pool project?

Mr Kinsella: No.

Hon PETER KATSAMBANIS: Have you had any discussions with the federal government or federal ministers in relation to funding for either the swimming pool or the broader precinct?

Mr Kinsella: For the City of Stirling, are you saying, or for us? We have not had —

Hon PETER KATSAMBANIS: As the MRA, have you had any involvement in discussions?

Mr Kinsella: No, we have not had any direct contact with the federal government, other than we did a letter of support for the swimming pool. I think the City of Stirling made a submission to the federal regional development fund, and we provided, like other stakeholders, a letter of support for the city's intent to put a swimming pool there.

Hon PETER KATSAMBANIS: Fine. You talked about trying to coordinate works.

Mr Kinsella: Yes.

Hon PETER KATSAMBANIS: What would be the final date or period, if you like, even down to a quarter of the year, that you would need to know that the swimming pool works are going ahead in order for you to be able to do that coordination you spoke about earlier so that the project could happen at the same time? Remember, this is an unfunded project at the moment; the swimming pool is a wish rather than a reality.

Mr Kinsella: I think we have taken the view that the City of Stirling will fund the pool, and that our baseline assumption is that we are doing our procurement planning for the works on the basis that both projects will proceed together. In the event that that did not occur, we would be able to uncouple our works from their works packages if required.

Hon PETER KATSAMBANIS: Would that be at a cost to you?

Mr Kinsella: There would be some documentation costs, but I do not think it would be a significant cost.

Hon PETER KATSAMBANIS: We will monitor that as we keep going, I think.

Mr Kinsella: I think the reverse is true: there are more benefits to be done by doing things together so that you only handle spoil on the one occasion.

Hon PETER KATSAMBANIS: Sure. It is quite clear from the perspective of building the pool that it would be much better for that to happen at the same time as your development. But from a state government point of view I am just trying to see what the implications would be if the pool did not go ahead. It sounds like there would be some minor costs, but nothing major.

Mr Kinsella: That is right.

Hon PETER KATSAMBANIS: You mentioned the expressions of interest for the commercial sites. Are those sites offered on a leasehold basis, freehold basis or are they offered to test the market as to what sort of tenure the market would be prepared to cop for that?

Mr Kinsella: We are actually doing a registration of interest, so it is not an expression of interest. It is a little bit like how we did the hotel side of Elizabeth Quay. What we are really trying to do is flush out the level of interest and what sort of tenure people might like. I think from our point of view a preferred position would be that the sites would stay as reserves with a management order to the city, and that when we put the commercial buildings in place eventually the leases would be novated to the City of Stirling when the MRA eventually leaves the Scarborough redevelopment area; that could be seven to 10 years away. Our sense is what we are trying to do is get the private sector to build and operate those properties, and we are trying to work out what sort of a lease would be commercially viable for someone to build and operate those sites so that it is not an expense to the government.

Hon PETER KATSAMBANIS: I think your answer probably zeros in on the concern I have, that post-MRA the very fact that a local government authority may well be the ultimate landlord for these premises seems to be not the best possible outcome either for the operators or for the long-term operation on those sites. They would not have the commercial acumen or commercial focus on getting a return for that site in the same way that if someone owned that property freehold and had an operator leasing it, or was the freeholder and the operator at the same time, would have.

Mr Kinsella: We have had some discussions with the City of Stirling along those lines. I suppose our role model has been Trigg Island Cafe, where recently a restaurateur who is operating under those very same conditions has invested considerable millions of dollars in revamping and renovating that property but it still belongs to or it still sit on a reserve that is under the management of the City of Stirling. From our point of view there will be significant build, significant maintenance and operating costs and significant place activation costs that the City of Stirling will inherit, but as the whole place becomes busier in a sense the revenue stream from the leasehold will allow the city to maintain all the new precinct that is built and to keep it activated and operating. In my view, the City of Stirling has a lot of expense at Scarborough Beach for a place that is used by a great wider population than just the ratepayers in that particular ward or the whole city. From our point of view, or from my personal point of view, I suppose, there needs to be a revenue source that allows that level of maintenance and activation to make sure the place stays as a premium locality.

Hon PETER KATSAMBANIS: I understand that, but I think that can be dealt with through an area-specific levy, if you like, or a premises-specific levy, especially when the City of Stirling is looking at funding a \$28 million project that they do not have funding for and they are sitting on a capital asset base. But, anyway, we will let them sort that one out. You are not at the expression of interest stage for that; you are really at the registration of interest?

Mr Kinsella: No, we are just trying to get an idea of what the market is doing; it is a market sounding, if you like.

The CHAIR: I got lost there. Who is going to get the revenue stream from the commercial rents; you or the City of Stirling?

Mr Kinsella: Initially the MRA, but they will novate that to the City of Stirling in time.

Hon PETER KATSAMBANIS: There was an expression of interest put out for place activation.

Mr Kinsella: Yes.

Hon PETER KATSAMBANIS: I think it ended last month or the month before?

Mr Kinsella: Yes.

Hon PETER KATSAMBANIS: Are you still in the evaluation stage of those expressions of interest or have you moved on?

Mr Kinsella: I think we are still working through those. I think there were some 50 expressions of interest for that, so it has been quite a popular area. It is not being done like we have to work through everything and just pick someone—like these are the last five; it is a bit of a rolling element because some of the activation events and things might happen in a different time frame. We will have a sort of smorgasbord of choice, and what we will try to do then is select the things that are value for money for the taxpayer and also will bring the biggest activation and general enjoyment to the beachfront.

Hon PETER KATSAMBANIS: In other words, that will encourage people to come down and use what for most times of the year is an underutilised area?

Mr Kinsella: Yes.

Hon PETER KATSAMBANIS: Great. When do you think some of that could start happening? Do you have a start date that you are working towards for the place activation?

Mr Kinsella: My understanding is that some of those expressions of interest will actually come to fruition during this summer.

Hon PETER KATSAMBANIS: During this coming summer?

Mr Kinsella: Yes. There is an element of when we start works if we want to be able to keep the place alive.

Hon PETER KATSAMBANIS: In your role as the development authority for the broader precinct, how many development applications have you received in that role outside of ones that are perhaps initiated by yourselves and/or the City of Stirling—so private landholders?

Mr Kinsella: We do have a summary of each of the redevelopment areas. No, we do not have the DAs for Scarborough.

Hon PETER KATSAMBANIS: Could you take on notice or provide further information on how many applications you have received, how many you have processed, and the results of those that have been processed—approved or not approved et cetera? Also, if you can give me average time frames for the processing perhaps of different types. I am never quite sure how you keep your statistics, so it is pretty hard to hone down. I am looking at the average time taken to process the applications, so perhaps you have broken them down by various silos or groupings.

Mr Kinsella: We have time frames that are specified to deal with DAs in accordance with our act, and so we keep our statistics on the basis that we have met those time frames, so we are able to do that, and we are able to provide a dollar value and the number. Do you want that since we have been the redevelopment authority?

Hon PETER KATSAMBANIS: Yes.

Mr Kinsella: The planning authority in that area?

Hon PETER KATSAMBANIS: Yes.

Mr Kinsella: We can do that; we keep that record.

[*Supplementary Information No C3.*]

Hon PETER KATSAMBANIS: I have some other questions, but perhaps I can pass on.

Hon SUE ELLERY: Your annual report at page 111 talks about marketing and advertising. The answers to the questions I have are not in there, but that is just a reference for you. In particular I want to ask about the MRA's carriage of major projects that are branded under the state government's Bigger Picture campaign, and I want to go to the arrangements between MRA and Carat—that is one of the media advertising organisations that you used. In the annual report on that page it says you spent nearly \$569 000 with them. I ask in particular about the formal arrangement between Seven West Media and Carat on behalf of the MRA in relation to the BigPic360 promotional bus. I will go through my questions, and then you can tell me whether you have to take it on notice or you have some information available now. Firstly, why is Carat's name on the memorandum of understanding and not the MRA's or the state government's? Secondly, who authorised the memorandum of understanding; and was it endorsed by the Premier or was it the Minister for Planning? Thirdly, is the MRA aware of any other contract or memorandum between Seven West and a state government agency in relation to the BigPic360 promotional bus project, as there does not seem to be much detail available on this one? I understand that item 1 of the memorandum of understanding has six activations, and I ask: what are those six? Are you able to tell me anything about the nature of the confidential information referred to in item 4, bearing in mind it says "confidential information"? I am asking whether you are able to tell me anything about it. Why is that information confidential? Are there any issues around the fact that under this agreement information requested by Parliament for what is effectively a taxpayer-funded project may not be provided if there is not express written consent; that is, you cannot release the information to Parliament unless there is express written consent?

The CHAIR: That is surely not in the agreement, is it?

[2.15 pm]

Hon SUE ELLERY: Apparently so. Is the \$49 000, nearly \$50 000, plus GST for the Telethon event part of the \$117 000 plus GST total gross spend or is that in addition to that \$117 000? What is the total capped amount or the anticipated total cost of the bus project for October 2015 to June 2016—that is, the life of the memorandum of understanding? The last one: is the MRA aware of the amount to date of costs incurred for kilometres travelled by the bus, the bus drivers' costs et cetera?

The CHAIR: Over to you, Mr Kinsella.

Mr Kinsella: Chairman, I would need to take all of that question on notice inasmuch as—the memorandum you are talking about, is that a memorandum? The memorandum that I am aware of between the MRA, strategic projects and the Department of Transport regarding the component that we contribute to in terms of major projects, which I am a signatory to, the day-to-day administration of the rest of that is a detail beyond my understanding, and some of those things—we will just have to come back to them; I do not know.

Hon SUE ELLERY: You take it on notice, but, as I am advised, and this is information provided through the parliamentary process so it will be on the public record somewhere, there is a partnership memorandum of understanding that is between Seven West Media and Carat and then "on behalf of the MRA". Those are the words that are in it. So it is that agreement that is not between you—it is between Seven West Media and Carat, but the words after Carat say, "on behalf of the MRA". So, I would be most concerned if you do not know anything about that.

Mr Kinsella: I do not know the chapter and verse. I know that some of those elements are part of a Get the Bigger Picture campaign, which we have access to.

The CHAIR: Member, you quoted a section there about it only being able to be released, is that the memorandum between Carat and Seven West Media?

Hon SUE ELLERY: Do you mean released to Parliament?

The CHAIR: Yes; with agreement of the other parties.

Hon SUE ELLERY: Yes. All of those questions relate to the partnership memorandum between Seven West Media and Carat, and the reason I am asking is that after the word “Carat” it says, “on behalf of MRA”.

The CHAIR: If Carat is operating as an agent of yours, I would formally request as part of that—I will give C4 to the questions asked by Hon Sue Ellery.

[Supplementary Information No C4.]

The CHAIR: For C5, I will formally ask for a copy of that agreement. If you are not able to provide it, I would like an explanation how that agreement conforms with the Financial Management Act.

Mr Kinsella: Understood.

[Supplementary Information No C5.]

The CHAIR: For a development application, I want to talk about the development application that the PTA put in for new depot lines at a new Claisebrook depot, or for an expansion of the Claisebrook depot. As I understand it, they put in an application that was allowed for delegated authority, is that right, because it was under \$5 million?

Mr Kinsella: No; the development application for Claisebrook depot was handled by the land redevelopment committee and also because when the project was being mooted, there was some community concern that was actually called in by the MRA board, so the MRA board made the final sign-off on the development application.

The CHAIR: Do you have a delegation process depending on the value of the projects?

Mr Kinsella: Yes.

The CHAIR: What are the thresholds for that?

Mr Kinsella: They are different for each redevelopment area.

The CHAIR: It is East Perth, in this case.

Mr Kinsella: So central Perth. I cannot quote them to you off my head.

The CHAIR: Does a figure of \$5 million sound about right?

Mr Kinsella: There are some elements that can be done by officers up to \$5 million, yes.

The CHAIR: I am happy for you to take that on notice as C6—the thresholds for authorities.

[Supplementary Information No C6.]

The CHAIR: When an applicant puts in and gives an estimated cost of the project, what do you do to establish whether or not that is an accurate estimation?

Mr Kinsella: In the main, we have a look at the quantum of the works and most of our planners who would do those would have an understanding of what those sort of costs are. If we need clarification, sometimes when we think that people are not being as forthcoming as they can with the actual value of the works, we might check that with our own quantity surveyors. But in the main, we accept the development, unless we have any reason not to accept that. Because we deal with lots of works, we have a fairly good rule-of-thumb understanding of that. I am thinking that there were two issues with the Claisebrook depot: there was one which was the actual works and then there was another delegated authority that we had about the PTA meeting compliance on the

noise attenuation process—and I think you may be referring to that, Chairman—which was the second approval that was left at officer level regarding whether or not the PTA had met the original conditions of the DA to meet a certain noise attenuation management plan for works that happened on the site.

The CHAIR: I am happy. But I would like you to go away and look at—you mentioned the issues you would look at whether you raise any concerns—what the original application from the PTA was; how much they estimated the value of the works would be; and whether or not your staff raised any concerns with them about the value, because as I understand it, the original application said the works were valued at around \$5 million, but in actual fact the cost of the project is around \$15 million.

Mr Kinsella: We can check that fact.

The CHAIR: We will make that all C6.

In terms of that, have any of the plans that you have received or approvals that you have given included provision for a new main line connection running off the existing Armadale line into that extended depot area, whether or not any of the documents that you have had or received or seen include a connection into the main up and down mains into that depot, so everywhere on the PTA land between the Swan River and the Lord Street overpass?

Mr Kinsella: For a new connection into that space?

The CHAIR: Into the existing Armadale line.

Mr Kinsella: I would have to check that.

The CHAIR: I am happy for you to take that as part of C6.

Mr Kinsella: Yes.

Hon SUE ELLERY: I turn to the East Perth power station and ask about the expressions of interest for that. How many expressions of interest were received in total? How many are still under active consideration? Have you already knocked any out? What is the current status of the EOI process? When do you anticipate it to be finished? Were any of the EOIs from outside Australia, from overseas; and, if so, how many? Do you want me to go back?

Mr Kinsella: No. I am trying to work out whether any were from overseas. There certainly were major Australian development companies, but to the best of my knowledge there was none from overseas. There were at least five submissions, and the status is that we were going to do two rounds of that evaluation. The first have been received and we have looked at those. We have probably shortlisted, in our mind, to four. We have not actually notified those four proponents, because all of those proponents sought some sort of additional support to remove energy infrastructure from the site before they would proceed. We are seeking to ascertain whether or not the cost and the time frame—to give certainty for future planning from the energy portfolio on those matters. Once we have that determined, we would then go back to those shortlisted bidders and give them a time frame for how those assets would be relocated away from the site and then ask them to make a formal stage 2 bid. The first bid did not seek pricing. It was, basically: What would you do with the site? How would you activate the powerhouse and the surrounds? So, from our point of view, until we are able to get a better picture of the relocation of those energy assets—I suppose, in our first round we were testing to see whether anyone else would take on the burden of removing those. They have all been very clear that they will not.

The CHAIR: It is a heavy burden.

Mr Kinsella: Yes.

Hon SUE ELLERY: Do you have a sense of how long it is going to take you to get to the end of the expressions of the interest process, given where you are now?

Mr Kinsella: I think we meet next week with some people from the energy portfolio to talk about the size of the ask and the time frames associated. I would think, depending on their responses, I would not be able to call that until I have seen it.

Hon SUE ELLERY: At page 72 of the annual report, you refer to consultants and contractors listed under “Supplies and Services”. But what I want is not listed there, so that is like the hook for the subject. What I am after is a breakdown of the names and costs of the consultants and contractors that you used in 2015 and 2014. I do not think you have that in your head.

Mr Kinsella: For what? What services do you want?

Hon SUE ELLERY: For everything; for whatever you used them for. So it was four-point-whatever-it-was-million worth in 2014 and \$6.3 million in 2015.

Hon RICK MAZZA: A \$2 million jump.

Hon SUE ELLERY: It could be one contractor or one consultant or it could be 57.

The CHAIR: We will make that C7, as supplementary.

Mr Kinsella: It will need to be, Chairman, yes.

[Supplementary Information No C7.]

The CHAIR: While you are looking for your next question, which might prompt you to have some more on this area: what work have you done with the Department of Education about identifying future school sites?

Mr Kinsella: We did a joint report with the City of Perth regarding community infrastructure requirements for the CBD area. In doing that joint report, we then spoke to agencies such as Education. In that report, it identified that in the longer term the Department of Education would require a K–12 school in that general vicinity. We have had some, I suppose, officer discussions about the outcome of the report, but we have not actually settled upon any potential sites.

The CHAIR: Have you identified any potential sites that would meet the criteria for a school that you still own that are of a large enough size that could fit a school on it, either a primary or a high school, within your area?

Mr Kinsella: No, not really. We have not had that direct request, as such.

The CHAIR: Well, maybe I will make the request, if they have not, for you to see if you could advise the committee as to whether there are any sites with land that you own that would be in a suitable location and of sufficient size to house either a primary or a high school.

[Supplementary Information No C8.]

The CHAIR: Also the report that you did with the City of Perth, can you provide that as supplementary information to us? We will make that all part of C8.

Mr Kinsella: I just need to check with the City of Perth whether or not —

The CHAIR: We will make the request. I am sure you are aware of the processes if you cannot provide it.

Mr Kinsella: Yes.

[2.30 pm]

The CHAIR: I had one other question. In terms of the public realm at Elizabeth Quay, have you finalised your negotiations as to who will pick up the responsibilities and the funding with the City of Perth? Have those negotiations been completed or are they still ongoing?

Mr Kinsella: They are ongoing. I do not have a final signed document but we have a set of principles that have been established between the two organisations. We are just moving towards trying to identify the final maintenance costs for Elizabeth Quay. There is an element of some of

those facilities that we really will not know their long-term costs until we use them and start seeing how they wear and tear. Most of the facilities have been built for a 50-year life cycle—for example, the bridge—but what maintenance is required, because it is a new bridge, we would need to work our way through. In principle, the city and ourselves have an understanding that we will work together on that. We are hoping that by the end of this month or early next month we will have a service level agreement between the two organisations.

The CHAIR: So it will be ready before the opening? It will be agreed before the opening?

Mr Kinsella: Yes.

The CHAIR: You mentioned earlier revenue streams to the City of Stirling. Will there be any revenue streams to the City of Perth to help them maintain the public realm?

Mr Kinsella: They already have revenue streams because we settled on lots 7 and 8 and lots 9 and 10. They are rateable properties. The city will be able to rate those lots now.

Hon ALANNA CLOHESY: Just on the compliance section of the annual report, there was one declared interest regarding contracts. What was that interest and who was it declared by?

Mr Kinsella: Excuse me, what page are you referring to?

Hon ALANNA CLOHESY: Page 111. The page numbers are very hard to find.

Hon SUE ELLERY: It is right up the top.

Mr Kinsella: I do not have that at the top of my mind. We will need to report back.

[Supplementary Information No C9.]

Hon ALANNA CLOHESY: Also under “Marketing and Advertising”, the compliance that you are required to heed under the Electoral Act, can you give me a breakdown—I am happy to take this on notice too—of the campaigns that the advertising and marketing budget was expended on?

Mr Kinsella: Yes.

[Supplementary Information No C10.]

Hon RICK MAZZA: I have one quick question. Just with Elizabeth Quay and the claim by Wang for the Chinese restaurant, about \$7 million has been paid so far. Where are you at with trying to get that finalised?

Mr Kinsella: That is still a matter in the Supreme Court. So far both parties have agreed to at least the \$7.25 million amount. Protocol is that once you have an agreed sum, you pay that so there is no ongoing interest occurring against that payment. It is still sitting in front of the Supreme Court and being worked through. The Wangs are not happy with the settlement offer. They are making a claim and the state is responding.

Hon RICK MAZZA: So there is no indication of what the final amount might be?

Mr Kinsella: No.

The CHAIR: Just before we close, in terms of the Perth City Link, do you still have land for sale within the Perth City Link area?

Mr Kinsella: Yes.

The CHAIR: How many lots do you have for sale and how many have you sold in the Perth City Link area?

Mr Kinsella: We have two lots that are under consideration or under offer—lots 2 and 3A. Then we have eight lots that are part of a longer term arrangement with Mirvac that we are yet to completely finalise. The concept was that we would have the one developer develop those lots in a line and they would draw them down as required. We are revisiting that with Mirvac at the moment.

The CHAIR: When you say it is under offer, is it a formal offer or are you negotiating like you are with blocks 5 and 6 down at Elizabeth Quay so there is a process rather than a formal process and acceptance being made?

Mr Kinsella: A term sheet has been issued to the potential developer, who will hopefully respond to that prior to Christmas.

The CHAIR: I am happy to put these supplementary questions on notice for you to provide more detail, but the original business case for Perth City Link—what are the expected sales, the time frame, and also who carries the risk of that development? Is it yourselves or Mirvac that actually carry the risk on those lots?

Mr Kinsella: Remembering that the land is not yet ready for development because the bus station is still being completed.

The CHAIR: Was that always part of the original business case—that it would not be sold until a point? Anyway, I will put them as questions on notice. That is probably easier.

Mr Kinsella: That is the case. In a sense, we would have to complete the underground works. Until all the underground works have been completed, we were not able to build above them.

The CHAIR: In terms of the Perth City Link, in total, 10 lots were available as a result of that construction—two under consideration and eight as part of the joint venture, for want of a better term, with Mirvac.

Mr Kinsella: Those two were able to be cut out because they are not impacted by the underground works.

The CHAIR: I can frame my questions around that.

The committee will email the transcript of evidence, which includes the questions you have taken on notice highlighted on the transcript, to you in the next couple of days. The corrected transcript will be requested to be returned within five working days of receipt. Note that that is different from our previous 10 days because we want to get the transcripts finalised quicker. The good news is that the answers to questions taken on notice will be requested by 11 January 2016, so that is more than the usual 10 days. Any additional questions the committee has for you will be forwarded by the minister next week and will also be requested by 11 January 2016. Should you be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons as to why the due date cannot be met. In the event that you are unable to meet the due date for any of the questions, the committee expects that as many questions as possible are provided by the due date. If members have any unasked questions, I ask them to email them to the committee by midday on Monday, 14 December. Again, on behalf of the committee, thank you for your attendance today.

Hearing concluded at 2.38 pm
