



ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 8 December 2014

LandCorp

Supplementary Information No. A1: Hon Alanna Clohesy (refer to page 3 of the Transcript)

(1) So each year do you calculate how many affordable housing dwellings will be made available based on the market assessments over the year? Do you set yourself targets for affordable housing? Have you got with you your analysis of where that land was and proportion you have been able to meet?

Answer:

Each year LandCorp measures the percentage of sales it has achieved with a sale price below the median lot price for the area.

Through a variety of methods, LandCorp supports Government's policy target of 15% of new land being provided for affordable housing purposes. This involves working with a number of organisations including the Department of Housing, Regional Development Commissions, Not for Profit sector and other delivery partners.

During 2013-14 2% of LandCorp's sales were to the Department of Housing for public and social housing purposes whilst 87% of LandCorp lot sales were below the metropolitan market median lot price for Perth and 41% of LandCorp all dwelling unit equivalents sales, across the State, transacted at a price below \$195,000.

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 8 December 2014

LandCorp

Supplementary Information No. A2: Hon Alanna Clohesy (refer to page 4 of the Transcript)

(1) Springs Development project – What level of open space has been provided? How much active space is included in that kind of large development?

Answer:

The provision of public open space (POS) at The Springs Rivervale was determined by the statutory planning policies of the Western Australian Planning Commission. The City of Belmont as local planning authority provided calculations and requirements for the provision of POS as part of the conditions of subdivision. These local authority conditions covered both the amount of POS to be provided from LandCorp's portion of subdivisible land holdings, as well as the that required from the private landholding within the Structure Plan area.

Accordingly, LandCorp has delivered 4,977sqm of new highly landscaped POS area, in a form and location consistent with both the requirements of the approved Structure Plan and subdivision conditions. Additionally the local authority allocated 5,100sqm of Cracknell Park as POS to cover the private landholdings requirement. In total, the combined total POS of 10,077sqm (or approximately 1 hectare), ensured the standard of 10% POS requirement by the authorities was achieved from the overall 10 hectares of Gross Subdivisible area within the Structure Plan.

The above POS is completed by 22,000sqm Swan River Foreshore Reserve that adjoins the Structure Plan area and together provide significant grassed areas for active recreation.

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a vertical line and a horizontal stroke at the top.

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 8 December 2014

LandCorp

Supplementary Information No. A3: Hon Ken Travers (refer to page 7 of the Transcript)

(1) Rivervale – The Springs - Provide the value of land purchased from Main Roads. When you provide the Main Roads land, if you could also give the area of land that is involved

Answer:

LandCorp acquired two tranches of land from Main Roads which totalled \$12,719,478 (GST inclusive). The first tranche was 49 lots with a total area of 4.1943 ha at the value of \$11,889,761 (GST inclusive). The second tranche was Road Reserve Land being 7 lots with a total area of 0.2133ha at the value of \$829,717 (GST inclusive).

A handwritten signature in black ink, appearing to be 'G. H.', located in the bottom right corner of the page.

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 8 December 2014

LandCorp

Supplementary Information No. A4: Hon Ken Travers (refer to page 8 of the Transcript)

(1) Provide square meterage of those sites that you have within your land holdings that have been identified that you would expect will be purchased by the WA Planning Commission, where those sites are and where those sites are in each of your developments?

Answer:

| Land Asset | Land Area (ha) | Comments |
|---|-----------------------|---|
| Australind | 25 | Land has been zoned to 'Regional Open Space' (ROS). |
| Alkimos Regional Open Space (ROS) - Alkimos Beach Coast | 41.2 | Potential compensation on ROS from Western Australian Planning Commission (WAPC). |
| Alkimos Regional Open Space (ROS) - Alkimos Central West | 21.6 | Potential compensation on ROS from WAPC. |
| Alkimos Regional Open Space (ROS) - Alkimos City Centre/Central | 91.8 | Potential compensation on ROS from WAPC. |



ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 8 December 2014

LandCorp

Supplementary Information No. A5: Hon Rick Mazza (refer to page 9 of the Transcript)

*(1) There are four or five blocks that have been developed in Rocky Gully some years ago.
How many of those blocks has LandCorp sold?*

Answer:

Four lots have been sold in Rocky Gully since release in 2005. In 2008 LandCorp repurchased a lot which was subsequently re-sold in 2009.

A handwritten signature in black ink, appearing to be 'GJK', located in the bottom right corner of the page.

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 8 December 2014

LandCorp

Supplementary Information No. A6: Hon Rick Mazza (refer to page 10 of the Transcript)

(1) It is my understanding too that you have a light industrial suburb at Pinjarra; is that correct? Has there been any reduction in price to get some of those blocks sold on what you were originally asking?

Answer:

LandCorp has a policy to sell lots on the basis of valuation/advice. Since the release of Stage 1 in 2008, lot prices at LandCorp's Pinjarra Industrial Estate have been reduced in line with market conditions:

| | |
|----------------|---|
| 2008 | Initial valuations for lots between \$160m²- 240m² |
| 2009 | Prices adjusted to average \$180m² to meet the market |
| 2011 | Prices reduced in 2010 at average \$150m² in static Industrial land market |
| 2012/13 | Prices reduced to an average \$133m² . Additional incentives of a 12 month deferred settlement period and a council rates waiver included (average benefit \$2,000pa) |
| 2014 | Prices further adjusted downwards to an average \$130m² |

Market and Sales Analysis

LandCorp's Pinjarra Industrial Estate, in line with market conditions in the Peel Region, has experienced extremely slow sales since the global financial crisis. This is reflected in a similar lack of sales in the private light industrial estate at *Intersect 20/20* located nearby, which offers a smaller lot product, and is priced approximately \$50/sqm higher than LandCorp's estate pricing. Stage One of *Intersect 20/20* was constructed in 2011 and is yet to sell its first lot.

To further stimulate sales, in 2014 LandCorp has:

- appointed a new Sales Agent (October 2014);
- drafted a new sales plan for release (February 2015); and
- extended the offer for 12 month deferred settlement period and a council rates waiver in conjunction with the Shire of Murray.



ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 8 December 2014

LandCorp

Supplementary Information No. A7: Hon Rick Mazza (refer to page 10 of the Transcript)

(1) I notice on page 58 of the annual report you talk about the local regional development assistance program. I am not sure if the Rocky Gully land we are talking about is part of that or not. It says here that over 200 lots have been released in 23 regional towns over the past 24 years. Are you able to inform us how many of those lots have been sold over the past three years? Where those holdings are, how many lots in each package or release or estate or whatever you want to call it and perhaps how many of these have been sold.

Answer:

Since 2011/2012 the Local Regional Development Assistance Program has delivered to regional WA lots in;

| | Lots Released | Lots Sold |
|-------------|----------------------|------------------|
| Badgingarra | 9 | 0 |
| Bencubbin | 5 | 0 |
| Bolgart | 4 | 0 |
| Borden | 8 | 2 |
| Bremer Bay | 2 | 0 |
| Bridgetown | 1 | 0 |
| Broomehill | 1 | 0 |
| Burracoppin | 1 | 0 |
| Cervantes | 30 | 13 |
| Collie | 1 | 0 |
| Coolgardie | 1 | 0 |
| Cue | 3 | 3 |
| Cunderdin | 15 | 5 |
| Dalwallinu | 16 | 10 |
| Denmark | 0 | 2* |
| Doodlakine | 1 | 0 |
| Dowerin | 8 | 1 |
| Green Head | 0 | 4* |
| Hyden | 18 | 1 |
| Jerramungup | 2 | 0 |

| | | |
|--------------|----|----|
| Kellerberrin | 5 | 2 |
| Kukerin | 1 | 0 |
| Leonora | 2 | 0 |
| Mingenew | 1 | 2* |
| Moorra | 10 | 7 |
| Morawa | 9 | 1 |
| Popanyinning | 1 | 0 |
| Port Denison | 2 | 0 |

| | Lots Released | Lots Sold |
|---------------|----------------------|------------------|
| Rocky Gully | 5 | 0 |
| Tammin | 6 | 1 |
| Three Springs | 1 | 0 |
| Wagin | 11 | 4 |
| Walpole | 7 | 7 |
| Westonia | 2 | 1 |
| Williams | 6 | 5 |
| Woodanilling | 3 | 0 |
| Wundowie | 15 | 3 |
| Total | 213 | 74 |

* Lots Sold in these towns are from existing stock constructed and released prior to 2011/12.

Lots Released are in addition to LandCorp's existing stock in estates with Market Releases predating 2011/12 where lots remains available for sale and include newly constructed lots as well as previously constructed lots (being the land transferred from Department of Lands Administration through the Townsite Development Program as part of the Machinery of Government changes in 2000 as well as lots constructed by LandCorp prior to the establishment of the Regional Development Assistance Program)

Lots Released and *Lots Sold* include lots repurchased by LandCorp due to purchaser non-compliance with stipulated build-by conditions (usually after 3 years), which have subsequently been released back to the market for sale.

Since 2011/12, 213 lots have been released in addition to LandCorp's existing stock. In the same period 74 lots were sold.

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 8 December 2014

LandCorp

Supplementary Information No. A8: Hon Peter Katsambanis (refer to pages 12 and 13 of the Transcript)

(1) I notice on page 33 where you say the total number of lots sold significantly increased from the previous four years, and I believe that the total number of lots sold is actually a LandCorp record. I am not sure if that—that is something I have heard; it does not stand out from the annual report. But 1 045 lots sold at such a reduced amount of \$140 million—obviously, something has changed and it seems to be that regional aspect. Do you set budgets targets per estate or per project? If I asked for—on notice, obviously; you are not going to have it with you today—a breakdown of your sales target and your actual sales achieved in that financial year by project or by estate, would you be able to provide that?

Answer:

| Program Name | 2013/14 Actual | | 2013/14 Business Plan | |
|-----------------------------|----------------|-------------------|-----------------------|-------------------|
| | No Lots | Sales Value (\$M) | No Lots | Sales Value (\$M) |
| Industry and Infrastructure | 30 | 56 | 80 | 125 |
| Metropolitan | 801 | 248 | 682 | 213 |
| Regional Development | 214 | 58 | 586 | 167 |
| Grand Total | 1,045 | 362 | 1,348 | 506 |

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 8 December 2014

LandCorp

Supplementary Information No. A9: Hon Peter Katsambanis (refer to page 13 of the Transcript)

(1) I would still ask for a further breakdown by smaller components. If that is available, I would appreciate it. If it is not available, then we can consider that as a committee. I appreciate that everything is commercially sensitive, but I do not necessarily think commercial sensitivity and commercial-in-confidence are the same thing, with respect. Let us see what we can get back and then commence a conversation around it.

Answer:

| Sector | 2013/14 Actual | | 2013/14 Business Plan | |
|-----------------------------|-----------------------|--------------------------|------------------------------|--------------------------|
| | No Lots | Sales Value (\$M) | No Lots | Sales Value (\$M) |
| Metro South-West Sector | 303 | 106 | 309 | 106 |
| Metro North-West Sector | 445 | 144 | 340 | 122 |
| Metro Eastern Sector | 0 | | 10 | 5 |
| Metro Middle Sector | 16 | 35 | 21 | 37 |
| Metro South-East Sector | 59 | 11 | 37 | 7 |
| Peel Sector | 33 | 10 | 21 | 5 |
| South-West Region | 5 | - | 12 | 4 |
| Great Southern Region | 3 | - | 8 | 2 |
| Goldfields-Esperance Region | 7 | 1 | 14 | 2 |
| Mid-West Region | 8 | 2 | 32 | 5 |
| Wheatbelt Region | 20 | 2 | 48 | 3 |
| Pilbara Region | 99 | 39 | 331 | 166 |
| Kimberley Region | 47 | 12 | 165 | 41 |
| Grand Total | 1,045 | 362 | 1,348 | 506 |

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 8 December 2014

LandCorp

Supplementary Information No. A10: Hon Rick Mazza (refer to page 20 of the Transcript)

(1) On page 103, in note 21, you refer to unsettled sales that are not in the figures. How many of those unsettled contracts would be over 12 months old? You can take that on notice.

Answer:

A total of five unsettled contracts worth \$4.6M were over 12 months old.

A handwritten signature in black ink, appearing to be 'JH', located in the bottom right corner of the page.

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 8 December 2014

LandCorp

Supplementary Information No. A11: Hon Rick Mazza (refer to page 20 of the Transcript)

(1) How many lots has the state bought back in the last 12 months.

Answer:

Thirteen lots have been repurchased by LandCorp between 1 July 2013 and 30 June 2014.

A handwritten signature in black ink, appearing to be 'JH', located in the bottom right corner of the page.

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 8 December 2014

LandCorp

Supplementary Information No. A13: Hon Ken Travers (refer to pages 22 and 23 of the Transcript)

(1) (Regarding the economic and employment land strategy). Can you take on notice what land you currently hold in any of the sites? There is the short term, medium term and long term that that strategy identified—what land you currently hold in there and what land have you purchased in that area. What is your current annual budget for land purchases? A couple of years ago you had a complex arrangement of retaining some of your dividends. What is your current and how does that relate? Are you still subject to government controls with the changes made a couple of years ago to limit the amount of money you have available for purchasing land?

Answer:

In respect of Economic and Employment Land Strategy (EELS) sites, LandCorp owns only part of the total industrial areas. The following LandCorp land is held. The timeframes identified by the strategy are also detailed:

| Priority sites for further investigation (gross hectares) | | | | |
|--|-------------------|--------------------|------------------|--------------|
| Estate | Short term | Medium term | Long term | Total |
| NE Baldivis | | 75 | | 75 |
| Nambeelup | | 120 | | 120 |
| Sub total | | 195 | | 195 |
| Other potential sites identified by EELS (gross hectares) | | | | |
| Estate | Short term | Medium term | Long term | Total |
| Latitude 32 | *70 | 50 | 120 | 210 |
| West Forrestdale | 48 | | | 48 |
| Sub total | 118 | 50 | 120 | 258 |
| Total | 118 | 255 | 120 | 493 |

*Now developed

Annual Budget for Land Acquisitions – 2014/15 Approved Budget

| 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|----------------|----------------|----------------|----------------|----------------|
| \$86M | \$42M | \$47M | \$66M | \$79M |

Dividend Arrangements

Section 38 of the *Western Australian Land Authority Act 1992* provides for the Board to make a dividend recommendation to the Minister. The Minister, with the concurrence of the


PUBLIC
 3/12/15 / INTERNET

Treasurer, is to either agree to the Board's recommendation or determine the amount that is to be paid.

The LandCorp dividend approach, while in line with Government policy is complex due to the number of adjustments agreed over many years. LandCorp generally has a policy agreed with Government to pay out 65% of after tax profit, after an adjustment to replenish land stocks. Government has agreed to variations in this policy to recoup some Operating Subsidies and the Regional Development Assistance Program, special dividends for expenditure efficiencies and a special reduction in relation to Western Australian Treasury Corporation loan guarantee fees.

LandCorp also agreed previously with the Department of Treasury to pay a base dividend to even out volatility. This was set in line with a Cabinet decision in March 2010 and approved by the Board and Minister/Treasurer in June 2010.

This policy is still current and is not expected to change.

Expenditure Limits

LandCorp is not subject to government controls to limit the amount of money available for purchasing land. Within budget approved funding capacity limits, LandCorp is able to exercise its legislative powers including for land acquisitions.

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 8 December 2014

LandCorp

Supplementary Information No. A12: Hon Ken Travers (refer to pages 21 and 22 of the Transcript)

(1) (Tender/EOI process for the Springs). Can I get a list for each block you have sold for the Springs development? What was the process followed, including the dates on which the blocks were advertised; how many inquiries were received by LandCorp for each of the blocks; and what was the independent valuation of each of those blocks compared to the final sale price? There seems to be some significant variation between the value per square metre on the blocks. Are you able to also give us for each site why there is such a significant variation for each site relative to the other sites sold in that area? Is it because, as part of an expression of interest, the developer committed to doing certain things; it was not sold just on land value? What were those elements and what value was attached to them? Assessment documents you would go through when the tenders are received. Can you provide them?

Answer:

The list of lots sold at The Springs Rivervale was separately provided in the Questions Prior to the Hearing (No. 4).

LandCorp first released the Springs Rivervale through a publically advertised probity audited Expression of Interest (EOI) process during July 2011 that ultimately provided for the proponents judged to offer the best overall development outcome to enter into an Exclusive Working Period (EWP) that would confirm both commercial and design outcomes and community benefit.

The process specifically targeted the lots identified as critical for place-establishment, but also made available for the negotiated sale and development of other or all lots in LandCorp ownership within the Springs. The initial release process ultimately yielded 9 respondents of which offers from two proponents over seven lots were deemed suitable to proceed to sale.

The evaluation process was based on the criteria of the EOI document and undertaken by a review panel in the presence of a probity auditor, scoring against areas of Compliance (i.e. proponent details, financial capabilities -no weighting), Capability of the Proponent (i.e. Financial offer, project team, structure & experience -70% weighting) and Quality of the Proposal (i.e Design Concepts, risk & opportunities - 30% weighting). The assessment documents constituted a consistent pro-forma table that included the following items in 3-parts:

Part A – Compliance (with the EOI document – No weighting)

1. Proponent Details

A handwritten signature in black ink, appearing to be 'JH', is located in the bottom right corner of the page.

2. Identified Lots for Purchase
 3. Financial Capability (Corporate Scorecard assessment)
- Part B – Capability of the Proponent (70% weighting)
1. Financial return of proposal to LandCorp
 - 2a) Proponent and Project Team (management structure and specific capabilities)
 - 2b) Developer and Project Team Experience (demonstrated capability)
 - 2c) Design Consultants (capability to influence design outcome)
 - 2d) Ability to Commence Development (program and timing)
- Part C – Quality of Proposal (30% weighting)
1. Architectural Concept (against the objectives of the design guidelines)
 2. Risk & Opportunities (proponent's ability to be innovative)

Having considered and scored all the qualitative criteria, the proponent(s) that were the most suitable were selected to proceed from the EOI to EWP, and only this has occurred there ultimately a final negotiated commercial contract this was only followed based on appropriate to valuations LandCorp had completed and comparatively meeting the requirements of the design guidelines. It should be noted that all Springs sales contracts, whether through EOI/EWP process or Private Treaty sale, include a performance clauses relating to to the local authority pre-approved design guidelines and pre-established design review process for assessing Development Applications.

Subsequent to the initial EOI/EWP release, the balance of lots were taken back to the market and advertised for sale under an ongoing Private Treaty basis in October 2012, resulting in the subsequent lot sales to date. Overall, LandCorp's commercial negotiations for sale of lots to date were confirmed by 3rd party valuations by licenced professionals that as part of the valuations process have considered such matters as:

- The physical location, aspect, dimensions and outlook of the lot(s).
- The development type and yield specifically permitted on the land as set-out in the local authority approved design guidelines.
- The commercial impact of multi-lot sales and the proponent's development risk in committing to that size of development in that location.
- The commercial impact of undertaking higher risk development outcomes such as the Hotel/Commercial development that responded to the identified State need for increased short-term accommodation.

As the valuations do not specifically attach individual elements of value to each and every particular outcome, rather an overall market considered opinion taking into account such matters as those noted above is provided. The final valuations can be confirmed as follows, along with the corresponding actual sold price:

Valuation of lots approved as multi-lot sales from the EOI/EWP process:

- Lot 1019 / Lot 1020 – \$10,800,000 (GST Inclusive)
- Lot 1005 / Lot 1009 / Lot 1010 / Lot 1015 / Lot 1016 – \$11,465,000 (GST Inclusive)

Actual Sold Price of lots approved as multi-lot sales from the EOI/EWP process:

- Lot 1019 / Lot 1020 – \$10,648,071 (GST Inclusive)

- Lot 1005 / Lot 1009 / Lot 1010 / Lot 1015 / Lot 1016 – \$11,770,310 (GST Inclusive)

Valuation of lots contracted individually from subsequent Private Treaty process:

- Lot 1001 / Lot 1002 / 1003 – \$9,660,000 (GST Inclusive)
- Lot 1012 – \$2,730,000 (GST Inclusive)
- Lot 1013 – \$1,420,000 (GST Inclusive)
- Lot 1018 – \$2,360,000 (GST Inclusive)
- Lot 1008 – \$3,540,000 (GST Inclusive)
- Lot 1011 – \$1,130,000 (GST Inclusive)
- Lot 1017 – \$3,300,000 (GST Inclusive)
- Lot 1014 – \$5,290,000 (GST Inclusive)

Actual Sold Price of lots contracted individually from subsequent Private Treaty process:

- Lot 1001 / Lot 1002 / 1003 – \$10,279,500 (GST Inclusive)
- Lot 1012 – \$2,750,000 (GST Inclusive)
- Lot 1013 – \$1,430,000 (GST Inclusive)
- Lot 1018 – \$2,420,000 (GST Inclusive)
- Lot 1008 – \$4,180,000 (GST Inclusive)
- Lot 1011 – \$1,100,000 (GST Inclusive)
- Lot 1017 – \$3,300,000 (GST Inclusive)
- Lot 1014 – \$5,290,000 (GST Inclusive)

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 8 December 2014

LandCorp

Supplementary Information No. A14: Hon Ken Travers (refer to page 23 of the Transcript)

(1) How much you have spent each year over the last five years on purchasing land, and whether it is metropolitan or regional and what your budget is for this year? I assume you will also have in your statement a strategic development plan what you expect to spend in each year of the forward estimates on land purchases. Can you provide that as supplementary information?

Answer:

Actual Expenditure Over the Past Five Years

| | 2010 Actual (\$M) | 2011 Actual (\$M) | 2012 Actual (\$M) | 2013 Actual (\$M) | 2014 Actual (\$M) |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Acquisitions (including all associated costs) | | | | | |
| Metropolitan Regions | 49 | 57 | 52 | 62 | 19 |
| Regional Areas | 35 | 5 | 21 | 13 | 5 |
| | 84 | 62 | 73 | 75 | 24 |

The budget for land purchases as approved in the 2014/15 Strategic Development Plan was \$86 million.

Annual Budget for Land Acquisitions – 2014/15 Approved Budget

| 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|----------------|----------------|----------------|----------------|----------------|
| \$86M | \$42M | \$47M | \$66M | \$79M |