

Division 22: Lands, \$52 687 000 —

Mr M.J. Cowper, Chairman.

Mr D.T. Redman, Minister for Lands.

Mr C. Slattery, Director General.

Mr A. Abraham, Chief Finance Officer.

Mr P. Rechichi, Executive Director, Corporate Services.

Mr P. Zadeian, Executive Director, Land Asset Management Services.

Mrs A. Hughes, Executive Director, Strategy, Policy and Planning.

Mr M. Darcey, Executive Director, Regional and Metro Services.

Ms S. Eckert, General Counsel.

The CHAIRMAN: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. It will greatly assist Hansard if members can give these details in preface to their questions. The minister may agree to provide supplementary information to the committee rather than ask that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 3 June 2016. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office.

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

[Witnesses introduced.]

The CHAIRMAN: I allocate the call to the member for Willagee.

[12.40 pm]

Mr P.C. TINLEY: I refer to page 237. The first dot point under the heading "Significant Issues Impacting the Agency" refers to the government's land asset sales program. Can the minister provide me, via supplementary information if not now, an update on all stages of the government's land asset sales program, including properties sold, for sale or being assessed, and the agency that owns the property; for properties sold, the last two known valuations, whether requested or not by the Department of Lands; and, for unsold land, an asset summary report for each property?

Mr D.T. REDMAN: Land is bought and sold every day. The member is asking for all the land sold to date under the land asset sales program. I will give some global figures and we will see whether we get to where the member wants to be. Stages 1 and 2 of the land asset sales program were released in September 2014 and June 2015 respectively and comprised a total of 62 properties with a gross value of approximately \$250 million. Since the inception of the land asset sales process, 75 assets with a combined value of \$140.5 million have been sold. Four stage 1 properties have been sold for a total of \$29.521 million; the latest were Fremantle Police Station, and the Yirra Yaakin Theatre Company building, which is pending settlement. There are currently 538 assets in the land asset sales process pipeline at various stages of asset identification—184 under the asset identification process, 262 under assessment; and 92 under divestment.

I will keep going if the member is happy with this response. Marketing is nearing completion for the former Swan District Hospital site and the old Perth Girls' School. They are expected to go to market in mid-2016 following investigations into existing gravesites. The land asset sales process is currently on target for overall budget estimates; however, the 2015–16 crown land sales are significantly under the original target, while freehold sales are significantly over. The 2015–16 forecast out-turn target is on track to exceed the overall target of \$141 million, given that we have a little time to go on that.

Does that satisfy the member? It sounds as though the premise of the member's question was the relationship between the Valuer-General's assessment of land value and actual sales utilised. I might ask the director general to make a response, because we need to go through a very clear process with lands that fall under the Department of Lands in terms of signing off on the sale of those lands as they apply to valuations.

Mr C. Slattery: There was a recent Auditor General's report on the land asset sales process that pretty much gave a good endorsement of the process we use. However, one of the recommendations of the report was that we make transparent the actual valuation and the purchase price. Our intention is to publish those on our website. We currently publish all the assets that have been sold, and that will now include the valuation that was held and record the actual sales value as well. It will be very public and very transparent.

Mr D.T. REDMAN: I will just add one comment to that. We will not be putting in valuations prior to sales; as the member could imagine, in some cases the outcomes are significantly higher than the valuation, and the last thing we want to do is signal to the market where we think it might be.

Mr B.J. GRYLLS: I refer to page 237 of budget paper No 2. The final dot point under "Significant Issues Impacting the Agency" refers to rangelands reform. Can the minister please outline what the proposed legislation aims to achieve and how it will promote sustainable economic development in the region, and talk about some of the consultation that has occurred with pastoralists and the feedback the minister has had from them.

Mr D.T. REDMAN: I thank the member for Pilbara. This is a significant reform to an act that has been in place, in some cases, since the early twentieth century. It is designed to try to unlock tenure opportunities in the Western Australian rangelands, which make up about 87 per cent of the state, so it is a significant land mass. I am told that the value assessment of that is about \$70 billion, so it is a pretty significant asset that is tremendously underutilised. There is an opportunity to unlock that potential by giving options for lease types other than pastoral leases. As the member well knows, we have been working through a process in counting back from the spring session of Parliament to get these reforms through before the end of the year, so we are on a short time frame. We put out a draft bill, which went out for a very quick one-month consultation and a range of forums that the Department of Lands has been engaged in across regional Western Australia. That consultation has just finished, and I have been presented with the outcomes of that consultation, including from the lead groups that we have been talking to, about the changes they seek to the draft bill. As a result of that consultation, yesterday I instructed the Department of Lands to go away with some changes—because some very good outcomes came out of that consultation—and Parliamentary Counsel is now in the process of drafting up the bill. Those changes include significant tenure improvements for pastoralists; having a rangelands lease as an option; and setting up a pastoral and rangelands advisory board to advise the minister. I will be abolishing the Pastoral Lands Board, but in response to some of the consultation that occurred in Mt Magnet, I will put in place an alternative process—which can be triggered by any potentially adverse decision that the minister might make—that would put key pastoralists, endorsed by industry, in a position to advise the minister on whether the particular issue has merit. That is a very robust process that in fact strengthens the appeals process compared with what is in place now. Another significant tenure improvement is statutory right of renewal. Pastoralists on short tenure lengths can increase their tenure to 49 or 50 years.

Interestingly, there were about 3 000 submissions for consideration. Some of those were hit the button and send them out-type submissions, but there is still significant interest in this process. I am happy that we have got to a point at which we have support from the mining sector, the conservation sector, traditional owners, the tourism sector and, in my view, a good proportion of the pastoral industry. Some are not of the view that we should abolish the PLB, but I am confident that this should get support from Parliament. I have not mentioned this, but the shadow Minister for Lands is the member for Willagee, Mr Tinley, and I am hoping to organise a briefing at some point for the shadow minister to try to get support for this bill during the spring session.

Mr M.P. MURRAY: Will there be any exclusion of the coastal strip for further development of tourism et cetera in the future?

Mr D.T. REDMAN: Exclusions were put in place under the renewal of pastoral releases that happened in June last year. I will ask the director general to comment on that.

Mr C. Slattery: In relation to the future needs of tourism, the state always reserves the right to excise land for any particular purpose; so, if it is coming out of a pastoral lease, we would take those interests back, but we would compensate them for those interests. We can do that at any stage. If there is unallocated crown land, we can assign a new purpose to that land. If the government has an objective or plan, we can assist with the appropriate land tenure to go with it.

Mr D.T. REDMAN: I think the most public example, member for Collie–Preston, was the Ningaloo coast. That process was started in about 2004 by Hon Alannah MacTiernan, who sought sign-off by those particular pastoralists for that exclusion to occur when the renewal happened. The previous Minister for Lands and I have somewhat modified that, but that process has essentially flowed through to the renewal process in cases where land has been excised.

Dr G.G. JACOBS: On the same matter, I was with the minister in Kalgoorlie when we met with pastoralists, and I think it is fair to say that they far from endorsed this pastoral reform. They were not happy with the

abolition of the Pastoral Lands Board, and they were not happy with the reduced membership by two of the new advisory board or council. They also were not happy with the fact that one of the stumbling blocks to diversification and land tenure changes would be, again, the Indigenous land use agreement, because that would be the showstopper for a lot of diversification and tenure changes. They also were not happy that there would not be any real help in the new reform structure by having pastoralists work through that process.

[12.50 pm]

The CHAIRMAN: What is the question?

Mr D.T. REDMAN: Does the member want me to respond? I think the member is talking about a group that was not happy.

Dr G.G. JACOBS: They were very unhappy, including the president of the Pastoralists and Graziers Association.

Mr D.T. REDMAN: The member's response does not surprise me. The proposed Pastoral and Rangelands Advisory Board is not designed to be a replacement for the Pastoral Lands Board. All the statutory powers that exist with the PLB will go to the minister. I have added to that a process that came out of Mt Magnet and the good work they did as pastoralists on how we can have advice going to the minister before an adverse decision is made. That advice would come from people with knowledge and understanding of the pastoral sector. It was felt that was needed, because it is a very unique industry and a non-sympathetic minister might make ill-informed decisions. That is the view that was held. I put in place a process that the pastoralists put up to us. I put that in place to have a valid, industry-endorsed appeals process for adverse decisions. Secondly, I submitted that the Pastoral and Rangelands Advisory Board would be made up of groups from particular interest areas—mining, tourism, pastoralism and traditional owners. There were no mandated groups on that board. In response to issues raised by the Pastoralists and Graziers Association, I said that I would allow a provision to be included in the legislation so that PARAB would have two or more people with pastoral industry expertise. That position remains. Following the consultation that we had, the member would appreciate that every other group saw that there would be two pastoral representatives and were concerned about their own interests in tourism and the like. The strongest argument came from traditional owners; so, in addition to providing for two or more pastoralists, I will have one or more person of Aboriginal descent on the advisory board. The role of the rangelands board is advisory. It will not have a role in operational matters to do with a pastoral lease; that will rest with the minister. If adverse decisions are made, it is very clear that the minister needs to obtain the advice of a particular group that is industry endorsed before that adverse decision is made. Additionally, they have access to the State Administrative Tribunal as a strategy to have issues heard over the renewal of a lease.

The CHAIRMAN: We are dealing with division 22, and I suggest we complete it. Does the member want to ask one more question on this division? Does anyone wish to speak on divisions 23 and 32?

Mr P.C. TINLEY: I am happy to conclude on this division and then I will circle back on other things.

I refer to the first dot point on page 237 on the land asset sales program. The minister may have captured this when he answered previous questions. I note that the unsolicited bids process is now operational.

Mr D.T. REDMAN: Yes.

Mr P.C. TINLEY: How many pre-submission meetings have occurred about a potential unsolicited bid? How many unsolicited bids have been received to date? How many of these have progressed to a detailed assessment, and for what properties?

Mr D.T. REDMAN: Someone will jab me in the side if I get these numbers wrong. Following release of the guidelines, 21 unsolicited bid proposal inquiries have been received. Of those, five proposals have proceeded to the mandatory pre-submission meeting stage of the unsolicited bid assessment process; and, of those, one has proceeded to stage 1, which is the preliminary assessment stage of the process.

Mr P.C. TINLEY: Which property is that?

Mr D.T. REDMAN: I think the nature of an unsolicited bid is that —

Mr C. Slattery: We respect the confidentiality of that until that gets through the process.

Mr D.T. REDMAN: If the member can imagine, the process dictates confidentiality. These processes have a unique nature about them and there is a certain amount of intellectual property that the proponent is trying to protect, and there is public benefit, so we need to keep a level of confidentiality before we reach a point of maturity in that process. That is the whole nature of the process.

Mr P.C. TINLEY: I refer the minister to page 238, "Relationship to Government Goals", and particularly the way in which our Pilbara towns are managed. I ask for a point of clarification on what seems to be a piece of

unfinished business around the Kurra accommodation village. Has the minister signed the variation to the lease, and, if not, why not? If the minister has not signed the lease, when will he sign?

Mr D.T. REDMAN: The short answer is, no, I have not. I am conflicted with my views about the decision to allow Kurra Village to continue to operate under the state agreement. The relevant minister who covers state agreements is the Minister for State Development. At the time, it was the Premier, and I did not agree with the Premier's view. I expressed my concerns publicly about that. I was then requested to see whether I would sign off on the lease. I have not done that. It is my understanding that because of the nature of state agreements, Kurra is able to continue activity, broadly under the state agreement, although it has not got a formal lease under my portfolio.

Mr P.C. TINLEY: Legally the minister is saying that BHP Billiton did not need a lease in the first instance and that the whole lease process and the minister's involvement is redundant. Is that correct?

Mr D.T. REDMAN: The Minister for State Development has primacy over state agreements. That is the act that BHP Billiton is using in this case as its tenure base for activities on Kurra Village. Subsequent to the Premier at the time making the decision to allow them to extend its lease for a 25-plus-25-year time frame with other conditions attached, which at the time was even an extension of the use of those facilities, I was requested to sign the lease as the Minister for Lands. I have not done that and I will not do that, because it is inconsistent with my views about regional development.

Mr P.C. TINLEY: Where does that leave the legal position for BHP Billiton?

Mr D.T. REDMAN: I understand that its legal position is premised by the state agreement it had with the state, of which the Minister for State Development is the government representative on that site.

Mr P.C. TINLEY: I put it to the minister that any lease that comes under a state agreement act is now redundant; in fact, it could probably extinguish them all.

Mr D.T. REDMAN: Yes, the member is right. I will use another example. The Gap Ridge Village facility near Karratha was there as a product of the Pluto development, which did not have a state agreement, and, therefore, as the Minister for Lands, I can exercise my authority over that facility. I am issuing them with a letter saying that I expect that facility to close in 2017 or when that comes up for renewal. I have the right to do that directly. The conflict over Kurra exists because BHP Billiton is acting under a state agreement, and I have been requested, subsequent to that, to sign off on lands arrangements. I have not done that. I have written to the new CEO of BHP Billiton's iron ore division. I cannot remember the person's name.

Mr B.J. GRYLLS: It is Edgar Basto.

Mr D.T. REDMAN: Yes; I have written to seek his assessment of this, encouraging him and saying that there is another set that we think he should move to and asking him to look at what has happened in respect of the transition that has happened in the Pilbara. The sharp point of that is what is happening in Newman. Newman has more than enough private accommodation to cater for the needs of BHP Billiton, which owns a good proportion of that, and some of that is in good shape.

Mr P.C. TINLEY: Further to that, what is the state of the relationship between the minister and the Minister for State Development? Has the minister had conversations recently on how to resolve the impasse, because right now somebody is exposed?

Mr D.T. REDMAN: I have not had conversations with the current Minister for State Development—only a cursory comment in passing. I am waiting for the new BHP Billiton CEO to respond to my request to reconsider its position. I think BHP Billiton has a key role to play in this. If BHP Billiton is looking for support from the state for developing its assets in regional Western Australia, I do not think it is too much to ask to have the level of engagement that they have within a regional community, particularly when its work camps are right next door to these communities. There is no pressure for accommodation. A number of private sector people have invested in and have been ongoing investors in the town of Newman, in this case, and I think BHP Billiton should be recalibrating accordingly.

The CHAIRMAN: Members, we have run out of time.

The appropriation was recommended.