

# Ministerial Review

**WESTERN AUSTRALIAN  
LAND AUTHORITY  
LANDCORP**

RH Property  
November 2015

# Contents

<b>Executive Summary</b>	<b>3</b>
Summary of Recommendations	8
<b>Introduction</b>	<b>9</b>
Purpose of this report	9
Conduct of the review	9
Policy context of this review	11
Economic context of the review	12
Identified risk factors	13
<b>The role of LandCorp in Western Australia</b>	<b>15</b>
Legislative background	15
Objectives and performance of LandCorp	16
Measures of effectiveness and key statistics	17
<b>Consultation and findings</b>	<b>20</b>
Stakeholder consultation	20
Metropolitan industrial land, industrial areas and redevelopment	22
Regional industrial land, residential land supply and regional centre development	30
Residential density infill facilitation and population centres	36
Government assets, capacity and expertise	41
<b>Appendices</b>	<b>47</b>

# Executive Summary

This Report has been commissioned in accordance with the *Western Australian Land Authority Act 1992* (the Act), which requires that a review be conducted into the operational effectiveness of the Agency known as LandCorp every five years. These Ministerial reviews demonstrate best practice in ensuring agencies remain relevant and focus on responding to the needs of government and the community.

LandCorp is Western Australia's land and infrastructure development agency. It is a Government Trading Enterprise and reports to the Minister for Regional Development; Lands; Minister Assisting the Minister for State Development (Minister).

LandCorp was established under the provisions of the *Western Australian Land Authority Act 1992* and undertakes land and infrastructure development projects across the state that provide or promote the provision of land for the social and economic needs of the state.

This review was commissioned to:

1. Look at the effectiveness of the operations of the Authority
2. Assess the need for the continuation of the functions of the Authority and
3. Consider other such matters as appear to the Minister to be relevant to the operation and effectiveness of the Act.

This is the fourth Act review since the formation of LandCorp in 1992. Each has been a turning point for the Agency, allowing an evaluation of its strategic direction, identifying areas where the Agency needs to lift performance, and providing a framework for the Agency's activities in years after the review. In some cases, reviews have also led to legislative amendments that have underpinned the repositioning of LandCorp over time.

This review similarly seeks to ensure LandCorp continues to respond to short, medium and long-term needs of government and has a clearly defined mandate to undertake its work into the future.

## TERMS OF REFERENCE

The terms of reference of the review are very broad. Section 48(1) of the Act obliges the Minister to "carry out a review of the operations and effectiveness of this Act ... and in the course of that review the Minister shall consider and have regard to:

1. the effectiveness of the operations of the Authority;
2. the need for continuation of the functions of the Authority; and
3. such other matters as appear to him or her to be relevant to the operations and effectiveness of this Act."

In the terms of section 48(2) of the Act, the report of the Minister based on the review made under sub-section (1) is to be laid before Parliament and has no legislative or legal effect.

## CONDUCT OF THE REVIEW

The methodology for this review was developed in consultation with LandCorp and the Review Committee, and took into account guidelines developed by the Public Sector Commission for the review of legislation.

In the consultation phase of the review, 101 individual or group stakeholders were consulted as to their views of the Agency and its performance over the past five years. Stakeholders included leaders in the public sector, property sector and community, and the Review Committee is grateful for their candour and willingness to engage in this process.

A number of questions were developed by the Review Committee and agreed by the Minister that were posed during consultation with stakeholders as part of this review, with the goal of eliciting broad discussion on relevant matters.

## POLICY CONTEXT OF THIS REVIEW

Since the 2010 Act Review, a number of significant changes have occurred in the land and infrastructure environment. The 2010 Review came shortly after the implementation of actions under the Royalties for Regions Act (2009), so LandCorp activity in the past five years has been within the context of the Royalties for Regions program of works and the impact this has had on investment and activity undertaken in regional Western Australia. Additional major policy and strategic decisions affirmed or proposed in the past five years include:

### 2010

*Directions 2031 and Beyond:* A high-level spatial framework and strategic plan for the future growth of the metropolitan Perth and Peel regions (WA Planning Commission).

*Housing Affordability Strategy: Opening Doors 2010-2020:* A whole-of-government action plan to promote the supply of affordable housing, including through higher density development (Housing Authority).

### 2011

*Pilbara Planning and Infrastructure Framework:* A regional framework providing for land for major industries and corridors for major infrastructure (WA Planning Commission).

Creation of the Metropolitan Redevelopment Authority to undertake redevelopment projects, thus combining responsibilities and projects formerly undertaken by the East Perth, Subiaco, Midland and Armadale redevelopment authorities.

Confirmation of land development principles underpinning government's role in land development through the Machinery of Government process, requiring LandCorp, the Department of Housing and the Metropolitan Redevelopment Authority to:

- act in the public interest to meet the community's economic, social and environmental needs and expectations;
- achieve optimal benefit and return from the government's landholdings;
- facilitate private sector investment in Western Australia;
- facilitate land readiness;
- address demonstrable market failure; and
- lead the demonstration of innovative techniques in land and housing development.

## **2012**

*The State Planning Strategy 2050*: A high-level strategy that set six planning principles and planning settings for Western Australia (WA Planning Commission).

*Pilbara Cities*: Designed to provide a vision for the development of Port Hedland and Karratha as vibrant cities of 50,000 each (Department of Regional Development).

*Economic and Employment Lands Strategy – Non-heavy industrial, Perth Metropolitan and Peel Regions, WA*: Designed to provide a framework for industrial land release (Department of Planning and WA Planning Commission).

## **2013**

*South West Region Industrial Lands Study*: Designed to ensure industrial land meets demand over the next 20 years (Department of Planning, Department of State Development, LandCorp, the South West Development Commission and Department of Food and Agriculture WA).

## **2014**

*Regional Blueprints*: A series of regional strategic frameworks that will underpin the growth of the nine regions' economic bases through the development of competitive advantages, workforce and community (Department of Regional Development).

## **2015**

*Perth and Peel@3.5million*: This sets the context for four draft sub-regional planning frameworks (Department of Planning).

One piece of policy that is pending, but not yet released in draft form, is the Strategic Assessment Perth and Peel Region.

## ECONOMIC CONTEXT OF THE REVIEW

As a review is conducted every five years, the review of Agency performance necessarily covers periods of different economic activity. The most recent five-year period incorporates the remarkable growth of the mining and resources sector in Western Australia, including the expansion of iron ore production values from 385 million tonnes in 2009-10 to 631 million in 2013-14<sup>1</sup> and the corresponding annual growth in Gross State Product over that period of between 4 and 7 per cent.

In 2013-14, iron ore royalty revenue was responsible for just under 20 per cent of Western Australia's total general government revenue and represented \$5.5 billion. By 2014-15 this had declined to approximately \$4.3 billion, with the collapse in the iron ore price only partially offset by an increase in production<sup>2</sup>.

Other economic indicators have also been volatile during this period. In December 2014, the population of Western Australia was estimated to stand at 2,581,250. This represented growth in a four-year period of 11.5 per cent over the population at December 2010 of 2,317,064, which had been rising at a steady 2 per cent per annum for the previous decade. This population growth peaked in 2012 at 3.5 per cent, with associated impacts on infrastructure, housing, labour markets, transport use and government expenditure<sup>3</sup>.

Industrial land supply has remained tight throughout the five-year period; while this was acutely felt in the early years of the mining construction phase, pressure has declined somewhat in line with the shifting needs of the resources sector. Industrial sales and leasing deals have more than halved in 2014-15 compared to their peak in 2012-13. Savills reports industrial property sales of approximately \$280 million in the 12 months to June 2015, down from \$509 million in the previous year, and well below the five-year average of \$584 million. Prime industrial rents, which peaked at about \$120/sqm in 2012, have retreated to 2010 levels of approximately \$100/sqm in the Perth core and \$75/sqm in the eastern suburbs<sup>4</sup>. Colliers International reports fringe industrial land values falling from \$350/sqm to approximately \$270/sqm, but core industrial land values holding steady at approximately \$500/sqm, reflecting the tightly held supply of brownfield land<sup>5</sup>.

Despite recent market trends, the long-term demand for industrial land has undergone a step change. LandCorp reports that the 11-year average absorption of industrial land is 122 hectares per annum. As of July 2015, LandCorp had 250 hectares statewide of finished lots on hand, comprising approximately 122 hectares in the Perth metropolitan area and 128 hectares in the regions. LandCorp traditionally supplies approximately 25 per cent of the vacant lot industrial market (sales by land area from Landgate) in the Perth metropolitan area, while private and other sources supply the remaining 75 per cent.

---

1 Department of Treasury, Economic Notes, Gross State Product 2013-14

2 Department of Treasury, Government Mid-year Financial Projections Statement 2014-15

3 Department of Treasury, Estimated Resident Population, 2014; 2010

4 Savills Briefing Perth Industrial Market July 2015

5 Colliers International Research and Report Forecast Second Half 2014 Australia and New Zealand

## FINDINGS

### **1. The effectiveness of the operations of the Authority**

The Authority is an effective, responsive Government Trading Entity, which has delivered outcomes in land development for the economic and social, needs of the State.

### **2. The need for continuation of the functions of the Authority**

There is an ongoing need for the existing functions of the Authority.

### **3. Such other matters as appear to be relevant to the operations and effectiveness of the Act**

The Authority should:

- build on LandCorp's effective delivery of achievements in the regions of Western Australia to consolidate social and economic growth of the state;
- redouble facilitation of residential density infill opportunities in the Perth and Peel regions to assist in achievement of planning policy targets;
- encourage Government's use of LandCorp's resources and expertise to acquire, de-constrain or divest surplus government assets with the objective of maximising social and economic returns to the community and managing development risk;
- hasten development of the significant integrated industrial zone known as the Western Trade Coast in the role of implementation agency accountable to Department of State Development as Lead Agency; and
- expedite delivery of industrial land supply identified in the Economic and Employment of Lands Strategy within three to five years to meet the demands and requirements of Perth metropolitan and Peel regions.

## RECOMMENDATIONS

The following recommendations arise from the consultation phase of the review, taking into account policy settings, stakeholder needs, property market conditions and the recognised capabilities of LandCorp.

- 1.** The Government should prioritise development of the Western Trade Coast comprising Kwinana, Rockingham, Henderson and Latitude 32 by empowering DSD as Lead Agency resourced by LandCorp as implementation agency.
- 2.** LandCorp should encourage greater cohesion and stronger working relationships between agencies, including addressing previous identified points of friction or barriers to cooperation. Government should reconfirm LandCorp's charter and role, to facilitate improved cooperation and stronger working protocols with its partner government agencies.
- 3.** The Government and LandCorp should endeavour to clarify the balance the Authority is required to strike between commercial imperatives and social outcomes, recognising that conflict here has potential to subordinate strategic projects.
- 4.** The Government should better engage the responsive expertise that LandCorp is capable of providing to other agencies and sectors in order to maximise social and economic benefits to the state.
- 5.** LandCorp should review and analyse its management of joint venture relationships to balance the cost of any duplication whilst maximising the benefits of partnership.

# Introduction

## PURPOSE OF THIS REPORT

This Report has been commissioned in accordance with the *Western Australian Land Authority Act 1992* (the Act), which requires that a review be conducted into the operational effectiveness of the Agency known as LandCorp every five years. These Ministerial reviews demonstrate best practice in ensuring agencies remain relevant and focus on responding to the needs of government and the community.

This review was commissioned to:

- look at the effectiveness of the operations of the Authority;
- assess the need for the continuation of the functions of the Authority; and
- consider other such matters as appear to the Minister to be relevant to the operation and effectiveness of the Act.

This statutory review has been carried out by independent consultant Ross Hughes of RH Property, who has more than 50 years' experience in business, especially the property industry.

## TERMS OF REFERENCE

The terms of reference of the review are very broad. Section 48(1) of the Act obliges the Minister to "carry out a review of the operations and effectiveness of this Act ... and in the course of that review the Minister shall consider and have regard to:

1. The effectiveness of the operations of the Authority;
2. The need for continuation of the functions of the Authority; and
3. Such other matters as appear to him or her to be relevant to the operations and effectiveness of this Act."

In the terms of section 48(2) of the Act, the report of the Minister based on the review made under sub-section (1) is to be laid before Parliament and has no legislative or legal effect.

## CONDUCT OF THE REVIEW

The methodology for this review was developed in consultation with LandCorp and the Review Committee, and took into account guidelines developed by the Public Sector Commission for the review of legislation.

The review process commenced in late May 2015 and was overseen by a Review Committee comprising Ross Hughes (Independent Chair), George McCullagh (Director and Chairperson of the Board's Governance and Remuneration Committee) and Frank Marra (Chief Executive Officer).

The Review Committee met five times during the review process.

Key individuals and agencies within industry, government and other groups were consulted and their views have informed the review process. The consultant carried out individual interviews with 56 stakeholders and stakeholder groups. The full stakeholder engagement list is included as Appendix A.

A number of questions were developed by the Review Committee and agreed by the Minister that were posed during consultation with stakeholders as part of this review, with the goal of eliciting broad discussion on relevant matters.

In the consultation phase of the review, some 101 individual or group stakeholders were consulted as to their views of the Agency and its performance over the past five years. The Review Committee is grateful for their candour and willingness to engage in this process.

Key LandCorp corporate documents were also reviewed covering the period from 2010-11 onwards, including annual reports, Statements of Corporate Intent (and full-year reports), 2014 Sustainability Report and other documents.

## LEGISLATIVE CONTEXT FOR THIS REVIEW

The *Western Australian Land Authority Act 1992* establishes an agency, LandCorp, to provide, or promote the provision of land, infrastructure, facilities and services for the social, economic and environmental needs of the state and for related purposes.

LandCorp is Western Australia's land and infrastructure development agency. It is a Government Trading Enterprise and reports to the Minister for Regional Development; Lands; Minister Assisting the Minister for State Development (Minister)

Under the Act, the Agency has the following functions:

- (a)** to be an agency which provides, or promotes the provision of, land for the social and economic needs of the state;
- (b)** to be an agency through which the Crown and public authorities may dispose of land;
- (c)** to be an agency through which local governments and regional local governments may dispose of land in accordance with the Local Government Act 1995;
- (d)** to complete the development of the Joondalup Centre, in accordance with the plan referred to in section 18 of the Act;
- (e)** to identify other potential centres of population, and centres of population in need of urban renewal, and use its powers to bring about the provision, or improvement, of land, infrastructure, facilities or services for the same.

In more general terms, LandCorp identifies, plans, coordinates and implements major land and infrastructure initiatives across the state, and its projects cover residential, commercial, industrial, rural and tourism development.

LandCorp's facilitation role to support and maximise private sector investment in development projects is increasing.

## **POLICY CONTEXT OF THIS REVIEW**

Since the 2010 Act Review, a number of significant changes have occurred in the land and infrastructure environment. The 2010 Review came shortly after the implementation of initiatives under the *Royalties for Regions Act (2009)*, so LandCorp activity in the past five years has been within the context of the Royalties for Regions program of works and the impact this has had on investment and activity undertaken in regional Western Australia. Additional major policy and strategic decisions affirmed or proposed in the past five years include:

### **2010**

*Directions 2031 and Beyond: A high-level spatial framework and strategic plan for the future growth of the metropolitan Perth and Peel regions (WA Planning Commission).*

*Housing Affordability Strategy: Opening Doors 2010-2020: A whole-of-government action plan to promote the supply of affordable housing, including through higher density development (Housing Authority).*

### **2011**

*Pilbara Planning and Infrastructure Framework: A regional framework providing for land for major industries and corridors for major infrastructure (WA Planning Commission).*

Creation of the Metropolitan Redevelopment Authority to undertake redevelopment projects, combining responsibilities and projects formerly undertaken by the East Perth, Subiaco, Midland and Armadale redevelopment authorities.

Confirmation of land development principles underpinning the Government's role in land development through the Machinery of Government process, requiring LandCorp, the Department of Housing and the Metropolitan Redevelopment Authority to:

- act in the public interest to meet the community's economic, social and environmental needs and expectations;
- achieve optimal benefit and return from the Government's landholdings;
- facilitate private sector investment in Western Australia;
- facilitate land readiness;
- address demonstrable market failure; and
- lead the demonstration of innovative techniques in land and housing development.

## 2012

*The State Planning Strategy 2050*: A high-level strategy that set six planning principles and planning settings for Western Australia (WA Planning Commission).

*Pilbara Cities*: Designed to provide a vision for the development of Port Hedland and Karratha as vibrant cities of 50,000 each (Department of Regional Development).

*Economic and Employment Lands Strategy – non-heavy Industrial, Perth Metropolitan and Peel Regions, WA*: Designed to provide a framework for industrial land release (Department of Planning and WA Planning Commission).

## 2013

*South West Region Industrial Lands Study*: Designed to ensure industrial land meets demand over the next 20 years (Department of Planning, Department of State Development, LandCorp, the South West Development Commission and Department of Food and Agriculture WA).

## 2014

*Regional Blueprints*: A series of regional strategic frameworks that will underpin the growth of the nine regions' economic bases through the development of competitive advantages, workforce and community (Department of Regional Development).

## 2015

*Perth and Peel@3.5million*: This sets the context for four draft sub-regional planning frameworks (Department of Planning).

One piece of policy that is pending, but not yet released in draft form, is the Strategic Assessment Perth and Peel Region.

## ECONOMIC CONTEXT OF THE REVIEW

As a Ministerial review is conducted every five years, the review of Agency performance necessarily covers periods of different economic activity. The most recent five-year period incorporates the remarkable growth of the mining and resources sector in Western Australia, including the expansion of iron ore production values from 385 million tonnes in 2009-10<sup>6</sup> to an estimated 693 million tonnes in 2014-15<sup>7</sup>. The corresponding annual growth in Gross State Product between 2009-10 and 2013-14 was between 4 and 7 per cent<sup>8</sup>, while GSP declined to 2.25 per cent in 2014-15<sup>9</sup>.

In 2013-14, iron ore royalty revenue was responsible for just under 20 per cent of Western Australia's total general government revenue and represented \$5.5 billion. By 2014-15 this had declined to approximately \$4.3 billion, with the collapse in the iron ore price from a headline figure of \$122/tonne to \$75/tonne only partially offset by an increase in production<sup>10</sup>.

---

6 Department of Treasury, Economic Notes, Gross State Product 2013-14

7 Department of Treasury, Government Mid-year Financial Projections Statement 2014-15

8 Department of Treasury, Economic Notes, Gross State Product 2013-14

9 Department of Treasury, Government Mid-year Financial Projections Statement 2014-15

10 Department of Treasury, Government Mid-year Financial Projections Statement 2014-15

Other economic indicators have also been volatile during this period. In December 2014, the population of Western Australia was estimated to stand at 2,581,250. This represented growth in a four-year period of 11.5 per cent over the population at December 2010 of 2,317,064, which had been rising at a steady 2 per cent per annum for the previous decade. This population growth peaked in 2012 at 3.5 per cent, with associated impacts on infrastructure, housing, labour markets, transport use and government expenditure<sup>11</sup>.

Industrial land supply has remained tight throughout the five-year period; while this was acutely felt in the early years of the mining construction phase, pressure has declined somewhat in line with the shifting needs of the resources sector. Industrial sales and leasing deals have more than halved in 2014-15 compared to their peak in 2012-13. Savills reports industrial property sales of approximately \$280 million in the 12 months to June 2015, down from \$509 million in the previous year, and well below the five-year average of \$584 million. Prime industrial rents, which peaked about \$120/sqm in 2012, have retreated to 2010 levels of approximately \$100/sqm in the Perth core and \$75/sqm in the eastern suburbs<sup>12</sup>. Colliers International reports fringe industrial land values falling from \$350/sqm to approximately \$270/sqm, but core industrial land values holding steady at approximately \$500/sqm, reflecting the tightly held supply of brownfield land<sup>13</sup>.

Despite recent market trends, the long-term demand for industrial land has undergone a step change. LandCorp reports that the 11-year average absorption of industrial land is 122 hectares per annum, compared to the 99.5 hectares per annum identified as historical demand in the 2012 *Economic and Employment Land Strategy*<sup>14</sup>. As of July 2015, LandCorp had 250 hectares statewide of finished lots on hand, comprising approximately 122 hectares in the Perth metropolitan area and 128 hectares in the regions. LandCorp traditionally supplies approximately 25 per cent of the vacant lot industrial market (sales by land area from Landgate) in the Perth metropolitan area, while private and other sources supply the remaining 75 per cent.

## IDENTIFIED RISK FACTORS

A number of risk factors for LandCorp, and by extension for the State Government, have been identified in internal and external policy documents that confirm it is important to address these potential risks for the optimal performance of the Agency, which has in turn informed findings and recommendations.

1. That the metropolitan region of Western Australia experiences a shortage of industrial land, with LandCorp unable to deliver project-ready industrial supply to meet longer-term demand. This could inhibit business and the economy, create barriers to entry, and expose LandCorp and the Government to criticism for not being sufficiently prepared for industry demand.
2. That LandCorp's activities become too weighted towards delivery of commercial imperatives or towards delivery of social outcomes. This could skew the balance the Agency is required to strike between these goals and potentially conflict with stakeholder expectations.

---

11 Department of Treasury, Estimated Resident Population, 2014; 2010

12 Savills Briefing Perth Industrial Market July 2015

13 Colliers International Research and Report Forecast Second Half 2014 Australia and New Zealand

14 Economic And Employment Lands Strategy: non-heavy industrial, Perth Metropolitan And Peel Regions (2012)

3. That other departments or agencies extend the scope of their activities into areas that have traditionally been part of LandCorp's core functions. Scope creep could confuse stakeholders in relation to the State Government's strategy for development, land release and asset sales and could expose other agencies to risks they are not structured to manage.
4. That LandCorp's business model becomes unsustainable due to competing demands on its expenses or requirement to raise revenue. This could constrain otherwise important programs or jeopardise key projects.
5. That LandCorp fails to undertake strategic and timely acquisition of sites. This could lead to sub-optimal outcomes such as property prices becoming inflated, or constrain complementary leverage from infrastructure investment.
6. That LandCorp fails to appropriately engage and respond to key stakeholders. This could lead to conflict or unwillingness by the private sector or other agencies to work with LandCorp to maximise outcomes.
7. That LandCorp fails to attract and engage private sector developers to deliver LandCorp objectives for optimal results. This could lead to LandCorp becoming isolated within the sector and failing to achieve the best possible outcomes for Western Australia.

# Role of LandCorp in Western Australia

## LEGISLATIVE BACKGROUND

The *Western Australian Land Authority Act 1992* was introduced to the Western Australian Parliament and came into effect in June 1992.

The Act provided for the establishment of the Western Australian Land Authority (trading as LandCorp), which combined the former Industrial Land Development Agency, Joondalup Development Corporation, and the residential land development component of the Western Australian Development Corporation.

Amendments to the Act in December 1998 provided the framework to implement an extensive review of the functions and operations of the Authority, contained in Ministerial Review Findings, which were tabled in the Legislative Assembly on 24 June 1998.

These amendments continued LandCorp's important role in providing land for the social and economic needs of the state, allowed LandCorp's expertise in the land industry to be utilised to maximise return to the State of Western Australia on the disposal of surplus government assets, and implemented competitive neutrality reforms.

Further amendments to the Act in December 2004 gave effect to the 1998 Ministerial Review on the *Western Australian Land Authority Act 1992* and also the 2001 Machinery of Government Reforms, by investing in LandCorp an increased land development mandate and the further commercialisation of the Agency. The main amendments were:

- to clarify, and widen the objects (and therefore the functions and powers) of LandCorp to include urban renewal and remediation of contaminated sites;
- to enshrine the requirement for LandCorp to have regard to the triple bottom line concepts of social, economic and environmental outcomes in carrying out its operations;
- to transform LandCorp to a statutory body; and
- to require LandCorp to carry out its functions and operations in a manner that is comparable to a corporation under the *Corporations Act 2001*.

The Western Australian Land Authority Regulations 1999 is the only set of Regulations under the Act. This primarily deals with the development and approvals process associated with LandCorp's Strategic Development Plan and Statement of Corporate Intent and reflects reporting requirements.

LandCorp has a range of planning responsibilities for which it reports to the Minister for Planning under two separate Acts of Parliament. These are:

- *Perry Lakes Redevelopment Act 2005* — an Act to provide for the resumption and redevelopment of certain land at Perry Lakes, and for related purposes; and
- *Hope Valley Wattleup Redevelopment Act 2000* — an Act to provide for the development and redevelopment of certain land in the local government districts of Cockburn and Kwinana, to confer planning, development control and other functions in respect of that land, and for related purposes.

These two Acts are not subject to any assessment within the scope of this review.

## OBJECTIVES AND PERFORMANCE OF LANDCORP

LandCorp identifies its core services as follows:

- Providing sufficient industrial land to ensure economic and employment growth for Western Australia's economy.
- Urban development and renewal projects where unique opportunities or constraints exist, including market failure.
- Optimising triple bottom line outcomes from government-owned land.
- Providing asset management and expert services to Government.
- Supporting the growth of regional towns through the provision of suitable land.

The Agency further describes its current corporate objectives and priorities in the following terms:

"As a provider of essential statewide land and infrastructure property developments, we work with the community, private sector, government and its agencies in developing the land portfolio needs of the state. Considered planning is required to ensure the developments undertaken are affordable and align with the state's economic prosperity, lifestyle and social wellbeing.

### **Integrated Project Outcomes:**

We will adopt an integrated view across a town site (e.g. Broome), area (e.g. the north west metropolitan corridor of Perth) or market segment (e.g. Strategic Industrial Areas) to deliver projects and outcomes that meet customer needs, that are consistent with government policy and maximise internal efficiencies.

### **Relationships and Partnerships:**

We will continue to build on maintaining pivotal relationships and partnerships with other government departments, agencies and stakeholders. We will also continue to build strong relationships and partnerships with private sector suppliers and stakeholders to ensure the delivery of efficient and effective commercial outcomes. A majority of expenditure is either

through outsourcing work to the private sector or through partnering with the private sector to deliver.

**Organisational and commercial sustainability:**

We are committed to sustainable development, a strong and engaged workforce and robust systems to support our efforts to deliver sustainable developments and triple bottom line outcomes. A key focus is to be self-funded and secure capital for the future, meet hurdle rate returns and deliver financial returns to the State Government.

**Market leadership and innovation:**

We are committed to leading industry initiatives by innovation through demonstration in order to accelerate the adoption of new concepts in urban, regional and industrial developments.”

A range of key performance indicators are used to track the Agency’s performance, which are referenced in annual reports, the annual statement of corporate intent, and through one-off or special reports, such as its Sustainability Report, produced in 2014, benchmarking performance against the international reporting framework Global Reporting Initiative.

**MEASURES OF EFFECTIVENESS AND KEY STATISTICS**

LandCorp’s activities are diverse, as a result of its broad responsibility for identifying, designing and implementing major land and infrastructure initiatives across the state. Its projects cover residential, commercial, industrial, rural and tourism development, it disposes of assets at the behest of the State Government, and it additionally acts as a facilitation agency, helping to support and maximise private sector investment in development projects.

A number of key measures of effectiveness and salient statistics are provided below.

**Lots Sold**

- Between 2010-11 and 2014-15 LandCorp sold 4,290 industrial, commercial and residential lots.
- In 2013-14 a new record was set, with 1,045 lots sold. LandCorp sold 883 lots in 2014-15.

**Area Sold**

- Between 2010-11 and 2014-15 LandCorp sold 900 hectares of land, an area larger than that covered by the City of Perth.
- The highest area of land sold was in 2010-11 with 292 hectares sold, including a 144 hectares land sale to Water Corporation at Alkimos for a waste water treatment plant.

**Land Released**

- Between 2010-11 and 2014-15 LandCorp released 770 hectares of land to the market.

### Dwelling equivalents (based on released land)

- Between 2010-11 and 2014-15, LandCorp released land to market to cater for more than 11,480 dwelling unit equivalents across WA.
- In 2013-14 land for 1,850 dwelling unit equivalents was released, and in 2014-15 LandCorp delivered land for 1,875 dwelling unit equivalents to the market.

### Revenue

- LandCorp's total sales revenue between 2010-11 and 2014-15 was \$1.747 billion.
- In 2011-12, land sales revenue was \$377 million, the highest ever achieved.

### Payments to Government

- Total payments to Government in the period 2010-11 to 2014-15 were \$605 million.

### Other financial and governance measures

Feedback from LandCorp's internal auditors, KPMG, and the Western Australian Auditor General is positive. LandCorp's governance, administration, processes, risk management, and rigour compares well to other Government agencies. The operations of LandCorp were described as risk averse.

While there were lower than targeted sales of assets, properties and land in 2014/15, operating revenue remained in line with estimates and was similar to that in 2013/14. The net asset position of LandCorp in 2014/15 is some \$950 million, which is very strong, and the total inventories of approximately \$750 million are likely to have a much higher realisable value.

In 2013/14, a benchmarking exercise was undertaken to track LandCorp against similar agencies in other jurisdictions around Australia at a single point in time. This exercise should be considered with caution because each agency has a unique portfolio of projects and differences in income profile. Variable economic drivers and property cycles also differ across jurisdictions. LandCorp's operating costs and inventory turnover ratios were found to be in line with national averages, while gross profit margin on land sales and net profit margin were slightly below national averages. LandCorp's dividend payout ratio was at the high end of the range and over five times the national average.

## FINDINGS

### 1. The effectiveness of the operations of the Authority

The Authority is an effective, responsive Government Trading Entity, which has delivered outcomes in land development for the economic and social, needs of the State.

### 2. The need for continuation of the functions of the Authority

There is an ongoing need for the existing functions of the Authority.

### 3. Such other matters as appear to be relevant to the operations and effectiveness of the Act

### **The Authority should:**

- build on LandCorp's effective delivery of achievements in the regions of Western Australia to consolidate social and economic growth of the state;
- redouble facilitation of residential density infill opportunities in the Perth and Peel regions to assist in achievement of planning policy targets;
- encourage the Government's use of LandCorp's resources and expertise to acquire, de-constrain or divest surplus government assets with the objective of maximising social and economic returns to the community and manage development risk;
- hasten development of the significant integrated industrial zone known as the Western Trade Coast in the role of implementation agency accountable to Department of State Development (DSD) as Lead Agency and;
- expedite delivery of industrial land supply identified in the *Economic and Employment of Lands Strategy* within three to five years to meet the demands and requirements of Perth metropolitan and Peel regions.

## **RECOMMENDATIONS**

Recommendations reflect the consultation phase of the review, taking into account policy settings, stakeholder needs, property market conditions and the recognised capabilities of LandCorp.

- 1.** The Government should prioritise development of the Western Trade Coast comprising Kwinana, Rockingham, Henderson and Latitude 32 by empowering DSD as Lead Agency resourced by LandCorp as implementation agency.
- 2.** LandCorp should encourage greater cohesion and stronger working relationships between agencies, including addressing previous identified points of friction or barriers to cooperation. Government should reconfirm LandCorp's charter and role, to facilitate improved cooperation and stronger working protocols with its partner government agencies.
- 3.** The Government and LandCorp should endeavour to clarify the balance the Authority is required to strike between commercial imperatives and social outcomes, recognising that conflict here has potential to subordinate strategic projects.
- 4.** The Government should better engage the responsive expertise that LandCorp is capable of providing to other agencies and sectors in order to maximise social and economic benefits to the state.
- 5.** LandCorp should review and analyse its management of joint venture relationships to balance the cost of any duplication whilst maximising the benefits of partnership.

# Consultation and findings

## STAKEHOLDER CONSULTATION

The methodology for this review was developed in consultation with LandCorp and the Review Committee, and took into account guidelines developed by the Public Sector Commission for the review of legislation.

The review process commenced in late May 2015 and was overseen by a Review Committee comprising Ross Hughes (Independent Chair), George McCullagh (Director and Chairperson of the Board's Governance and Remuneration Committee) and Frank Marra (Chief Executive Officer).

The Review Committee met five times during the review process.

As part of this review, key individuals and agencies within industry, government and other groups were consulted in examining LandCorp's function, roles and the perception of its activities in the community.

A number of questions, developed by the Review Committee and agreed by the Minister, were posed during consultation with stakeholders as part of this review, with the goal of eliciting broad discussion on relevant matters.

These include:

- How have the statewide operations of LandCorp benefited regions and communities over the past five years and provided platforms for the requirements of a growing state?
- What has been stakeholder experience of LandCorp's engagement with private sector partners? How has the interaction and partnerships of LandCorp with the private sector benefited government and industry over time?
- To what extent has LandCorp's use of market based processes and transactions maximised returns on surplus Crown Lands and other public assets?
- How has LandCorp's range of competencies and capabilities assisted delivery of relevant government initiatives in metropolitan and regional settings?
- How effective has LandCorp been in meeting the expectations of its charter and functions, including the triple bottom line outcomes (social, economic and environmental) required of it?
- How can collaboration across government land development agencies be enhanced? Is there a case for a single land development agency?
- What are the key strategic challenges now facing LandCorp — what does the organisation need to address for the future?

In the consultation phase of the review, some 101 individual or group stakeholders were consulted as to their views of the Agency and its performance over the past five years. In addition, key LandCorp corporate documents were also reviewed covering the period from 2010-2011 onwards, including annual reports, Statements of Corporate Intent (and full-year reports), 2014 Sustainability Report and other documents. These were considered in light of the general policy direction of the State of Western Australia.

As noted earlier, the review required findings to be made in three areas:

1. The effectiveness of the operations of the Authority;
2. The need for continuation of the functions of the Authority; and
3. Such other matters as appear to (the Minister) to be relevant to the operations and effectiveness of this Act.

The detailed findings under area three are discussed in greater detail in the following sections, with regards to other matters relevant to the operations and effectiveness of LandCorp. The first two findings, however, are as follows:

#### **1. The effectiveness of the operations of the Authority**

**FINDING:** The Authority is an effective, responsive Government Trading Entity, which has delivered outcomes in land development for the economic and social, needs of the State.

#### **2. The need for continuation of the functions of the Authority**

**FINDING:** There is an ongoing need for the existing functions of the Authority.

Additional findings relevant to the operation and effectiveness of the Act are described under the following areas that relate to LandCorp's functions:

- Metropolitan industrial land, specific industrial areas and redevelopment
- Regional industrial land, land supply and regional centre development
- Residential density infill facilitation and population centres
- Government assets, capacity and expertise.

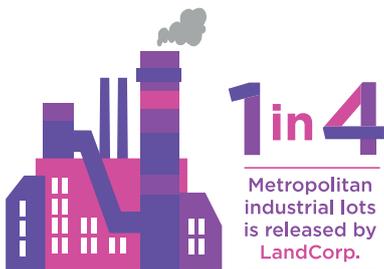
Findings and recommendations in relation to these matters are then summarised in a final chapter.

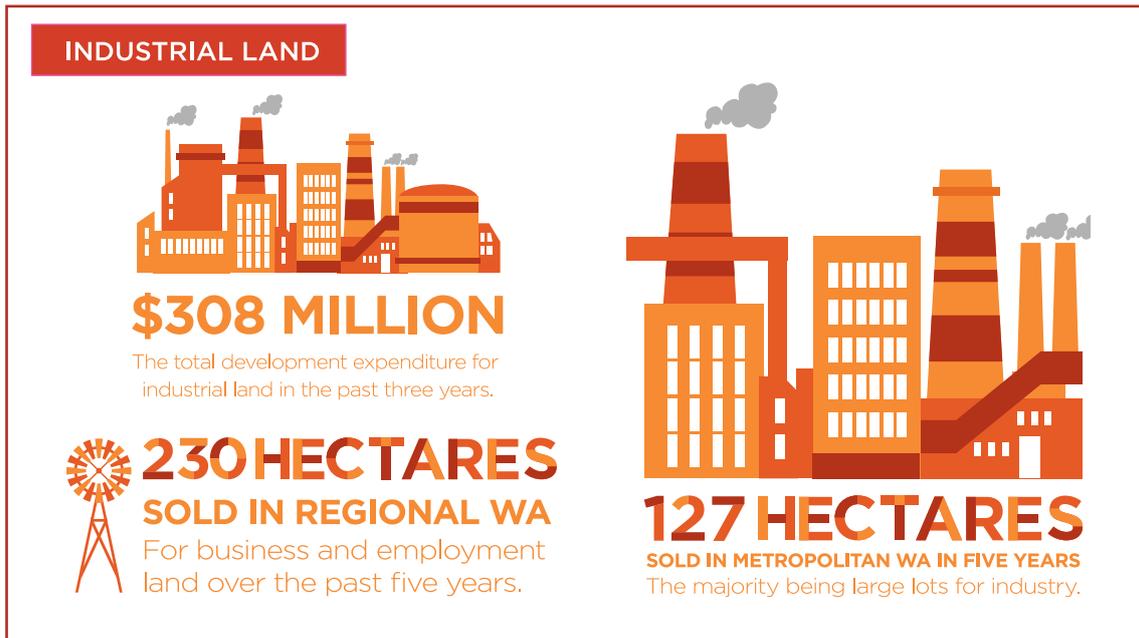
## METROPOLITAN INDUSTRIAL LAND, INDUSTRIAL AREAS AND REDEVELOPMENT

### KEY POINTS:

- The provision of land suitable for industrial development is a core activity for LandCorp and one that is essential for the economic prosperity of WA.
- The appropriate provision of industrial land underpins industry growth and employment, but much of the land zoned or intended for this use remains constrained.
- Consumption rates remain high despite an easing of demand from the resources sector. Land values have remained relatively steady over the past five years in core areas and are likely to have risen higher had Federally owned airport land not been added to the industrial mix.
- LandCorp's role in the supply of land over the past five years in the metropolitan area has varied depending on demand, lot size and private market activity, but averages approximately 25 per cent of industrial lots.
- Stakeholder consultation confirmed industrial land supply to be essential work for LandCorp, with stakeholders seeking expedited release of land in both designated and undesignated areas.
- Stakeholders saw a greater role for LandCorp's expertise to be leveraged by driving the identification, assembly, de-constraining, preparation and delivery of land, and working to coordinate infrastructure and other agencies where required.

### LAND SUPPLY STATEWIDE





**Context**

The steady supply of industrial land in Western Australia is essential to underpin the state’s economic prosperity. Together, industrial sectors including mining, transport/logistics, construction, manufacturing, and other industrial uses, employ approximately one-third of Western Australians. These sectors represent a highly significant source of both employment and economic contribution and it is necessary to provide a sufficient long-term supply of land to allow this industrial investment and activity to take place.

A number of studies of industrial demand and land supply have been undertaken in Western Australia, in an attempt to quantify demand, identify areas of potential supply and plan for the future. These studies include:

- The Industrial Land Needs Study (2008)
- Industrial Land Capacity Assessment Study (2009)
- South West Region Industrial Lands Study (2010)
- Review of the Industrial Land Strategy (2011)
- The Economic And Employment Lands Strategy: non-heavy Industrial, Perth Metropolitan And Peel Regions (2012)
- Economic and Employment Land Monitor (2015)
- Regional Hotspots updates (various)

A useful starting point for considering the status of industrial land supply in Western Australia over the past five years is the Economic and Employment Land Strategy (EELS). Produced in 2012, the comprehensive report identified that after a decade or more of unprecedented economic growth,

the resulting increase in industrial land values had caused the property market to stagnate. Property owners were unable to find a willing market and developers were unable to justify the outlay required to develop, acting as a barrier to new business or expansion of existing business<sup>15</sup>.

Other key findings of the EELS report were that:

- Perth and Peel had a projected demand for industrial land of 4726 hectares (gross) to 2031, then a 20-year horizon<sup>16</sup>. This equates to approximately 2250 hectares in net demand, and represents a significantly higher estimate than in the earlier Industrial Land Needs Study<sup>17</sup>.
- That shortfalls identified in land supply meant it would be at least 2022 before the market could achieve a balance between supply and demand<sup>18</sup>.
- That those areas then identified (in 2012) for industry were forecast to cater only for demand until between 2020 and 2023<sup>19</sup>.

The EELS noted that demand for industrial land, as of 2012, had fluctuated between 1996 and 2010 between 80 and 150 hectares per annum, with an average demand of 99.5 hectares per annum<sup>20</sup>. By 2015, the Economic and Employment Land Monitor had updated that figure. While the 2015 report found consumption for industrial land within Perth and Peel remained cyclical, it estimated that annual demand was now 100 to 300 hectares per annum<sup>21</sup>. It revised historical demand between 2001-02 and 2013-14 to an average annual 215 hectares per annum. Internally, LandCorp uses a more conservative annual consumption figure of approximately 120 hectares per annum. It is important to note that these figures still represent the net consumption of land, however. Once roads, infrastructure, buffer zones and services are incorporated, the gross consumption of land can be between 15 and 50 per cent greater than the net land area.

As of July 2015, LandCorp had 250 hectares statewide of finished lots on hand, comprising approximately 122 hectares in the Perth metropolitan area and 128 hectares in the regions. LandCorp traditionally supplies approximately 25 per cent of the vacant lot industrial market (sales by land area from Landgate) in the Perth metropolitan area, while private and other sources supply the remaining 75 per cent.

Based on historical consumption rates and the proportion of land supplied to the market by LandCorp, therefore, LandCorp's finished lots on hand are not sufficient to last more than a few years.

Furthermore, there is not sufficient project-ready land available in all EELS-identified sites and existing estates to meet the forecast demand for 2031. LandCorp's best estimates as to potential land supply from EELS sites and existing estates is 1500 hectares in net developed area, representing a shortfall of approximately 750 hectares of net industrial land, or approximately 1500 hectares of gross land.

---

15 Economic And Employment Lands Strategy: non-heavy industrial, Perth Metropolitan And Peel Regions (2012)

16 EELS, p24

17 Industrial Land Needs Study, p7

18 EELS, p21

19 EELS, p27

20 EELS, p21

21 Economic and Employment Land Monitor, 2015, p5

The shortage of industrial land is reflected in a closer investigation of Perth and Peel's 13 major, established industrial zones in the metropolitan area, specifically:

- Canning Vale
- Hazelmere
- Henderson
- Jandakot Airport
- Kewdale / Welshpool
- Kwinana
- Maddington
- Malaga
- Neerabup
- Osborne Park
- Pinjarra
- Wangara
- Perth Airport<sup>22</sup>

Closer examination of 10 of these 13 areas was conducted as part of the 2015 Economic and Employment Land Monitor. (The review excluded Pinjarra and Perth Airport and Jandakot Airport, which are described below).

This review estimated that there were approximately 7300 hectares of land zoned for all uses within these areas, of which approximately 80 per cent was zoned for industrial as its primary use<sup>23</sup>. Within industrial-zoned areas (approximately 5560 hectares), 86 per cent was classified as already developed (66 per cent for industrial and 20 per cent for non-industrial uses).

Some 780 hectares of industrial-zoned land (or 16 per cent) within industrial-zoned areas was classified as undeveloped. It is estimated that 90 per cent of all lots less than one hectare in size have been fully developed.

The tightly held industrial land profile has been reflected in land values over the past five years, even as industrial activity and other indicators fell in line with the decline in activity in the mining resources sector.

Industrial sales and leasing deals more than halved in 2014-15 compared to their peak in 2012-13. Despite this, fringe industrial land values for lots 2000-4000sqm in size have remained flat after falling from their peak of \$350/sqm to approximately \$270/sqm in the first six months of 2010-11. Core industrial land values have also held steady at approximately \$500/sqm, reflecting the tightly held supply of brownfield land<sup>24</sup>.

The strength of land values, coupled with exhausted supply, indicates that Western Australia could easily have experienced a critical shortage of land in the past five years had it not been for releases of land at both Perth Airport and Jandakot Airport into the metropolitan industrial mix. Together, these estates have contributed an estimated 180 hectares over the past five years, predominantly as large lot product.

---

22 Areas identified in Economic and Employment Land Monitor, 2015, based on Australian Bureau of Statistics Destination Zones

23 Ibid, p17

24 Colliers International Research and Report Forecast First Half 2015 Australia and New Zealand

The Perth Airport estate comprises 2,105 hectares of land. There is approximately 770 hectares of land available for non aviation development, of which 225 hectares has been developed. Consumption of non-aviation land has been estimated at between 4.1 hectares and 6.5 hectares a year for the next five years<sup>25</sup>. The Jandakot Airport estate is 622 hectares in size, of which approximately 156 hectares of land has been identified for non-aviation development. Approximately 30 hectares of this land has been developed as of August 2015<sup>26</sup>. Both sites have an allowance for a range of lot sizes, relieving some of the supply pressure in existing estates.

### LANDCORP PERFORMANCE 2010-2015

Over the past five years, LandCorp has supplied approximately 25 per cent of the vacant lot industrial market (sales by land area from Landgate) in the Perth metropolitan area. By area, these sales have ranged from a minimum of 18 hectares in 2012-13 to 37 hectares in 2011-12.

Sales	10 / 11	11 / 12	12 / 13	13 / 14	14 / 15	Totals
Sales \$ m	64	74	42	48	53	<b>281</b>
Lots	58	36	29	22	47	<b>192</b>
Hectares Sold	27	37	18	22	23	<b>127</b>

A more detailed breakdown of the core areas demonstrates uneven demand across the metropolitan area, with the south-west metropolitan region dominating sales, hectares and lots consumed.

Sales	10 / 11	11 / 12	12 / 13	13 / 14	14 / 15	Totals
Peel	Sales - \$1m Lots - 2 Ha. - 1.7				Sales - \$0.5m Lots - 1 Ha. - 0.8	<b>Sales - \$1.5m Lots - 3 Ha. - 2.5</b>
South East					Sales - \$8.4m Lots - 13 Ha. - 3	<b>Sales - \$ 8.4m Lots - 13 Ha. - 3</b>
South West	Sales - \$29m Lots - 22 Ha. - 11	Sales - \$55m Lots - 22 Ha. - 29	Sales - \$21m Lots - 10 Ha. - 10	Sales - \$40m Lots - 14 Ha. - 20	Sales - \$39m Lots - 27 Ha. - 17	<b>Sales - \$184m Lots - 95 Ha. - 87</b>
North West	Sales - \$33m Lots - 34 Ha. - 13	Sales - \$19m Lots - 14 Ha. - 8	Sales - \$21m Lots - 19 Ha. - 7	Sales - \$8m Lots - 8 Ha. - 2	Sales - \$5m Lots - 6 Ha. - 2	<b>Sales - \$86m Lots - 81 Ha. - 32</b>

25 Perth Airport Preliminary Draft Master Plan 2014

26 Jandakot City, <http://www.jandakotcity.com.au/location.html>

In the past five years, a number of LandCorp projects in mature areas have reached completion — some ahead of schedule owing to higher than originally expected demand. These include:

- Wangara Enterprise Park (172 hectares). This 35-year project had its first land release in 1988.
- Cockburn Commercial Park (90 Hectares). This 15-year project had its first land release in 2005.
- Forrestfield Access Park (60 hectares). This 15-year project had its first land release in 2001.

In addition, there are a number of areas that are either emerging industrial precincts, under developed, or slated for later release. These areas include:

- Crossroads, Forrestdale Business Park West, which has had its first stage land release.
- Flinders, Latitude 32, which has had its first stage land release.
- Meridian Park, which has had its first stage land release.
- Rockingham Industry Zone, which has 100 hectares of land de-constrained and is now available for future general and special industrial development.
- Nambeelup (identified in EELS), which is not yet project-ready and requires more work before it can be delivered.

Where delivery has occurred, LandCorp's industrial estates have set new standards for the private sector in the way industrial land is developed. This includes:

- The use of design guidelines to achieve high quality built form and streetscapes.
- Sustainability initiatives in water management and preservation of environmental features.
- Innovations in energy efficiency and reuse of materials.
- Partnerships with the private sector and other government agencies.

It is expected that LandCorp will continue to play a significant role in developing innovative product, ensuring large-lot supply, and responding to peaks in long-term market demand in order to support the private sector.

## CONSULTATION FEEDBACK

Consultation reconfirmed that industrial land supply is an undisputed, fundamental charter of LandCorp. LandCorp plays an important role and one that is challenged by having to negotiate both market expectation and reliance on LandCorp for timely supply, while balancing this with accountability to the State of Western Australia and the need to ensure that the right blend of land supply is delivered in an appropriate way.

Previous reviews of LandCorp in 2002, 2004 and 2005 did not particularly address the issue of industrial supply, as the market balance was more stable than has been the case in recent times. The 2010 review made generalised recommendations on industrial land supply but did not seek to address it in any specific detail, as the first-ever Industrial Land Needs Study had only recently been released. Reports produced since 2010 confirm the fundamental messages of the 2008 ILNS remain accurate — repeated below, for reference. The ILNS concluded, inter alia, that:

- The take up rate of general industrial land has accelerated in recent years.
- There will be a shortfall of between 990 and 2,300 hectares of industrial land by 2030.
- The most likely scenarios for additional industrial land demand in the Perth and Peel region from 2006 to 2030 will be within the range of 1,854 hectares to 3,154 hectares.

The program of Perth and Peel industrial land supply has emerged as an important issue in this most recent consultation review, with stakeholders recognising that while land supply has been largely future-proofed in the regions, it faces significant challenges in the metropolitan area.

Feedback from stakeholders indicated a widespread perception that industrial land supply had become unbalanced in the period under review. While the EELS report in 2012 identified priority sites for industrial land supply, the implementation has been both slower and less successful than the scope of the challenge demands. There are a number of reasons for this situation, not least the private land ownership of many designated sites, the extreme infrastructure and funding demands raised by the economic changes in Western Australia, and the fluctuating requirements of industrial land users in the past five years.

There has also been a fortuitous stopgap measure in the provision of land around the periphery of the Perth and Jandakot airports over the past five years, which has greatly assisted in meeting market demand. This supply is finite, however, and has relatively limited appeal given the size and tenure of the lots.

Stakeholders raised serious concerns about the time required to implement and deliver industrial land, with lead times of 10 years not uncommon to assemble parcels and de-constrain land ready for market release. While lead times remain significant, the pace at which estates are being consumed is increasing. Wangara Enterprise Park, for example, has now reached completion, as has Cockburn Commercial Park and Forrestfield Access Park. In each case, consumption was faster than had initially been estimated.

Given this, the expedited rollout of industrial land over the next five years will be critical to the social and economic growth of the state. The improved delivery of Latitude 32, which has 1400 hectares as part of the Western Trade Coast, will be vital. There was a strong perception of frustration

among stakeholders that there had been a lack of traction on Latitude 32 in recent years. This is not specifically a problem of LandCorp's making and those consulted argued for a whole-of-government approach that would see this zone receive more attention, better coordination between agencies, and integration of infrastructure in order to progress the land release program. This is likely to require a Structure Plan for the Western Trade Coast similar to those in place for other industrial areas such as Nambeelup and Preston.

Beyond the Western Trade Coast, stakeholders also nominated Bullsbrook and Muchea as being important sites for industrial land release in the medium-to-long term, again with better inter-agency co-operation and integration of infrastructure required to make this a reality. Areas of infill land earmarked for other purposes were also identified by stakeholders, who were anxious to ensure prime sites could be brought online to relieve short to medium-term shortages.

Stakeholders saw LandCorp's role in these challenging projects as being multi-faceted, drawing on the Agency's expertise and unique position as an enabler of development. Stakeholders raised a number of potential activities in which greater LandCorp involvement would be appropriate, such as:

- identifying appropriate land, including that not zoned as industrial;
- cooperating with owners and government to de-constrain sites;
- driving rezoning and local structure plan processes;
- working with utilities and other agencies to expedite the availability of infrastructure; and
- coordinating landowner and private groups.

#### **FINDING:**

LandCorp should hasten development of the significant integrated industrial zone known as the Western Trade Coast in the role of implementation agency accountable to Department of State Development as Lead Agency.

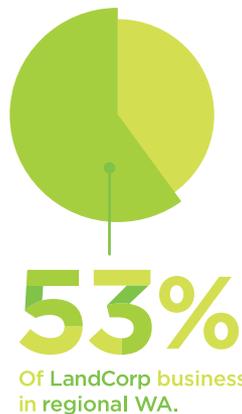
LandCorp should expedite delivery of industrial land supply identified in the Economic and Employment of Lands Strategy within three to five years to meet the demands and requirements of Perth metropolitan and Peel regions.

## REGIONAL INDUSTRIAL LAND, RESIDENTIAL LAND SUPPLY AND REGIONAL CENTRE DEVELOPMENT

### KEY POINTS:

- Regional Western Australia is home to the state’s most significant industries, including mining, oil and gas, and agriculture, which are major contributors to exports and gross state product.
- LandCorp is engaged in projects across the regions, including those funded by Royalties for Regions, with a number of economic and social goals including enabling economic expansion of regional cities, improving land supply, and ensuring availability of appropriate industrial land.
- Many regional projects are highly complex, lack willingness from the private sector to take the lead, and do not generate particular returns to the State Government or capital investment by proponents.
- Stakeholder consultation confirmed high satisfaction with LandCorp’s efforts in regional areas and recommended LandCorp build on its effective delivery of achievements in the regions to consolidate social and economic growth of the state.

### REGIONAL EFFORTS



**\$380 MILLION**

Infrastructure projects, managed by LandCorp in the past five years.

**\$288 MILLION**

Ord Expansion Project managed by LandCorp.



## Context

Western Australia's economy is driven by exports, especially those from mining, oil and gas, and agricultural activity, making the regional areas of the state highly important both to the WA economy and that of the country as a whole.

Over the past five years, Western Australia's gross state product has experienced consistent growth above 3 per cent, peaking at 7.6 per cent growth in 2011-12. In 2013-14, the most recently available figures, mining accounted for approximately 30 per cent of GSP, followed by market services industries at 28 per cent and construction at 12 per cent<sup>27</sup>. Agriculture, forestry and fishing contribute significantly less to GSP growth in real value terms and the sector's performance is more volatile. After a sharp decline in 2013-14, the sector was up 59 per cent in 2013-14. Agriculture remains an important industry within regional Western Australia and it is expected to increase in importance in the future, given potential for the development of exports into Asia.

Supporting these regionally based industries requires a whole-of-government approach, from ensuring appropriately priced housing for workers, to facilitating the release of industrial and employment lands in developing towns, to providing the necessary infrastructure to support regional communities.

Beyond the economic imperative that comes with supporting commercial regional activity, there are social imperatives as well. These include providing an alternative to the concentration of Western Australia's population in the Greater Perth metropolitan region, which is home to 79 per cent of the state's population; improving the education, health, recreational and commercial opportunities available for residents in regional areas; and developing residential and employment options for workers in regional areas.

In 2009, in recognition of the economic and social benefits of greater regional investment, the Royalties for Regions program was introduced. This underpins the State Government's long-term focus to facilitate economic, business and social development in regional Western Australia. Royalties for Regions has invested \$6.1 billion of the state's mining and onshore petroleum royalties to more than 3,600 projects and programs, including transfers to the Future Fund and other Special Purpose Accounts.

Royalties for Regions promotes and facilitates economic, business and social development in regional Western Australia for the benefit of all Western Australians. Royalties for Regions is expected to invest \$4 billion over four years across regional Western Australia from 2015-16.

As part of the Lands portfolio, LandCorp works closely with the Department of Regional Development, which administers the Royalties for Regions program, the Department of Lands, which administers approximately 92 per cent of WA's land mass, and Landgate, which maintains the land titles register and provides location information products and services to Government, industry, business and the community. LandCorp also works closely with the Department of State Development as lead agency in the development of Strategic Industrial Areas, with support from the WA Planning Commission. In these areas, LandCorp has acted as the Project and Estate Manager, undertaking long-term planning, making land and infrastructure corridors project-ready through statutory approval processes, and structure planning. In these roles, LandCorp has over the past five years been an essential tool of the State Government to respond to regional project delivery requirements to support the broader WA policy for regional development.

---

<sup>27</sup> Western Australia Economic Profile – July 2015, Department of State Development

## LANDCORP PERFORMANCE 2010-2015

LandCorp described its strategic role in regional areas as follows: “We work to deliver a statewide land and infrastructure development strategy for regional WA to maximise economic development opportunities and the potential to create permanent, sustainable communities.”<sup>28</sup>

This work has had its primary focus on northern Western Australia, in line with the infrastructure demands that have accompanied the expansion of the mining and resources industry. Chief among the projects has been the work associated with Pilbara Cities, a whole-of-government plan designed to turn isolated towns in the Pilbara region into vibrant cities with much larger capacity as population centres. Outside the Pilbara, however, work has been undertaken in all regions.

A brief description of major projects can be found below.

### Pilbara Cities

- Karratha Town Centre upgrade, residential land releases at Baynton West, Tambrey, Madigan Road, Nickol and Mulataga, and release of industrial lots in areas including Gap Ridge, Karratha Light Industrial Area and Anketell.
- Service Worker village in Karratha.
- Investigation of new infrastructure projects such as Dampier recreational boating marina and Port Hedland Marina.
- South Hedland Town Revitalisation project, Western Edge rezoning and joint venture project, Pretty Pool Estate residential development, Wedgefield Industrial Estate and de-risking process of land in East Port Hedland.
- Newman Town Centre revitalisation, East Newman residential land release and light industrial land release.
- Onslow rezoning of townsite land and creation of infill lots.
- Normalisation of overheated Pilbara land markets, particularly in Karratha and to an extent in Port Hedland and Newman.

### Kimberley

- Ord Expansion Project including facilitation of a development agreement with Kimberley Agricultural Investment in East Kimberley to allow lot releases. Provision of project management services.
- Economic profile in conjunction with the Kimberley Development Commission and Shire of Broome, as well as Broome North development and Broome Road Industrial project.

---

28 LandCorp Strategic Development Plan, 2012-13

- Release of residential lots at Waranyjarri Estate and rezoning that supports duplex lots allowing for a greater number of dwelling units, product options and a variety of tenures.
- Derby light industrial project.
- Kununurra Weaber Plain Industrial expansion project.
- Lakeside Coolibah.

### South West

- Bunbury Waterfront Koombana North project progressed with 11,710sqm mixed-use development.
- Release of residential land at Bridgetown, Gracetown and Harvey.
- Commercial and industrial projects in Kemerton, Preston Industrial Park and the McLarty site in Myalup.
- Collie light industrial release and Shotts commercial and industrial area.

### Gascoyne

- Carnarvon NorthWater residential estate and Cornish Street Light Industrial estate.
- Release of residential land at Exmouth and Nimitz Residential Estate. Preparation of land for release at Exmouth Marina.
- Release of residential land at Denham.

### Midwest

- Batavia Coast Marina Stage 2: Progress remediation of contaminants in parallel with planning approvals.
- Morawa light industrial and residential projects.
- Leeman light industrial and residential projects.
- Greenhead light industrial and residential projects.
- Release of residential land at Kalbarri, Nabawa, Mount Magnet, Yalgoo, Three Springs, Mingenew, Meekatharra, Cue and Coorow.

### Goldfields-Esperance

- Release of residential land at Coolgardie, Eucla, Grass Patch, Mary Ann Waters, Laverton, Leonora, Menzies and Norseman.
- Development of GreenView and Karlkura Rise residential estates in Kalgoorlie, an innovation through demonstration project.
- Kalgoorlie Anzac Drive industrial estate.
- Industrial projects in Kambalda, Mungari and Ravensthorpe.

### Great Southern

- Release of residential land at Cranbrook, Denmark, Gnowangerup, Mt Barker, Nyabing, Rocky Gully and Woodanilling.
- Bremer Bay commercial and residential projects.
- Borden light industrial and residential projects.
- Katanning light industrial and residential projects.
- Albany Le Grande Avenue residential super lot development and commercial developments at Middleton Beach, Proudlove Parade, former gasworks site and Albany Waterfront.
- Mirambeena commercial and industrial projects.
- Jerramungup commercial project.
- Walpole light industrial project.

### Peel

- Mandurah Junction and Ranford residential projects.
- Pinjarra Industrial Estate.
- Mandurah Ocean Marina innovation through demonstration project.

### Regional Development Assistance Program

- Assisting 50 local authorities with land release, including in Carnarvon, Exmouth and Collie, Kambalda residential expansion, Kambalda light industrial and Menzies light industrial expansion.

## Strategic Industrial Areas

Development of Strategic Industrial Areas, estates designated for major downstream resource processing activities, in:

- Port Hedland, Boodarie.
- Karratha, Maitland Industrial Estate.
- Onslow, Ashburton North Strategic Industrial Area.

## Regional Cities and SuperTowns

- Support for the development of these programs through provision of advice and participation in committees and working groups.
- Regional Land Survey of each region's industrial land needs.

## CONSULTATION FEEDBACK

There was clear recognition among stakeholders consulted for this review that the kinds of regional projects undertaken by LandCorp are highly complex. In many areas, there is a lack of willingness from the private sector to take the lead in development, in part due to risk, uncertain economic conditions, land tenure issues, financial loss and recognised barriers such as cost, distance and logistics.

LandCorp's work — such as its ability to assemble de-constrained land parcels for development and to facilitate land and development options — was something noted by stakeholders as an important role. This was the case particularly in major projects, such as the Ord East Kimberley Expansion project and Pilbara Cities, where the projects incurred considerable risk and there was likely to be little or no financial return to proponents or Government. While LandCorp was likely to invest in these projects at a loss, it was felt that this was a worthwhile measure given the private investment LandCorp initiatives could leverage in the future.

Stakeholders felt it was important that the balance be clarified between LandCorp's commercial imperatives and the social outcomes its work achieves, given that any conflict here has potential to subordinate strategic projects.

Stakeholders saw considerable further work ahead needed for regional areas, including the application of experience gained from delivery of strategic urban and industrial projects in Perth and regionally to the other regional cities, such as Bunbury, Geraldton and Albany.

### FINDING:

LandCorp should build on its effective delivery of achievements in the regions of Western Australia to consolidate social and economic growth of the state.

## RESIDENTIAL DENSITY INFILL FACILITATION AND POPULATION CENTRES

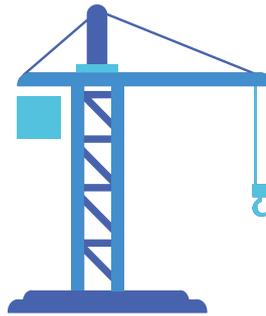
### KEY POINTS:

- Greater Perth's population is on track to meet or exceed population forecasts of 2.2 million by 2021 and 3.5 million by 2050.
- Existing population pressure on infrastructure, land supply and housing affordability has led to policy settings designed to encourage increased residential infill.
- While infill targets have been set, these have not so far been achieved in most areas of Greater Perth.
- Stakeholder consultation confirmed that residential density infill facilitation and population centres are an important role of LandCorp.

### METROPOLITAN RESIDENTIAL AND INFILL LAND

**\$790  
MILLION**

Sales achieved in the  
past five years.

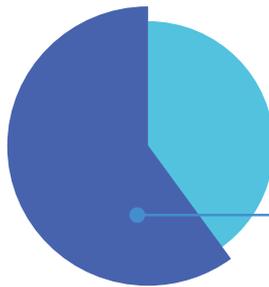


**6,500  
DWELLINGS**

The potential number of  
dwellings that can be  
developed on sold lots.

**2,200  
LOTS**

The number of residential lots  
LandCorp has released for sale  
in the past five years.

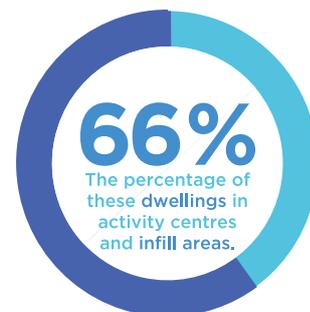


**60%**

Of lots released are  
through partnerships.



**65%** Lots sold below median  
lot price to facilitate  
affordable housing.



**66%**  
The percentage of  
these dwellings in  
activity centres  
and infill areas.

## Context

Western Australia has experienced a period of sharp population growth over the past decade. At the time of the last Ministerial Review of LandCorp, it was estimated WA's resident population was 2,296,400<sup>29</sup>. Even then, WA's population growth was the fastest in the country, growing 2.2 per cent between June 2009 and June 2010 compared with a national growth rate for that year of 1.7 per cent<sup>30</sup>.

As at June 2014, the resident population of WA was estimated at 2,600,000, or 15 per cent higher than in June 2009. Within Greater Perth, a number of regions experienced even more significant growth, with population in the statistical area of Serpentine Jarrahdale climbing 38 per cent in five years, Armadale climbing 33 per cent and Kwinana climbing 29 per cent<sup>31</sup>.

This influx has put considerable pressure on infrastructure, land supply and housing affordability and while population growth may have slowed slightly in 2014, growth remains higher than the national average<sup>32</sup>.

In 2010, the WA Government published the Directions 2031 and Beyond report, which sets out a planning framework to prepare for the Perth metropolitan region reaching a population of 2.2 million residents by 2031 and as many as 3.5 million by 2050.

As a result of this significant potential increase in population size, the report favours the development of urban corridors serviced by public transport to accommodate medium-rise and higher density housing while reducing development pressure on existing suburbs and the urban fringe. Policy settings are a reaction to unsustainable continuous outward growth of Greater Perth, the need for 328,000 housing units of strategic infill development, and reverse commutes.

---

29 Australian Demographic Statistics (cat. no. 3101.0). Australian Bureau of Statistics, 4/8/2010

30 Australian Demographic Statistics (cat. no. 3101.0). Australian Bureau of Statistics, 4/8/2010

31 Population by Age and Sex, Regions of Australia, 2014 (cat. no. 3235.0). Australian Bureau of Statistics, 18/8/2015

32 Australian Demographic Statistics, (cat. no. 3101.0). Australian Bureau of Statistics 25/06/2015

Directions 2031 identified six sub-regional planning areas that would form the basis of future planning and policy development. The estimated additional infill dwellings that would be required by 2031 for each subregion are described below:

Region	Estimated additional infill dwellings by 2031
Central Metropolitan	121,000
North-West Metropolitan	65,000
North-East Metropolitan	40,000
South-East Metropolitan	35,000
South-West Metropolitan	41,000
Peel	26,000
<b>Total</b>	<b>328,000</b>

It should be noted that the population growth forecasts in *Directions 2031* included low, medium and high-case scenarios used to predict the future residential population of Greater Perth. The medium-case scenario for population for 2016 was a residential population of 2 million. According to the Australian Bureau of Statistics in August 2015, this figure had already been achieved by June 2014, suggesting WA is on track to meet or exceed the medium to high population forecast.

The policy settings advanced in *Directions 2031* are reflected in a number of other strategic planning and policy documents as well, including the draft report *Perth and Peel@3.5 million*. Despite this widespread adoption of the *Directions 2031* framework, the Department of Planning's most recent *Urban Growth Monitor* notes that the net infill rate for Perth has hovered around 32 per cent, well below the long-term target required to meet *Directions 2031* goals of 47 per cent. Of 32 local governments, just two (Claremont and Kwinana) were considered to be 'ahead' of their infill targets in 2011-12, while 13 were 'tracking towards' their targets<sup>33</sup>.

### LANDCORP PERFORMANCE 2010-2015

LandCorp acts as an instrument in implementing government policy and in the past five years has been engaged by Government to identify and implement solutions in areas of market failure or to expedite the implementation of policy. The targets for urban infill, urban renewal and densification represent one such area, given that the private sector is traditionally active on the most prospective and 'least constrained' sites, and will resile from or delay action on more difficult properties. To achieve the Government's infill targets, LandCorp has played a role in accelerating the creation of development-ready sites (from more constrained sites), which have then been released to the private sector for development.

33 Infill dwellings 2011-12, Department of Planning, Urban Growth Monitor July 2014

Current property market conditions suggest sustained demand for housing within the metropolitan area, in particular in inner urban areas with access to places of employment, and retail/commercial amenity through key transport linkages. Consequently, the market has experienced a progressive demographic shift towards higher density living in transport-orientated developments (TOD), improved urban design, and placemaking initiatives

LandCorp has been able to deliver TOD projects in the Cockburn Central Activity Centre and “The Springs” development in Rivervale, which have both assisted the activation of these urban infill redevelopments. The opportunity exists to develop further activity centre redevelopments along rail corridors, where greater regeneration is currently required in the form of affordable, diverse, liveable housing.

Over the past five years, LandCorp has released more than 2200 metropolitan lots for sale, with 60 per cent of these being through partnering arrangements such as at Alkimos, The Vive in Carine and Baldivis Evermore. Those 2200 lots represent the potential for more than 6500 dwellings through mixed use and medium-high density apartment sites, as at The Springs at Rivervale or Cockburn Central.

In the past eight years, 65 per cent of dwelling unit equivalents released by LandCorp have been from infill projects, with the vast majority of greenfield dwellings being in the north west corridor. This compares to a government target of 47 per cent for infill. It is expected that this split in the proportion of infill versus greenfield dwellings will continue in the range of projects presently programmed, which would reflect Government policy and support business sustainability. Over time, it is also expected that LandCorp performance will be linked to dwelling unit equivalents rather than lot sales, as the focus on infill, redevelopment sites, activity centres and placemaking becomes a more significant portion of the business.

LandCorp also has a role in providing land for affordable housing, with a target of 15 per cent of land developed to be at affordable settings statewide. Over the past four years that this target has been in place, LandCorp has consistently exceeded the target, with 65 per cent of single residential lots sold in Perth in 2014-15 sold below the median lot price. Some 52 per cent of single lot sales were below the statewide median lot price, while 40 per cent were sold below the regional median lot price. Over the past 5 years, LandCorp has also increased its engagement with not-for-profit housing providers to deliver affordable housing, with a number of projects delivered in Perth and the regions in partnership with these housing providers.

## **CONSULTATION FEEDBACK**

Stakeholders consulted for this review confirmed that residential density infill facilitation and the development of population centres were important roles for LandCorp.

Stakeholders were highly supportive of the Government’s policy direction on the need to meet housing and other needs from within existing urban infill areas, but recognised that assembly of infill development platforms remained a challenge for the private sector.

Sites that could be easily developed, with lower cost structures and assembly constraints, were already being developed by the private sector; however other barriers have emerged that have constrained development in certain areas, such as the lack of project-ready land close to transport corridors, protracted lead times needed to assemble and service appropriate land platforms for development, and associated time cost of money issues.

Stakeholders saw LandCorp as having the appropriate capacity and experience to prepare and release land in infill areas that could be developed with greater coordination and offered as project-ready opportunities for a nimble, innovative private sector.

Heavily constrained sites, such as those that have been contaminated, require direct government intervention to facilitate density outcomes and this was seen as an appropriate role for LandCorp.

**FINDING:**

LandCorp should redouble facilitation of residential density infill opportunities in the Perth and Peel regions to assist in achievement of planning policy targets.

## GOVERNMENT ASSETS, CAPACITY AND EXPERTISE

### KEY POINTS:

- LandCorp plays a significant role in the disposal of State Government assets and lands that are surplus to requirements or underutilised.
- The Agency's involvement in asset disposal can allow for significant value-add, particularly where a process of de-risking and de-constraining can be undertaken to improve marketability and sale price.
- Stakeholders confirm this to be an important role for LandCorp, and one the Agency does well, with government stakeholders in particular seeing room for an expansion of involvement in these areas.
- Private stakeholders also recognise the importance of LandCorp de-constraining and readying land for development, with the recommendation that LandCorp pass on these opportunities to the private sector as soon as is practicable.

### SURPLUS ASSET SALES

**\$101  
MILLION**

Proceeds of surplus asset sales in the past five years.

**116**

Number of surplus Government properties sold in the past five years.

### GOVERNMENT RETURNS

**\$605  
MILLION**

Total receipts paid to Government in the past five years.

**\$195.2  
MILLION**

Amount paid to State Government in land tax equivalent in the past five years.

## Context

Over the past five years, the process of disposing of State Government assets has changed in Western Australia. Between 2006 and 2014, this was a function undertaken by the Property Asset Clearing House, with LandCorp engaged as the implementation agency. This committee, comprised of senior representatives from government agencies, was designed to facilitate disposals and determine the best way forward when more than one agency expressed an interest in the same property.

Under the disposal system, an agency would first identify surplus property, list the surplus property with the Property Asset Clearing House to enable purchase by another government agency, and — if not purchased by another agency — LandCorp would undertake the sale on the open market on behalf of the State of Western Australia.

In 2014, the Property Asset Clearing House was replaced by the Land Asset Management Unit, which has been charged with considering some 140,000 parcels of land for which the State Government is responsible. The Department of Lands now leads the Government's Land Asset Sales Program to coordinate the sale of surplus or underutilised land assets, with proceeds used to reduce state debt and return revenue to the State of Western Australia. Through this program, the State Government makes a number of assets available to the open market. Given the recent change in approach, it is expected that it may take some time to ensure a ready supply of assets under the new system.

LandCorp provides expert resources and support to the Land Asset Management Unit and is able to assist in providing expertise as to demand, use and potential of property assets, as well as assisting in the de-constraining of the land in order to optimise sales returns. While WA transitions to the new system, LandCorp has also been instructed by Treasury and Department of Lands to continue the process of disposing surplus assets that were listed on the former Property Asset Clearing House register. Currently there are approximately 70 properties being progressed for sale by LandCorp with an approximate market value of \$40 million in aggregate.

## LANDCORP PERFORMANCE

LandCorp has provided a diverse range of land asset and property advisory services to State Government agencies and to local government. These services broadly cover:

- disposing of government property assets;
- providing project management services;
- supplying expert property advice to optimise development outcomes; and
- providing advice on the decontamination of government land.

As a member of the Government's Property Asset Clearing House, LandCorp assisted with the disposal of surplus government property assets. Over the past five years the PACH disposed of 115 surplus properties, which returned to the Government over \$100 million. LandCorp now assists the Land Asset Management Unit and recently sold the Kaleeya Hospital for Government, one of the top 20 sites earmarked for disposal. LandCorp is in a position to purchase or market a number of other sites on this list of 20 and can immediately commence the de-constraining process to add value to the assets either in preparation for eventual disposal or redevelopment.

LandCorp is also engaged directly by government agencies to dispose of surplus property assets on their behalf. In 2015, for example, LandCorp sold a portion of the Sunset Hospital for the Department of Building Management and Works, as well as a Kwinana industrial lot and a building in Geraldton for the Lotteries Commission of Western Australia.

Disposal of State Government assets to LandCorp allows for value to be added through a de-risking and de-constraining process or leveraged through land assembly. When finally disposed of, the state benefits financially from GST savings, rates, taxes and dividends derived through the operating activities of LandCorp.

The analysis below of recent projects shows examples of the value added in returns delivered to the State of Western Australia by LandCorp initiatives.

Project Name	Purchase Price of Land \$'000	Return to State Govt. from \$'000	Total Cash flows to State Govt. LandCorp * \$'000	Value-Add by LandCorp (above purchase price) \$'000
Welshpool — Orrong Estate	6,390	4,422	10,812	<b>69%</b>
Salter Point — Mt Henry	12,110	12,397	24,507	<b>102%</b>
Nedlands — Hollywood High	16,750	17,736	34,486	<b>106%</b>
Mosman Park — Minim Cove #	14,981	48,463	63,444	<b>323%</b>
Swanbourne (Old High School Site)	20,250	21,377	41,627	<b>106%</b>
Craigie (Old High School Site)	12,614	12,837	25,451	<b>102%</b>
Carine (Old TAFE College) **	14,578	5,335	19,913	<b>37%</b>

\* Return to State Government is based on project cash flows.

\*\* 50:50 JV

Note #: Mosman Park Minim Cove is an active project with land sales continuing. Financials for Mosman Park are to 30 June 2013. Returns reflect the period to 30 June 2013 only and are therefore under-valued. The purchase price of land at Minim Cove was zero, on the condition that LandCorp would meet all clean-up costs relating to contamination on this site. Clean-up costs to LandCorp amounted to \$14.981m and have been factored in when working out the return to State Government.

Beyond its direct role in disposing of government-owned assets, LandCorp regularly provides advice to State Government agencies and to local governments to assist with the management of property issues and to maximise land development outcomes. Recent examples include the provision of advice to Government on the Fire and Emergency Services Authority site and hotel development, the former hotel site on Middleton Beach Albany, and on development options at Port Geographe, Stirling and Mirrabooka town centres.

LandCorp is the responsible agency under the *Contaminated Sites Act 2003* for the project managing and remediation of orphan contaminated sites. As such, LandCorp provides other Government agencies with technical and strategic assistance on contaminated sites. This assistance can range from simply providing advice on regulatory requirements through to project managing remediation works on their behalf.

Over the last five years LandCorp has project-managed 13 contamination investigation projects for agencies such as Department of Fire and Emergency Services, Department of Parks and Wildlife, Rottnest Island Authority and Department of Corrective Services. It has also been project managing the remediation of two orphan sites, the former waste control solvent recycling facility at Bellevue and the former gasworks and cannery site in Albany.

## **CONSULTATION FEEDBACK**

Consultation with stakeholders confirmed support for LandCorp to expedite and assist in the management and sale of government assets to the private sector, and its role in delivering returns from these sales to the State of Western Australia.

Among government stakeholders, there was a perception that LandCorp should extend its efforts in order to achieve the highest and best use of surplus government assets and return funds to Government, continuing to add value through the process. LandCorp's expertise in these areas was also seen as being important in the advantageous development of existing sites to achieve government policy outcomes, such as those identified in major planning strategies.

In the private sector, perceptions around LandCorp's role in asset sales were more nuanced. On the one hand, developers and agents confirmed that there was little private investment appetite for purchasing government assets that need rezoning, Native Title clearance, structure planning, site de-contamination or adaptive reuse of buildings.

While some assets could be purchased and have continued use for their existing purpose, as was the case in Kaleeya Hospital, such cases were rare. Instead, the repurposing of government assets and other de-constraining activities required significant upfront capital investment and longer lead times for redevelopment than developments of vacant land or more flexible sites. Given these challenges for the private sector, there was uniform agreement of the importance of LandCorp's involvement in facilitating the release of government-owned assets for recycled land use in the form of project-ready opportunities.

At the same time, a few stakeholders stressed the importance of LandCorp not engaging for too long in the process. These stakeholders argued that LandCorp needed to expedite de-constraint of assets, and then hand over the process to more nimble private operators. The Springs in Rivervale was cited as an example of best practice here, with LandCorp engaging early with private developers and delivering product for development in an expedited fashion.

**FINDING:**

LandCorp should encourage Government's use of LandCorp's resources and expertise to acquire, de-constrain or divest surplus government assets with the objective of maximising social and economic returns to the community and manage development risk.

# Recommendations

The following recommendations arise from the consultation phase of the review, taking into account policy settings, stakeholder needs, property market conditions and the recognised capabilities of LandCorp:

- 1.** The Government should prioritise development of the Western Trade Coast comprising Kwinana, Rockingham, Henderson and Latitude 32 by empowering DSD as Lead Agency resourced by LandCorp as implementation agency.
- 2.** LandCorp should encourage greater cohesion and stronger working relationships between agencies, including addressing previous identified points of friction or barriers to co-operation. Government should reconfirm LandCorp's charter and role, to facilitate improved cooperation and stronger working protocols with its partner government agencies.
- 3.** The Government and LandCorp should endeavour to clarify the balance the Authority is required to strike between commercial imperatives and social outcomes, recognising that conflict here has potential to subordinate strategic projects.
- 4.** The Government should better engage the responsive expertise that LandCorp is capable of providing to other agencies and sectors in order to maximise social and economic benefits to the state.
- 5.** LandCorp should review and analyse its management of joint venture relationships to balance the cost of any duplication whilst maximising the benefits of partnership.

# Appendices

## APPENDIX A

### 2015 Stakeholder Consultation and Engagement

#### STAKEHOLDER GROUPS

Government Sector	Professional Associations
Department of Lands Australia (WA Division)	Urban Development Institute of
Department of Planning	Property Council of Australia
Department of Regional Development	Australian Property Institute
Department of the Premier & Cabinet	Planning Institute of Australia
Department of Transport	Housing Industry Association
Department of Treasury	Master Builders Association
Western Australian Planning Commission	Real Estate Institute of WA
Pilbara Development Commission	
Kimberley Development Commission	
South West Development Commission	
Office of the Auditor General	
Minister for Regional Development; Lands; Minister Assisting the Minister for State Development	
Minister for Planning; Culture and the Arts	
Minister for Housing; Racing and Gaming	

<b>Developers and Joint Venture Partners</b>	<b>Commercial and Industrial</b>
Australand Holdings Limited	Coxon Group of Companies
Blackburne Property Group	Eastcourt Property Group
Satterley Property Group	Hodgson Group
Lend Lease	Sansom GW & Associates
BGC (Australia) Pty Ltd	Jones Lang LaSalle
Cedar Woods	Knight Frank Australia
PRM Property Group	Burgess Rawson (Perth)
Mirvac	Colliers International (Perth)
ABN Group	CBRE
Finbar Group Limited	

<b>Local Government</b>	<b>Other</b>
City of Cockburn	Deloitte
City of Joondalup	KPMG
City of Rockingham	Ernst & Young
City of Wanneroo	Y Research
City of Albany	Rowe Group
City of Karratha	
	CLE Town Planning & Design
	Doric Group
	Georgiou Group Pty Ltd
	LandCorp Board
	LandCorp Executive Manager Group