

Chairman; Ms Rita Saffioti; Mr Jan Norberger; Ms Simone McGurk; Mr Chris Tallentire; Mr Paul Miles; Mr Vincent Catania; Mrs Glenys Godfrey

Metropolitan Redevelopment Authority —

Mr M.J. Cowper, Chairman.

Mr J. Norberger, Parliamentary Secretary representing the Minister for Planning.

Mr K. Kinsella, Chief Executive Officer.

Mr S.M. Henriques, Executive Director, Projects.

Mr M. Reutens, Executive Director, Corporate Services.

Mr R. Miller, Senior Policy Adviser, Department of the Premier and Cabinet.

The CHAIRMAN: As this is an off-budget authority, I wish to make the following statement.

This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day.

Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. 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 parliamentary secretary may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the parliamentary secretary 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 parliamentary secretary's cooperation in ensuring that it is delivered to the principal clerk by Friday, 3 June 2016.

I caution members that if the parliamentary secretary 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.

[Witnesses introduced.]

The CHAIRMAN: The first question is to the member for West Swan.

Ms R. SAFFIOTI: I refer to page 824 and the finances of the Metropolitan Redevelopment Authority. Is the MRA still expecting a net loss of \$13 million for the financial year 2015–16, and what is the forecast loss or profit for 2016–17?

Mr J. NORBERGER: I will ask Mark to answer that question.

Mr M. Reutens: We do not yet have updated net loss figures approved for 2015–16.

Ms R. SAFFIOTI: Does the executive director have the forecast for 2016–17?

Mr M. Reutens: Yes. That is part of the operational plan that will be tabled in Parliament shortly.

Ms R. SAFFIOTI: Can the parliamentary secretary tell us the forecast loss or profit for 2016–17?

Mr J. NORBERGER: The financial plans have not yet been approved by the minister. At this stage, those figures are not available. The member can put that question on notice if she likes. I am not sure whether that information would be available if she were to ask for us to provide it by way of supplementary information; I would have to check with the minister. The member could put the question on notice in the meantime.

Ms R. SAFFIOTI: Could the parliamentary secretary provide a response by way of supplementary information as to any further updates for the 2015–16 financial year profit or loss; and, if possible, the anticipated profit or loss for 2016–17? Is that fair enough?

Mr J. NORBERGER: Yes; I think that is fair enough. I confirm that we will provide by way of supplementary information feedback as to our ability within that time frame to provide the profit and loss figures for 2015–16 and 2016–17.

[*Supplementary Information No A27.*]

Ms R. SAFFIOTI: A big driver of that, of course, will be the anticipated land sales. Can the parliamentary secretary give us an update on the progress of sale of lots 2 and 3, lot 4, lots 5 and 6, lots 7 and 8, and lots 9 and 10 at Elizabeth Quay? Could the parliamentary secretary provide us with the progress on those lots in terms of their certainty for future development?

Mr J. NORBERGER: Certainly. I will get Kieran to provide that update for the member.

Mr K. Kinsella: We are talking about the Elizabeth Quay development lots. Lots 9 and 10 have been sold to Far East Consortium. Our understanding is that construction will start on 1 July. Basically, the value of that

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contract sale was \$25 million. We have an overage payment in that contract, so we get a share of the revenue above a certain base point.

Ms R. SAFFIOTI: Have we received that money?

Mr K. Kinsella: We have received the \$25 million, yes.

Ms R. SAFFIOTI: What about lots 7 and 8, the Chevron tower?

Mr K. Kinsella: These are the sites that were sold to Chevron. That settled some time ago. The contract price was \$64 million exclusive of GST. As members may be aware, the government has allowed Chevron a two-year delay on its development application and then on construction. The DA is due in December 2017, and, one year later, in December 2018, it is due to start construction.

Ms R. SAFFIOTI: Has a deed amendment taken place? Has the MRA signed off on the amendment to the existing deed?

Mr K. Kinsella: We have not signed off on the amending deed. It will have to go to the Minister for Health, who is looking after that issue. Basically, we had some final discussions with Chevron yesterday to agree upon the nitty-gritty of the amendment to that deed.

The CHAIRMAN: Next question?

Ms R. SAFFIOTI: Sorry; we are just going through the lots. We are doing lots 5 and 6, lot 4, lot 2 and then lot 3. This is to clear up the land sales. Lots 5 and 6 are the Brookfield Multiplex building.

Mr K. Kinsella: That is right. Brookfield Properties has an exclusive working period with the MRA on those two lots. Basically, we are not talking about the price of those lots. In commercial terms, we have a \$60 million price for the two lots. Brookfield made a presentation to the board at its last meeting. The board was very happy with the progress that Brookfield has made on those two sites. We are hoping to finalise a contract on that site somewhere between July and October this year. Obviously, in this tight commercial market, it needs to secure its major anchor tenant for the lot 6 commercial building. Lot 5 will potentially have some residential and commercial sites on it. That is where we sit with lots 5 and 6.

Ms R. SAFFIOTI: So has the exclusive negotiating period, which was set to end on 13 June, been pushed back to December?

Mr K. Kinsella: We have not yet taken that step. From the presentation it made to us at the last board meeting, it has through until July 2016 to make a call on that. At this stage, we have not done anything to formally change the arrangements. We are hoping that it is able to lock down its tenant and we can go to contract. At this stage, I suppose, we are getting close to the July 2016 time frame, so we do not expect to extend it much more than three months after that, if we do need to extend it.

Mr J. NORBERGER: Just if I may, it might be worth reminding members that when we approved the overall budget for the Elizabeth Quay development in 2011, it was given a budget of \$440 million in construction costs. We still, at this point, anticipate that up to about \$170 million of that will be recouped in these land sales. Obviously they are at various stages. We believe that we can get close to a net cost to government of around \$270 million.

[7.10 pm]

Ms R. SAFFIOTI: Over what time frame?

Mr J. NORBERGER: As Kieran has just indicated, some of them have already settled and others are under negotiation. Obviously, strong interest is being shown, and so we still believe that within the time frames mentioned —

Ms R. SAFFIOTI: Which time frames?

Mr J. NORBERGER: Does the member want us to go through the same lots again? They are the time frames that have just been provided.

Ms R. SAFFIOTI: And what about lot 4 and lots 2 and 3? Then I am finished with this question. We have done the whole loop.

Mr K. Kinsella: We are going around the quay. For the member's enlightenment, basically the contract that we would enter into with Brookfield will have a sum that will be paid when we reach contract stage, which will probably be in 12 to 15 months' time. That will be about 25 per cent of the contract value—so \$15 million—and the rest will be paid as work starts on the site, which will probably be another 18 months post that date. We are currently negotiating a contract with CA and Associates on lots 2 and 3. Basically, it is our preferred proponent. The terms have been agreed with CA and Associates, so the purchase price will be \$85 million, and \$50 million

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will be paid when we reach contract and we hope to reach contract within the next three to four months. Then there will be some finishing payments of some \$25 million that will be in two parts as the construction on the site comes to fruition, and we expect that will happen sometime in the next three years.

Ms S.F. McGURK: I refer to the completed works for Elizabeth Quay outlined on page 824 of the *Budget Statements*. Can the parliamentary secretary tell us the total cost of the repairs to the water park?

Mr J. NORBERGER: I will check with Kieran in a minute to see whether that final cost has been attained. Obviously, we know that some further works were required at the water park; in fact, they are underway at the moment and we hope they will be finished fairly soon. I might add that given that we had to do a fair bit of extensive remedial work, we took the opportunity to install further mosaic tiles as part of the artwork in the area, which we had hoped to do early on. We are doing some additional work irrespective of the plumbing work. It is work that would have had to have been done, but I will check with Kieran whether we have arrived at a final figure for the remedial works.

Mr K. Kinsella: We do not have a set sum at this stage. We are basically working to a quote for the works that the Metropolitan Redevelopment Authority will undertake, and we are talking circa \$200 000. That work is to upgrade the filtration system so that it has a capacity of about 185 per cent of its current capacity. The contractor is also making some investment in changing the sand filters in the system to cartridge filters. The existing sand filters will be replaced with the same capacity cartridge filters by the contractor. When we take that forward to 185 per cent filtration capacity, we expect to spend circa \$200 000 to make that happen.

Ms S.F. McGURK: Will all that cost be borne by the MRA?

Mr K. Kinsella: It will be only the \$200 000 and that will be within the original contract sum. It will still be paid for from the funds we have available for the project. It does not need any further appropriation.

Ms S.F. McGURK: At the beginning of the answer to that question, we were told that there was no set sum yet, but it is expected to be around \$200 000. Could the final amount be provided by way of supplementary information?

Mr K. Kinsella: Although we have started work on the tiles and working on getting the system and procuring some of the equipment we require, we are still waiting for a final sign-off from the Department of Health on the exact make-up of the modifications that we intend to make. When we get that approval from the health department, we will be able to get the final sum for what we are doing. From our point of view, we are in the hands of the health department at the moment with the final approval on the degree of works. That has been waiting for approval for approximately a week now, so we hope that that will be signed off sometime in the next two weeks, and then we will be able to draw a line on exactly what our expenditure will be.

Mr J. NORBERGER: It might be better if the member put that question on notice, because I do not think we will have that information by 2 June.

Ms S.F. McGURK: Could we have the expected date when the water park is likely to reopen? Also, is it possible to table any health department reports on the repair work that is being done?

Mr J. NORBERGER: Obviously, we will not reopen the park without the approval of the Department of Health. That is obviously integral. It will be reopened only once we have that approval from the Department of Health. At this time, we expect that that will happen around the end of June 2016. I am not sure whether we can make available the report from the Department of Health, but I could definitely take that as a supplementary question and find out for the member whether the report from the Department of Health once the works are completed can be made available by 2 June.

Ms S.F. McGURK: If it could be, that would be appreciated.

Mr J. NORBERGER: Obviously, I will provide as supplementary information an answer to whether the Department of Health report that will be generated upon the completion of works on the Elizabeth Quay water park can be made available.

[Supplementary Information No A28.]

Ms S.F. McGURK: I think any parents of children using the park would appreciate it.

Mr C.J. TALLENTIRE: My question relates not to the water park but to the water in the estuary and the water testing regime that is in place. We know that some \$155 000 has been spent on a water testing regime. Why is that only a monthly service, not a weekly service?

Mr J. NORBERGER: The member is quite right insofar as the MRA has been undertaking monthly monitoring of the inlet water quality at Elizabeth Quay since December 2015. That is in accordance with the approved estuary and waterways management plan for the project. I do not believe that that will change in the immediate

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future, but I believe that some discussions might be happening with the Department of Parks and Wildlife. Kieran, are there any plans to change the regime from monthly to weekly?

Mr K. Kinsella: At this stage, no. We are endeavouring to put in place a testing protocol that is compatible with DPaW's testing. As to testing water in the inlet, the inlet is not normally a place for swimming. Since we had that incident, we have moved to formally gazette that it is not a place to swim, except by permit people can be allowed to swim in the inlet for an event, such as a triathlon. There were no difficulties with the first triathlon, but we tested the water before the second triathlon and it was not fit for primary contact with humans. However, since opening, we have had signs up saying, "No swimming in the estuary". It is a bit like a yacht club or a marina, which are not normally places where people swim. Our experience going forward is that we would still allow primary contact with the water only in exceptional circumstances. The water is certainly suitable on an ongoing basis for secondary contact; indeed, kayakers and people doing normal boating activities are able to use the inlet.

[7.20 pm]

Mr J. NORBERGER: I might just advise the member that, as well that, obviously since 2015, water testing has been done monthly. However, I believe that the Metropolitan Redevelopment Authority has undertaken to do it more frequently, if it believes it is required, until at least December this year, following which the need for further testing as part of an ongoing management routine will be determined between the MRA and the Department of Parks and Wildlife.

Mr C.J. TALLENTIRE: What led the MRA to believe that \$25 950 a month was the required payment for water quality testing?

Mr K. Kinsella: Most of the testing that we have been doing has been post-construction testing. That management plan was negotiated with the Swan River Trust and DPaW. Basically, a testing regime was associated with that water management plan, and we carried that out in accordance with the plan that was set.

Mr C.J. TALLENTIRE: Can the parliamentary secretary say absolutely that the estuary and waterways management plan was approved by DPaW?

Mr J. NORBERGER: I can say that it is my understanding that the regime we are undertaking is being done in accordance with the estuary and waterways management plan, which was approved by the Environmental Protection Authority. That is my understanding.

Mr C.J. TALLENTIRE: So the parliamentary secretary is saying that it was approved?

Mr J. NORBERGER: Yes. My understanding is that absolutely it was approved by the Environmental Protection Authority in accordance with the estuary and waterways management plan.

Mr C.J. TALLENTIRE: Was it approved by the Swan River Trust?

Mr J. NORBERGER: Does the member want me to take that as supplementary information? I can find out, but I do not have that information at hand.

Mr C.J. TALLENTIRE: Yes, please.

Mr J. NORBERGER: Mr Chair, I undertake to provide by way of supplementary information details about whether the water testing regime at Elizabeth Quay was—what is the word the member is after; approved?

Mr C.J. TALLENTIRE: Yes, approved by the Swan River Trust and referred to the Swan River Trust by an expert body that has specialist knowledge in matters of the Swan River.

Mr J. NORBERGER: So, what involvement, if any, the Swan River Trust had in the determining the water testing regime in at Elizabeth Quay.

[*Supplementary Information No A29.*]

Mr P.T. MILES: I refer to page 824 of the *Budget Statements*. Can the parliamentary secretary explain the \$22.4 million that has been spent by the MRA on the implementation of the Scarborough master plan? I assume that is down by the beach.

Mr J. NORBERGER: Yes. I forgot that the member has a landlocked electorate! Indeed, whether or not people are close to Scarborough Beach, we would all agree that Scarborough Beach is well recognised locally, nationally and internationally for its spectacular beauty, fantastic surf and incredible sunsets, and for being a family-friendly entertainment precinct. The member is right; the government has committed to spend \$22.4 million in the 2016–17 state budget, which actually brings our total spend for the Scarborough redevelopment to \$48 million. That investment will obviously transform the Scarborough Beach foreshore into

one of Australia's best beachfronts and tourism hotspots. It should be noted that the City of Stirling is putting money into it as well, not just the state government. With the state government's \$48 million and the City of Stirling's investment, the total investment is about \$75 million. The plan is obviously designed to revitalise the area. The aim is to create a vibrant hub of activity with facilities, events and activities aimed at enhancing the reputation of Scarborough as a great meeting place for families and people of all ages. That will build on the rich history that already exists for Scarborough Beach and its unique identity. When the project is completed in 2018, we want it to become a must-see-and-visit beach destination. In the upcoming 2016–17 financial year, \$22.4 million will be invested—that will commence in the next couple of weeks—for forward works, which includes the excavation of land to construct the waterfront swimming pool, which will be built and managed by the City of Stirling. That will require, I might add, the construction of some temporary facilities.

Some of the car parks will have to be reconfigured, a small section of manmade sand dunes will be removed, and the Scarboro Surf Life Saving Club will be temporarily relocated, before the existing building and the Maureen Grierson centre are demolished and then replaced with a fabulous new beach hub. Once it is finished, we will have some pretty amazing facilities there. It will be worth the member for Wanneroo having a trip down there to have a look. Scarborough Square will be the heart of the redevelopment and will be surrounded by cafes, restaurants and shops and a bespoke harbour to provide shade. There will be sunset hill, which will be a sloping hill offering scenic views over the ocean, a beach hub, an intergenerational plaza with multiuse space for sports activities, and a transit hub, which is a central landscaped entry point to the foreshore. Obviously, we are delighted that we are working together with the City of Stirling on this investment. We really believe that it will revitalise that area.

Mr P.T. MILES: I note that in his answer, the parliamentary secretary referred to the demolition of the Maureen Grierson facility. I wrote to the previous minister to make sure that the name “Maureen Grierson” is put somewhere on the new site. I know she is pleased to have those discussions with the parliamentary secretary through his office. What naming rights will she have on the new facility?

Mr J. NORBERGER: That is a great question. I am glad the member has taken that up. The member is right; it would be a shame if that iconic name was not kept. My understanding is that there is absolutely a desire to name a subsequent building. Obviously, the MRA will work with the City of Stirling. I imagine it will be one of the buildings in the beach hub precinct. That is where the new surf lifesaving club will be, so it may well be that building. I imagine that the name will be retained within that area.

Mr V.A. CATANIA: The third dot point on page 824 refers to the \$27.2 million that will be spent on Riverside to progress remediation and site preparation works. I note that quite a bit of money has been spent in that area and the great work done by the MRA. I know of the work done in the Gascoyne by Mr Kinsella. The investment decreases over the next few years. Will that see the remediation completed and the area ready for redevelopment?

Mr J. NORBERGER: What area was that again?

Mr V.A. CATANIA: I refer to the third dot point on page 824.

[7.30 pm]

Mr J. NORBERGER: The Riverside project site covers 40 hectares. It is surrounded by the WACA, Gloucester Park and Queens Gardens. What are we trying to achieve with this project? We are trying to achieve a whole new inner-city community for East Perth. I am delighted that the MRA is working on it. It will consist of new residential, commercial and retail space, along with a new hotel, which is very important. We are seeing a lot more hotel development in and around Perth. Certainly that area will have it as well. Perth Stadium is also being built in that area, right on the Swan River. If we look at the entire area, comprising the Riverside project and the stadium, around \$2 billion worth of state funding is being invested in the East Perth and Burswood peninsula area. We will have a new train station, a bridge and all the amenities that go with it. Obviously the flagship project is the Waterbank precinct, which \$27.2 million will be going towards. We are preparing the Western Australia Police site—the Hay Street properties—for future sale as well. The MRA is working with Lendlease to deliver Waterbank. That will be a mixed-use precinct so there will be residential, entertainment, retail and commercial elements, including what I think will be quite a spectacular public man-made beach. There will be boardwalks, public art, parks and associated amenities. Waterbank is obviously not the first development in the area. Frasers Property is already involved in a development in that area and we have an investment in the future by Diploma, which will transform the historic Chemlab site into a retail and residential precinct, which will include a supermarket and other essential amenities. It is worth remembering that all this is happening within two kilometres of the Perth CBD and Claisebrook Cove.

The WA Police headquarters site provides a really unique opportunity for an iconic new development that will complement the existing curved heritage-listed building. That big building is not going anywhere. Some of the surrounding buildings along Hay Street will be looked at. In this climate, it is great to see that it is anticipated that this project will deliver around 2 000 jobs. When completed, 6 000 new workers will be accommodated in the area, there will be 4 000 new dwellings for 7 000 people and a total of 94 000 square metres of retail and commercial space upon completion.

The CHAIRMAN: That is very exciting stuff, parliamentary secretary. If you would not mind keeping your answers a bit shorter, we will get through a lot more questions.

Mrs G.J. GODFREY: My question is similar. I refer to page 824 of the *Budget Statements*. Could the parliamentary secretary please explain what the MRA will deliver for the \$9.7 million allocated to commencing the construction of the Railway Square public open space and other works in Midland? Apart from the good story in the paper, does he have anything else to add?

Mr J. NORBERGER: I will be very brief. I thank the member. It is obviously exciting to see Midland develop, certainly around the railway workshops area. It is a very historic area. It has a history spanning over 90 years. It is obviously part of our vision to see that area refreshed. We see Midland as a very important hub for the east metropolitan area. We want to see it become a premier commercial, residential and recreational area. The member is right: along with the announcement that was made, since 2015–16 we have already announced \$18.6 million worth of projects. We will continue to revitalise the Midland area, particularly that central area. Railway Square will have al fresco dining, casual seating, water features, public art, fantastic landscaped areas, street furniture and heritage elements as well. It is probably worth noting that that area will be twice the size of Forrest Chase.

Ms R. SAFFIOTI: My question relates to the Elizabeth Quay development. I refer to the issues relating to the plumbing, not of the water park but the entire Elizabeth Quay project. Where is the government currently in its discussions with Leighton Contractors about who will pay for the remedial work? Has Leighton come to the government saying that the government needs to bear some responsibility due to other factors relating to the costs?

The CHAIRMAN: Short questions invoke short answers.

Mr J. NORBERGER: At this stage, the MRA is treating this issue as a plumbing defect. As such, the view is that it is the responsibility of the managing contractor to rectify the issue at no additional cost to government.

Ms R. SAFFIOTI: Has Leighton put to government that other factors relating to some of the other works that have been undertaken have caused the issues?

Mr J. NORBERGER: No.

Ms R. SAFFIOTI: In relation to the fact that there was a lack of licensed plumbing contractors and a number of the plumbers were not registered, what action has the government taken with the contractor for work being undertaken without complying with the necessary Western Australian government regulations, including the plumbing contractors not issuing notices of intention? What action has the MRA taken with the head contractor on this issue?

Mr J. NORBERGER: We should not forget that the investigations that uncovered the plumbing defects occurred through the Building Commission, and quite rightly so, and that is its responsibility. The Building Commission, which comes under the Department of Commerce, identified the plumbing issues. I understand that the MRA is working with the lead contractor to make sure it is rectified. I do not believe it is the MRA's role to issue any infringements in and around the plumbers that the member mentioned. I believe that the Building Commission may have had some issues but that is probably best clarified with the Minister for Commerce. The Building Commission carried out the investigation and identified the issues and it would obviously be under its remit to deal with it. From an MRA perspective—I am happy to hear from Kieran if he wishes to add more—we are working with Leighton ultimately as the end client to make sure that the issue is rectified. As I said, we are viewing it as a defect. If things have not been done properly by some of the plumbing contractors, I do not believe that the MRA is in a position to issue infringements or the like.

Ms R. SAFFIOTI: This will create significant issues and potential delays to further developments and inconvenience for the public. Surely there must be a provision that states when a major company is contracted to undertake works, that major company ensures that the subcontractors comply with WA regulations. Is that part of a contract that is entered into with a major company?

Mr J. NORBERGER: I certainly believe so. I will pass on to Kieran but I would imagine that in any kind of contract there is an expectation that works will be delivered to the appropriate standard and within requirements.

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Ms R. SAFFIOTI: Yes, within government laws and regulations.

Mr J. NORBERGER: I will ask Kieran to elaborate on that.

Mr K. Kinsella: We were very disappointed by the problems that appeared in the plumbing, the issue of a lack of licensed regulations and the findings of the Building Commission given that Leighton–Broad was a tier 1 contractor. It took on a \$284 million contract and we expected that there would be engineers on site and that the consultant engineers supervising the job would be able to make sure that those things happened. We are certainly disappointed. Having said that, the ongoing plumbing problems are not causing any public health issues on the site. Elizabeth Quay has been able to host and has hosted many people who have come down to enjoy the site. These matters will be rectified because the contractor has an obligation to do so. We are having some ongoing discussions with the Building Commission to make sure that will happen. Ultimately, I imagine that the plumbers who have not abided by the regulations will probably end up being further chased down by the Building Commission.

Ms R. SAFFIOTI: There are a number of rumours about the plumbing. One rumour was that the drainage pipes were laid the wrong way so the water did not drain the correct way. Another rumour was that there was some mixing of the sewerage and drainage pipes.

The CHAIRMAN: What line item are you referring to?

Ms R. SAFFIOTI: I am asking a further question relating to Elizabeth Quay works on page 824. Can the parliamentary secretary rule out that there was some interaction between the sewerage and drainage pipes?

[7.40 pm]

Mr K. Kinsella: Yes, we can. Basically, the major defects have been caused by the way that the pipes settled in the dirt. As they came back down, imagine it is like there is a bow in those pipes. We have been informed by Leighton–Broad that it will need to use boring equipment to fix that. In some areas where that bow is not easy to fix using boring machines, the engineers will go around that particular area and reconnect the pipes in a different manner. From that point of view, these things can be fixed. They will take some time, but at the moment, no public health issue is associated with the plumbing as it has been constructed.

Ms R. SAFFIOTI: How long will it take and when are the works expected to be completed?

Mr K. Kinsella: I am not able to answer that question this evening. The contractor will be using boring equipment. We want to go about it with a bit of science rather than them digging up the current public realm. I am waiting for a report from Leighton–Broad on how it intends to complete those works.

Ms R. SAFFIOTI: The parliamentary secretary provided an answer to a question in Parliament that stated that currently the monthly cost of running Elizabeth Quay is about \$220 000 a month. Is that figure still correct?

Mr K. Kinsella: That is in the vicinity of that amount. At the moment we are responsible for security, cleaning and any day-to-day maintenance of Elizabeth Quay. A proportion of that money will be used for activation. That is the sort of monthly average we will spend across the year. Obviously, during summer when we are doing more activation and having more people down there, those sums might differ. However, across the year, they are the terms of the budget that we have programmed for that site.

Ms R. SAFFIOTI: How much is the budget for the next summer activation?

Mr K. Kinsella: It fluctuates above and below \$220 000. Some of the figures we provided earlier included some of the start-up and establishment costs, so I cannot tell the member the exact expenditure per month unless I know the program for the month she is talking about. What I was trying to say is that we have a budget line that provides that we will spend on average \$220 000 a month. That will fluctuate, but we will still stay within that overall amount as we can. We are now generating revenue from people using the site, so there is some money coming in. We will have earned roughly \$300 000 by the end of this financial year from people using the site. We expect that will continue. In time a levy will be associated with the buildings as they are built, and that levy will help us defray some of those costs going forward. We also have an arrangement with the City of Perth that as its rate revenue from the land that is sold comes on board it will take over some of the ongoing maintenance costs of the site. We imagine that in 10 years' time when all the buildings are completed, the City will have enough rate money to do the maintenance and activation itself. This is what will occur in the interim while we get established at Elizabeth Quay.

Ms R. SAFFIOTI: Is that \$300 000 derived from rent?

Mr K. Kinsella: The \$300 000 is derived from fees charged to people who may have used the space. For example, the Embargo Bar, which was sitting on lots 1 and 3 during the early days, earned us \$10 000 in the last three weeks from a licence fee to be on that site. We take that income on board. In the main, we would like to

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promote community uses and are not seeking in particular to derive a fee from everyone who uses the space; but, where people are actually using the space and deriving a commercial outcome, it is only right that they pay a fee to use the space.

Mr J. NORBERGER: Further to that, it is worth recognising that the revenue raised through venue hire thus far has already significantly exceeded forecasts. The annual forecast was \$150 000 and the actual for the first three months was \$220 000. The income that is being made through the activation process and the venue hires is really quite significant.

Ms R. SAFFIOTI: Can the parliamentary secretary clarify that, because Mr Kinsella just said that the expectation was for \$300 000 in this financial year?

Mr J. NORBERGER: That may well be the revised figure. It was originally anticipated that it would be \$150 000. We already blew that away within the first couple of months. In the first three months, \$220 000 was generated from venue hire alone. I assume the member was there for the opening or thereafter.

Ms R. SAFFIOTI: No.

Mr J. NORBERGER: It was phenomenally popular during the Fringe Festival. We had the Lego event.

Ms R. SAFFIOTI: Can you clarify that number?

The CHAIRMAN: Is this the member's last question or her second last question?

Ms R. SAFFIOTI: The parliamentary secretary brought in new information, which I was not expecting. Can the parliamentary secretary confirm that figure of \$300 000 until the end of the financial year, 30 June, but that the monthly expenditure is stabilising at \$220 000?

Mr K. Kinsella: Yes, that is correct. Basically we are not expecting all the security, lighting and power costs to be covered by that revenue, but it will be helping to offset the operating costs. I am not saying that it is completely cost-neutral at this stage.

Mr J. NORBERGER: That is a difference. The expenditure is for the whole facility, whether or not events are being held there.

Ms R. SAFFIOTI: Is it costing \$220 000 a month to run it as is?

Mr K. Kinsella: Yes.

Ms S.F. McGURK: I also refer to "Elizabeth Quay Redevelopment Works" at page 824, under "Completed Works". What are the rental subsidies for new restaurants and cafes at Elizabeth Quay and the proportion or the value of those subsidies? Are there any rent-free years; and, if so, how many?

Mr J. NORBERGER: I will pass that question on to Kieran to see whether we have that information to hand. If not, that may be something that we need to get to the member. Obviously, the member is right: we want Elizabeth Quay to be a great destination for locals and tourists. The intent has always been to have some fantastic food and beverage offerings there, and we are seeing that now. The V Burger Bar, The Reveley restaurant and the rooftop bar are already open for business. The feedback from them has been that it is fantastic, which is great; that is exactly what we want for Elizabeth Quay. We also have the Isle of Voyage restaurant. Then we go to the information the member is seeking. There are obviously a number of different facilities. The Isle of Voyage restaurant will be on the island. We believe that will be open by mid to late June 2016. Finally the Gusto Gelato kiosk will be open hopefully by 6 June. However, I will check with Kieran whether there are any subsidies.

Mr K. Kinsella: I am not able to provide a complete answer on that. Most of those tenancies have been done on normal commercial terms. If we can take that on notice, we can provide a schedule of what they look like. Some of those things are commercially sensitive, so how we style that answer will be important. However, we will try to disclose as much as we can while at the same time protecting the commercial contracts we have with those people.

Mr J. NORBERGER: If I can, I will undertake to provide by way of supplementary information that information we are able to release that is not commercial-in-confidence on the food and beverage outlets at Elizabeth Quay, specifically any rent subsidies. Is that what the member is after?

Ms S.F. McGURK: Also whether there are any years rent-free.

Mr J. NORBERGER: Where possible the terms negotiated in and around any rent-free periods or subsidies. Again, that will depend on whether we can release it.

[*Supplementary Information No A30.*]

Mr C.J. TALLENTIRE: I refer to the water park and the cases of young children acquiring eye infections from playing in the water park. How many of those cases have been settled?

[7.50 pm]

Mr J. NORBERGER: First and foremost, at this stage I do not think it has been proven that Elizabeth Quay water park was the cause of that. I understand there are indications that that may well have been the case, but certainly my understanding is that there has been no settlement of any cases in that regard.

Mr C.J. TALLENTIRE: How many people are bringing charges or cases to the Metropolitan Redevelopment Authority regarding children with eye infections?

Mr J. NORBERGER: I will get Kieran to provide that information if he has it available. It is worth bearing in mind that the water park was phenomenally popular at the opening and until its closure. I would have thought hundreds if not thousands of kids went through and used that park over that period of time. A vast amount of people absolutely enjoyed that water park and will continue to enjoy it in the near future. It is a fantastic feature and we want to see it used. However, I will have to check with Kieran on how many people have come forward with any complaints about it.

Mr K. Kinsella: We have no any claims in front of us. There was a lot of publicity about a particular lady with a child that had a quite serious eye infection. She sought advice from a lawyer's firm about whether she could take that action forward. I am not aware that that has gone anywhere. From our point of view, there is a long bow to be drawn as to whether that condition occurred as a result of the water. The advice we have had from the person who helped us to prepare to get the water park open for business on the opening night of Elizabeth Quay, when that incident was alleged to have happened, was that with the level of chlorine that was put through the system and the wash that happened on the water park, he would be surprised if any bacteria would have been alive on that evening. At this stage, we are not dealing with a claim on that matter.

Mr C.J. TALLENTIRE: My question was related to eye infections, but the parliamentary secretary suggested there may have also been other ailments that were —

Mr J. NORBERGER: My apologies for that. The only thing that I am aware of is the one lady with her daughter and her eye injury. I am not aware of any other complaints.

Ms S.F. McGURK: Based on the way in which Mr Kinsella answered that question, have any allegations been made against other authorities or organisations about eye infections that might have been contracted through the water park at Elizabeth Quay?

Mr K. Kinsella: I understand that the claim notice was sent to the Department of Health and not to us. Had it been sent to the health department, we would have been notified of it, but at this stage I do not know whether there has been any further action on that claim.

Ms S.F. McGURK: So has a claim been made to the health department that might still be on foot?

Mr K. Kinsella: There was a notice of intent to make a claim, so it may still be on foot, but I have not been informed of any further action.

Mr J. NORBERGER: As far as the MRA is concerned, we have not received any other notice of claim.

Mr P.T. MILES: My question is about the Wungong Urban redevelopment out Armadale–Byford way. I notice there is \$9.8 million in the 2016–17 funding program to support the private land development. Can the parliamentary secretary update us on what that support is for?

Mr J. NORBERGER: The member is quite right—the Wungong Urban area is just near Armadale. Certainly that area has benefitted from a fair bit of urban redevelopment for a number of years now. Through the government and also through private funding, we have seen key structure and amenities come along. The Wungong Urban water area is 1 580 hectares of underutilised land. What makes it tricky is that there is a fair bit of environmental sensitivity around the water supply and drainage that has acted as a bit of a constraint on the development potential of the area for a number of years. However, with environmental approval and a strong planning framework in place—this is obviously where the MRA comes in—we have now seen many new residential developments come on board to provide housing options for a diverse market, including families, couples, singles and empty-nesters. Quite a number of major land developers have also become involved, including Stockland, PEET Limited and Urban Quarter. It is a great success story of where individually landowners or developers were finding it quite tricky and difficult to negotiate some of the sensitive environmental planning issues, but having someone like the MRA come in and take an overarching approach to the whole area has created an outcome, with about 80 000 residential lots that will be brought online in due course. This can home up to 45 000 people. It is a great success story.

Chairman; Ms Rita Saffioti; Mr Jan Norberger; Ms Simone McGurk; Mr Chris Tallentire; Mr Paul Miles; Mr Vincent Catania; Mrs Glenys Godfrey

Ms R. SAFFIOTI: I will go back to the financial impacts. Did the MRA require further equity injections from the state government in 2015–16 and anticipated in last year’s budget?

Mr J. NORBERGER: I will get Mark to address that.

Mr M. Reutens: No.

Ms R. SAFFIOTI: There were some movements that are not related but found in the *Economic and Fiscal Outlook* that show further transactions between the consolidated fund and the MRA. What movements between the consolidated fund and the MRA occurred in 2015–16, and what are the anticipated changes in 2016–17?

Mr M. Reutens: Is the member looking at a particular page?

Ms R. SAFFIOTI: Page 824 refers to the MRA, but it is in the *Economic and Fiscal Outlook*, which is in budget paper No 3. Have there been any changes to the financial relationship between the MRA and the consolidated fund?

Mr M. Reutens: The business plan for the MRA changes every year in accordance with the various shift of sales receipts and capital works across our projects, and those are reflected in the budget papers. The main shift that we are talking about in 2016–17, and on the page that the member is looking at —

Ms R. SAFFIOTI: It is page 180 of the *Economic and Fiscal Outlook*.

Mr M. Reutens: We re-flow any sales proceeds that move from year to year into the right financial period, which sometimes impact on the net debt and on the MRA’s business plan.

Ms R. SAFFIOTI: Can I just confirm that I am reading this right? As described in the *Economic and Fiscal Outlook*, there has been another impact on the state budget of the \$14.4 million in 2016–17 as a result of revised land sale forecasts. Is that correct?

Mr M. Reutens: Are you looking at page 49?

Ms R. SAFFIOTI: No, I am looking at page 180 of the *Economic and Fiscal Outlook*.

Mr M. Reutens: I will have to take that on notice.

Mr J. NORBERGER: Just to make sure we get the correct answer to the member, which is important, can we provide that as supplementary information?

Ms R. SAFFIOTI: Can the minister explain the movements between the consolidated fund and the MRA as a result of the changes in the land sale expectations?

Mr J. NORBERGER: I am happy to provide, by way of supplementary information, information related to any changes between the MRA accounts and the consolidated revenue accounts as detailed on page 180 of the *Economic and Fiscal Outlook*.

[Supplementary Information No A31.]

Ms R. SAFFIOTI: On page 824 of the budget papers, the borrowings have increased from \$60 million to \$101 million in 2016–17. Is that a result of the delays in land sales because of the different market conditions? Borrowings have increased from \$60 million in 2015–16 to \$101 million in 2016–17.

The CHAIRMAN: I need a quick question member.

Ms R. SAFFIOTI: Yes, I do quick questions.

[8.00 pm]

Mr M. Reutens: The whole of the Metropolitan Redevelopment Authority’s business plan changes the cost of the revised forecast for our spending as well as our revenue forecast. There is a revised financial forecast for our revenues as they move from year to year, as well as our expenditure. It is not a straightforward one particular line that has moved up or down in that regard. I am not trying to be —

Ms R. SAFFIOTI: Via supplementary information, can we ask why borrowings have increased to \$101 million?

Mr J. NORBERGER: We will provide a breakdown of what is constituted by the \$101 million.

The CHAIRMAN: Members, that completes the examination of the Metropolitan Redevelopment Authority.

Ms R. SAFFIOTI: We just need the supplementary number.

The CHAIRMAN: We did not get to it.

Ms R. SAFFIOTI: He agreed to it.

The CHAIRMAN: We have not got to it; it is not within the time frame.

Extract from *Hansard*

[ASSEMBLY ESTIMATES COMMITTEE A — Tuesday, 24 May 2016]

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Chairman; Ms Rita Saffioti; Mr Jan Norberger; Ms Simone McGurk; Mr Chris Tallentire; Mr Paul Miles; Mr Vincent Catania; Mrs Glenys Godfrey

Ms R. SAFFIOTI: He agreed to it.

The CHAIRMAN: I am saying that we have run out of time.

Ms R. SAFFIOTI: He just agreed to it.

The CHAIRMAN: I have now concluded this part. If you like, you can put the question on notice in respect to that particular matter.

Mr J. NORBERGER: We will put it on notice.