

8 September 2011



Dr Mike Nahan MLA
Chair
Economics and Industry Standing Committee
Parliament House,
PERTH WA 6000

ATTENTION: Mr Tim Hughes,
Principal Research Officer

Dear Dr Nahan

Re: Parliamentary Inquiry – Land Development Incentive Packages

Thank you for your invitation to respond to the Economics and Industry Standing Committee in relation to incentive packages provided by the development industry.

It is not our intention to comment on the conduct of Ironbridge Holdings Pty Ltd. Aspects of that group's activities have been widely publicised and taken up directly with local Members of Parliament representing the residents and purchasers of properties in the Tuarts estate in Dalyellup. The most accurate information can be obtained directly from these people whose properties have been adversely affected.

Satterley Property Group develops and manages the Dalyellup Beach Estate at Bunbury, which is a master-planned community of significant scale and quality, immediately adjacent to the Tuarts estate. Over many years we have developed this project in a joint venture with the Department of Housing. We are proud of this multi-national award winning estate. It has achieved the highest accolades in planning, environmental and development awards through peer judgement delivered by the Urban Development Institute of Australia. The presentation and enhancement of Dalyellup is of the highest national standard and residents enjoy a special coastal lifestyle situated among the very best community facilities and outstanding landscaped parks and open spaces.

A key part of this presentation is to ensure that boundary fencing and front yard landscaping is included as a contractual right accruing to the purchasers upon execution of their offer and acceptance to purchase. This contractual right is then delivered upon completion of the house construction, and in the majority of instances prior to the owners moving into their new home. It is a critical aspect to ensure that the uniformity of high quality appearance and tidy streetscape is maintained in Dalyellup. It is also common practice in the land development industry to include these incentives as a contractual right accruing to the purchasers as part of the clauses in their offer and acceptance documentation (see sample documentation attached, specific clause highlighted).

All developers maintain strong interest to ensure that repeat and referral business comes from satisfied buyers who are happy to recommend their projects and their brand to future purchasers.

At Satterley Property Group, we sell and settle on average over 2,000 new lots per annum, the majority with house and land packages with fencing and front yard landscaping incentives included in the contract. We have a very efficient and capable team who ensure that after the home is completed and that fencing

and landscaping is installed promptly. These add-ons are of the highest standard because they support the ongoing value of lots being offered for sale in each project.

We do this as a matter of routine across the Perth metropolitan area and have a very high level of satisfaction from our purchasers.

Our Chief Operating Officer, Nick Perrignon, has been with Satterley Property Group for two years. For eight years prior to that period he worked with Stockland in Western Australia and Queensland, and held the national role as Chief Operating Officer responsible for Stockland residential communities. Nick directly advises that in his 24 years experience in the land development industry, working with builders to provide house and land packages for Australians, there has been a very low incidence of complaint or difficulty in terms of supply and completion of landscaping and fencing packages. This is a tried and true method of providing a very cost effective mechanism for purchasers to have fencing and landscaping completed, as well as ensuring the ongoing quality and presentation of the estate. In the majority of instances, purchasers receive fencing and landscaping packages at approximately 30% below the retail price because of the buying power of developers in providing these incentives.

At Satterley Property Group, in the last five years, we have averaged less than three complaints per annum from our purchasers, and the majority of these relate to speed and timing of connection of broadband and internet access. Over the years we have had minor complaints regarding fencing, but this usually relates to adjacency disputes as to the exact positioning and height of fencing on common boundaries. We have had zero complaints about non delivery of items offered under incentive packages. On the contrary, we have received many positive responses from our satisfied clients in regard to supply and finish of landscaping and fencing.

In respect of redress available to buyers for late or non delivery of items, we simply do not have incidences of that occurring. We further confirm that Satterley Property Group currently maintains close to 30% share of the supply of lots in the Perth metropolitan area. In the majority of cases, we provide sale of land with incentive packages for front yard landscaping and boundary fencing. In any event, because the provision of these incentives is part of a contractual commitment, redress would be available (if ever required) to purchasers via civil action for non-performance of contract. This has never occurred in the 30 year history of Satterley Property Group and we do not foresee any difficulty arising in this regard.

We thoroughly recommend that the Committee takes appropriate action and applies appropriate sanctions to any property developer breaching their contractual commitments. We are equally certain that changes to the existing conditions regarding developer incentives are not necessary.

If you have any enquiries in relation to the information contained in this letter, please do not hesitate to contact our Chief Operating Officer, Nick Perrignon, on 9368 9010.

We thank you for the opportunity to provide information for your inquiry.

Yours sincerely,



Nigel Satterley AM
Managing Director

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LOT

"DALYELLUP BEACH ESTATE, DALYELLUP

Satterley Property Group Trust Account

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WITHIN TWENTY EIGHT (30) DAYS OF THE ISSUE OF THE CERTIFICATE OF TITLE OR FINANCE APPROVAL WHICHEVER IS THE LATER.

Nil – Vacant Land

The following documents are annexed hereto and form part of this contract:

- Special Conditions
- Annexure A (Restrictive Covenant)
- Annexure B (Building Guidelines)
- Annexure C (Home Building Incentive)
- Annexure D (Provisions of Subdivision)
- Annexure E (Retaining Wall Information and Details)
- Annexure AA (Amendments to the 2009 General Conditions)
- Plan identifying the lot being purchased.

Annexure "C"

DALYELLUP BEACH

HOME BUILDING PACKAGE (STAGES 17 & 18) FRONT GARDEN LANDSCAPING & AUTOMATIC RETICULATION, FENCING AND TELSTRA SMART COMMUNITY PACKAGE

Subject to the Buyer completing the construction of a dwelling in accordance with the Restrictive Covenants and the Development Conditions and Building Guidelines within eighteen (18) months from settlement but not otherwise

THE Seller will:

- A. Procure for the Buyer the provision by a Contractor or Contractors nominated by the Seller of good quality Landscaping and Reticulation works to the front garden of the property (or the curtilage of the house in the case of a ranch block), inclusive of the laying of instant turf to a proportion of the area between the road curb and the front and side (if a corner lot) boundary of the land.
- B. Procure for the Buyer the provision and erection by a Contractor or Contractors nominated by the Seller, of boundary fencing at the property in compliance with the Restrictive Covenant.
- C. Procure at the cost of the Seller through Telstra under its Telstra smart Community Package ("Telstra Velocity Package") a technology package which will enable the Property to be connected to the following products and services delivered by Telstra on a single optic fibre:
 - High speed broadband;
 - Multiple fixed line services (up to four lines);
 - Digital free to air TV services (without the need for an antennae);
 - Foxtel from Telstra (without the need for a satellite dish);
 - Access to Telstra's future broadband products and services which may become available in the future.
- (a) The Buyer acknowledges that the Telstra Velocity Package will be provided by Telstra and that Telstra will only provide access over its network to other carriers in accordance with regulatory and legal requirements from time to time. The Buyer is entitled to use another telephone or service provider, however, if the Buyer does so, then it is possible that no all of the benefits in the Telstra Velocity package will be available to the Buyer. The Buyer must make their own enquiries as to what Telstra services are available if the Buyer elects to use an alternative provider.
- (b) Although the Seller will make the arrangements with Telstra to provide the Telstra Velocity package, the Seller is not responsible for the quality of the continued operation of all or any of the services provided by Telstra. The Seller makes no promise or warranty in relation to the quality or continued operation of the Services or any of them to be provided by Telstra under the Telstra Package and the Buyer has no right against the Seller in relation thereto.
- (c) The Buyer agrees that the Seller may disclose to Telstra, for the purpose of Telstra making available the Telstra Smart Community Package to the Buyer:
 - the Buyer's name;
 - the Buyer's telephone number; and
 - the Property title details.
- (d) The Seller agrees that, if so requested in writing by the Buyer, the Seller will not disclose to Telstra the details described in Special Condition 1B(c).
- (e) The Buyer acknowledges having received a Telstra Velocity information brochure and Information for Builders brochure and is responsible for providing this information to their builder to ensure that a dwelling constructed on the land is suitable for connection to Telstra Velocity.
- (f) A temporary solution for telephone, broadband and TV aerial for free to air TV will be provided by Telstra to residents should the network not be built within the required timeframe.

The Buyer acknowledges and agrees that landscaping and fencing incentives are personal to the Buyer and will not apply to and cannot be transferred to any other party to whom the Property is sold or transferred."

Buyer.....

Buyer.....

Witness.....

Witness.....

Date.....

Date.....

For Dalyellup Beach Pty Ltd as Seller

Seller.....

Witness.....

Date.....