

Chairman; Mr Vincent Catania; Mr Brendon Grylls; Mr Mark McGowan; Mrs Carol Martin; Mr John Bowler;  
Mr Mick Murray; Mr Tony Simpson

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**Western Australian Land Authority —**

Mr J.M. Francis, Chairman.

Mr B.J. Grylls, Minister for Lands.

Mr R. Holt, Chief Executive Officer, Western Australian Land Authority (trading as LandCorp).

Mr F. Marra, General Manager, Finance and Strategy, Western Australian Land Authority (trading as LandCorp).

Mr R. Victa, Policy Adviser, Office of the Minister for Lands.

**The CHAIRMAN:** This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

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 minister 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 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 committee clerk by Friday, 10 June 2011, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers and, accordingly, I ask the minister to cooperate with those requirements. 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. Only supplementary information that the minister agrees to provide will be sought by Friday, 10 June 2011.

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

[Witnesses introduced.]

**The CHAIRMAN:** Are there any questions? The member for North West.

**Mr V.A. CATANIA:** I refer to page 284 of volume 1 of budget paper No 2, and to the third dot point on the development of land in Karratha. What has LandCorp been doing to progress the development of Karratha into a city of the north since the launch of Pilbara Cities?

**Mr B.J. GRYLLES:** I thank the member for North West, who has a key interest in this, for the question.

**Mr M. McGOWAN:** The minister wrote the question!

**Mr B.J. GRYLLES:** I will be quick. The bottom line is that even though we are bringing a lot more land to the market, we have not made a discernible difference in lowering the rents that are being paid, which is not acceptable. We have to work harder. LandCorp is a key in that. I will let Mr Holt add to that, but essentially we are aiming to bring 1 000 development units a year to the market, as opposed to the 300 that we inherited from the Labor government. With the increase in demand for land in Karratha, this extra supply is only barely keeping up with demand. We are trying to be more innovative in density with villas and apartments. Our service workers project in Karratha, which is providing subsidised rent to small businesses and to non-government organisations, has its first 16 tenants already. We need to do more of that. We are very excited about the extensive interest in the Mulataga town centre development and we will see that progressed. Mr Holt might be able to add to that very quickly.

**Mr R. Holt:** We have been working with the Shire of Roebourne on the Karratha, city of the north, plan to grow Karratha to 50 000-plus people. At the same time, we have been undertaking a range of residential land developments throughout Karratha and on the fringe of Karratha, as well as industrial land development. Also, in an effort to "normalise the market", as it is called—in other words, provide greater choicer and bring in the private development industry—a range of super lots, or large in globo lots, have been put out to the private sector. We now have the likes of Pindan, the ABN Group, Auscorp Australia and hopefully one of the leading nationals—Mirvac Group, Lend Lease or Australand—coming in through the Mulataga town centre development. From that perspective, it is a good news story, but, as the minister said, demand is still very strong and rents are still very high. We have produced about 2 000 residential lots since 2006, and the latest release of 450 lots in one stage of the subdivision at Baynton West has largely been consumed. We have an 18-dwelling display village opening in June–July in Karratha, which will be a first for the Pilbara. Hopefully, that will see a

Chairman; Mr Vincent Catania; Mr Brendon Grylls; Mr Mark McGowan; Mrs Carol Martin; Mr John Bowler;  
Mr Mick Murray; Mr Tony Simpson

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lot more choice for people. The good news is that there is now a high level of both developer and builder interest in locating in the Pilbara, so I think we are on the right track. However, as the minister indicated, we have a long way to go; it is a long journey.

**Mr M. McGOWAN:** Following on from what Mr Holt said—perhaps the minister can provide this by way of supplementary information—in relation to the communities listed there, I am interested in how many residential blocks are expected to be provided in this and the next financial year, the average cost for each block and, as we are dealing with the current issue in which the minister mentioned rental cost, the average rental cost in each of those communities this year.

**Mr B.J. GRYLLS:** I will ask the member to be specific in what he is asking for. Some of the answers are difficult, because in globo lots are in the control of the private sector now, so it is up to it to bring them to the market and to price them as either lots or housing developments. The answer does not reside entirely in LandCorp, but we can provide what LandCorp intends bringing to the market with a specific price point, if that decision has been made. Again, the rental information is probably not something that we hold so that is probably not a question for LandCorp.

**Mr M. McGOWAN:** Mr Holt referred to it a moment ago. He said that rental costs were quite high, so I assumed he had that information.

**Mr B.J. GRYLLS:** He said that because I said that rental costs are too high. It is not information that LandCorp holds. If the member wants to ask me a question on notice, I could see whether Regional Development has that information, but I do not know who holds that. We invariably rely on industry data that comes out off the back of one of the member's press releases.

**Mr M. McGOWAN:** I want to clarify what I am seeking and what the minister has agreed to provide as supplementary information. I will restrict the information to what is able to be provided on government releases of land: what is the average cost of land in each of those communities—Karratha, Port Hedland, Newman and Broome north; how many residential blocks are expected to be released in 2011–12 and 2012–13; and what is the average cost, or is estimated to be the average and/or median price, of those blocks, whichever is easier to provide?

**Mr B.J. GRYLLS:** Let us see if I can get this right: we will provide, by way of supplementary information, the land that LandCorp plans to bring to the market in the four Pilbara cities, being Karratha, Port Hedland and Newman—we do not have an involvement in Tom Price.

**Mrs C.A. MARTIN:** Broome north is not in the Pilbara.

**Mr M. McGOWAN:** No, but Broome north is listed here.

**Mr B.J. GRYLLS:** I am happy for Broome north to be included in that. That is the average cost of the land that LandCorp is bringing to the market in Karratha, Port Hedland, Newman and Broome north. I suppose it would better to provide the information on what has been brought to the market, rather than what we are planning to bring to the market, as those decisions may not have been made yet, although we can probably provide estimates. That is what we will provide by way of supplementary information.

**The CHAIRMAN:** I thank the minister for agreeing to provide that supplementary information. I am happy that the minister has stated clearly what that information will be.

*[Supplementary Information No B11.]*

[5.40 pm]

**Mr M. McGOWAN:** My question refers to the Perth Waterfront project, but I cannot find it now.

**The CHAIRMAN:** I will come back to you, member for Rockingham.

**Mr J.J.M. BOWLER:** I refer to page 284 and all those towns the minister mentioned before. Can I say, Kalgoorlie does not refer to what I was going to talk about now because in Kalgoorlie LandCorp has developed the wonderful golf course. We have a nice land bank there—some excellent blocks in an excellent area. However, historically, it has been considered around Western Australia that LandCorp has been drip-feeding enough land onto the market to maintain some very high prices, sometimes artificially high, and the real supply of land in Western Australia has not been met. Can royalties for regions overcome that problem?

**Mr B.J. GRYLLS:** I too was critical of LandCorp when I had some time in opposition. I think under its new leadership of Monty House and certainly the senior executives—Ross and Frank and Mike Maloney and others—it has done an outstanding job of understanding the determination of government to work harder in this space.

Chairman; Mr Vincent Catania; Mr Brendon Grylls; Mr Mark McGowan; Mrs Carol Martin; Mr John Bowler;  
Mr Mick Murray; Mr Tony Simpson

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**Mr J.J.M. BOWLER:** As I say, Kalgoorlie has been a wonderful example of a change in that policy.

**Mr B.J. GRYLLS:** I think it has turned around that perception. I do not see LandCorp as needing to make a huge profit out of land. In fact, usually LandCorp is involved when there is a problem and things in the private sector are not working. LandCorp gets the most difficult problems to solve. If the private sector is there developing, essentially, there is not much room for LandCorp to be involved. LandCorp and state lands, as the holder of crown land and parcels of land, have the ability to enter the market should they need to. But we see the main role for LandCorp to be where market failure has existed. Certainly in the Pilbara we can say that. In Broome north it is about a partnership with the Yawuru native title settlement freeing up parcels of land for Yawuru and for the state. My instructions to LandCorp have been to let us work closely with Yawuru so that if it wants to bring its land to the market, it will not be competing with us and vice versa. Let us make sure though that there is enough land coming to the market to ensure, off the back of Browse and other growth, that we do not see spiralling land and house prices and spiralling rents. The good people of Broome would have every reason to be concerned about the Browse project if it were going to deliver some Pilbara-esque outcomes. I think that native title settlement and Broome north give us some comfort that will not occur. I hope we have turned around some of that sentiment. I think LandCorp is working very, very hard. It is an innovative land agency. We are bringing innovation to the market. We are trying to use the government resourcing of LandCorp to solve problem areas such as hotel development in the country. Kalgoorlie golf course is a classic.

Alannah MacTiernan, in the previous government, drove that project. It was hoped we could release a plot of land to the market and Mirage Resorts would come and build a huge hotel development on that plot. However, it is a little more difficult than that. We have problems with the Albany waterfront and so forth. I have tasked LandCorp to look at how it might be involved in helping the private sector bring projects to reality in that space. Again, I think a stronger role for LandCorp is to be engaged where the private sector does not want to be. If it is engaged where the private sector does not want to be, there is no conflict. If it is engaged where the private sector does want to be, the private sector has every right to say, “Well, you’re using taxpayers’ money; we’re using private money and that’s unfair.” We have tried to stay out of that. That having been said, LandCorp has put some good expertise into the metropolitan area activity centres—those high-density nodes around public transport—and I think it will continue to do that into the future.

**Mr M. McGOWAN:** I refer to the third dot point on page 284. There has been some commercial arrangement between LandCorp and a company called 20\*20, which is quite infamous now, surrounding Lot 676 at Pretty Pool in Port Hedland. Can the minister give us an update on what has happened with that; has there been any development; will there be any development; and have any public funds been lost as a consequence?

**Mr B.J. GRYLLS:** Given it is a specific question, I am happy for Ross Holt to answer it; he has some knowledge of the issue.

**Mr R. Holt:** We first engaged with the building group 20\*20 when we undertook the Revolution Road development in Seville Grove that was about demonstrating innovative and building typologies. In 20\*20’s case, it was able to put up dwellings very quickly. It built a house, for example, in two weeks. It then sought to expand. One of the places it was looking at was Port Hedland. Through a competitive process design tender, it got access to a major group housing site. All our sales have development conditions, so anyone who acquires them must build within a certain time frame. As a result of that, we were monitoring 20\*20’s performance and we found that it was not complying. It had quite a fractured history in the community because it had entered into a number of arrangements for different Pilbara families and then had not satisfied the conditions of its contracts. In the case of the Port Hedland situation we subsequently found out it had, in fact, largely disposed of its interest without advising us, contrary to the contract arrangements, and a company associated with the Andrew Forrest group of companies has assumed control. Our main interest is in making sure the accommodation is built. As a result of discussions involving our board and the minister, we were able to confirm that 20\*20 had not got any benefit through that process. It was not, if we like, collecting a profit component. On the basis that our prime objective was to get accommodation built, it was agreed we should continue with the Andrew Forrest–related company and see that major group housing site built. That is the current state of play.

**Mr M. McGOWAN:** Is that happening?

**Mr R. Holt:** It is moving through the DA process with council and I have every confidence we will see a fantastic product emerge as part of the Pretty Pool development.

**Mr M. McGOWAN:** Has the state lost anything as a consequence of the arrangements with 20\*20?

**Mr R. Holt:** We could argue the only thing the state has lost is time performance in that we had expected substantial progress would be made before now. We looked at the option of taking back the site. Had we done that we would have had to go through another competitive process and it would have taken at least six to 12

Chairman; Mr Vincent Catania; Mr Brendon Grylls; Mr Mark McGowan; Mrs Carol Martin; Mr John Bowler;  
Mr Mick Murray; Mr Tony Simpson

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months before development could have commenced. As I said, getting the accommodation on the ground was our number one objective, so we decided to progress with the existing owner.

**Mr M. McGOWAN:** I refer to the first paragraph on page 284. I know LandCorp is undertaking a number of strategic reviews with various agencies. Has it undertaken a strategic review of the WA Land Authority; and, if so, what was the result?

**Mr B.J. GRYLLS:** The strategic review was undertaken by Jim Limerick. That review has been presented to government.

**Mr M. McGOWAN:** I asked what was the result. Is that a public document?

**Mr B.J. GRYLLS:** I am informed that the process for that has to go back to cabinet. That is in a process. Once it has been to cabinet, a decision will be made on whether it will be released. Essentially—I mention some of the commentary around here—Jim Limerick took a wide look at it. It said there was some positive commentary from some of the changes made in LandCorp. There is also more to do. Once that has been through the cabinet process there will be an opportunity for that.

**Mr M. McGOWAN:** Do you have any idea when you might make a decision?

**Mr B.J. GRYLLS:** That will need to go through the process. I assume that will be over the coming months. There is no more work to do on the review; the work is internal in terms of presenting that to government.

**Mr M.P. MURRAY:** I refer to page 87 on revenue and environment and transforming processes. After every drought there is generally a flood and that is why the land market had worked for many, many years.

[5.50 pm]

**The CHAIRMAN:** Sorry, member for Collie–Preston, can I just take you back to that page reference number?

**Mrs C.A. MARTIN:** It is page 287.

**Mr M.P. MURRAY:** All right, we will get straight on with it.

The question I asked is: will there be enough land when the next land rush comes? We have seen over many years that demand for land goes up and down. Will that land be available in smaller towns so that they can build on some of the land rush that will come in the future? A problem previously was that land was available in the bigger centres and people built there, while the smaller centres missed out because land was not available. What land there was in smaller centres became expensive because there was not enough. Is there any forward planning to ensure that places such as Exmouth that missed out in this run, because the energies put into Karratha and Broome were not put in there, are prepared for the next wave? Will those smaller communities be accommodated?

**Mr B.J. GRYLLS:** I thank the member for Collie–Preston for the question. The member raised an interesting point about Exmouth in his example. Private sector developers in Exmouth are looking to bring land to the market. Essentially, there is speculative investment that the gas projects located off the Exmouth coast will result in a growth in land availability. The previous government did the Exmouth Marina Village project, which is outstanding, to be honest, and there is a lot of opportunity to build off the back of that. The private sector owns a lot of the land. We have just facilitated a project to shift the shooting range and the gun club that was on the edge of town to free up more land for urban expansion. Again, we see that where the private sector is investing is the best possible outcome. There is land availability in Exmouth, so I do not see a need for LandCorp land to be made available.

In Dalwallinu last week, the regional development assistance program brought, I think, eight lots to the market. Although LandCorp is very passionate about small communities, I think the reason that RDAP exists is because the land in Dalwallinu probably cost about \$70 000, \$80 000 or \$90 000 to bring to the market and people believe the market price is \$50 000. Therefore, RDAP comes in and provides the land. I was very strong on telling the Shire of Dalwallinu that I believe it should develop its own land and that it should seek government support for the head works. The Shire of Dalwallinu would then be able to bring those eight lots on for sale. In my hometown of Corrigin, the local shire did its own development called Granite Rise. It was 32 lots that the shire funded itself and sought assistance with the head works. It is bringing that land on. I think that the best way to facilitate growth in those communities is to quickly get to the point that they can bring a lot of land on and sell it for what it costs to bring it on. RDAP is an important program in the interim, but I encourage more of those smaller communities to develop land for themselves.

Chairman; Mr Vincent Catania; Mr Brendon Grylls; Mr Mark McGowan; Mrs Carol Martin; Mr John Bowler;  
Mr Mick Murray; Mr Tony Simpson

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Buckingham Rise is the estate in Collie. Again, there is a private sector developer in Collie. We need to be at the ready should demand outstrip supply, but we do not want to hound the private developer from town because we want not only that developer but also two or three more. Therefore, LandCorp has a position in Collie to ensure that we are not caught short, but we do not want it to crowd out the private sector. Smaller shires have the opportunity to facilitate land development themselves and take some benefit from it. We hope that LandCorp's responsibility will diminish in the future because more communities become self-sufficient with the private sector bringing land to the market.

**Mr M.P. MURRAY:** I have a further question. With due respect, would the minister think that previously LandCorp focused on the high end of the market to the exclusion of the low end of the market in what we just talked about? Is the minister now saying that the government will change that?

**Mrs C.A. MARTIN:** We are going to quote the minister!

**Mr B.J. GRYLLS:** There has been a seismic shift in the focus—no, I think, member for Collie–Preston, I am on the record as being critical.

**Mr M.P. MURRAY:** In Exmouth it is \$400 000 for a block—we had that discussion up there.

**Mr B.J. GRYLLS:** I am on the record in some ways. LandCorp has shown a real willingness to engage with this government on some of our priorities. It has shown a real willingness to ensure that we do not crowd out the private sector. Ross and I in quieter moments discuss the past but talk mostly about the future.

**Mr A.J. SIMPSON:** My question refers to page 285 and the fifth line item, “Metropolitan Program Perth and Peel Land Acquisition and Development”. Basically, LandCorp is responding to metropolitan land supply and affordability pressure. This is an issue that is driving very hard in our community where we are trying to balance land affordability with enough land supply. Can the minister update the committee on this issue?

**Mr B.J. GRYLLS:** I am happy for Ross to answer that question, which refers to the Perth and Peel land acquisition program on page 285. It has an estimated cost across the forward estimates of \$1 billion, so that is the in globo land access. I would appreciate it if Ross could explain some of the priorities under that and also talk about what percentage of land LandCorp provides to the market in the metropolitan area. Essentially, in the metropolitan area, LandCorp has a very small percentage of the game. During the previous government's term, LandCorp was criticised for not bringing enough land to the market. I think that it is informative to know what slice of the Perth and Peel residential land pie LandCorp has. It has a bigger role to play in industrial land, obviously, but in residential land it is a different story.

**Mr R. Holt:** In the metropolitan area, as the member previously heard from the minister, LandCorp is heavily involved in what are called activity centres. We are looking at the development of Murdoch around the Fiona Stanley Hospital site as a transit-oriented development; Cockburn Central, which is a bit further south; Leighton; the Claremont North East Precinct around the Claremont football ground; and the list goes on and on. There are a lot of activity centres. If Perth is to accommodate double the population over the next 30 or 40 years, high-quality density developments around valuable transport infrastructure will be needed, so that is where a lot of this expenditure will be focused.

As well as those, if we like, transformational projects, we are also involved to a minimal degree in land supply; we provide only about three per cent of the metropolitan residential land supply. Once upon a time, LandCorp was more significant, but now we provide only three per cent. The Department of Housing probably provides 10 to 15 per cent on the fringe through the joint ventures it has. We are involved in developments, such as Alkimos, which is a substantial development that is being undertaken in partnership with the Lend Lease Group. We have put out expressions of interest for our land at Eglinton, which is more affordable land that is north of Alkimos but still south of Yanchep. For those developments, Joondalup will be a major employment and service area, along with the Wangara and Neerabup industrial estates. We look at things on a corridor basis. There are major land supply projects in each of the corridors and activity centre projects. Land acquisition is involved as well—for example, former school sites. The Carine TAFE site, which is somewhat contentious at the moment, is moving through the planning system.

Therefore, we are the vehicle by which government can get a return to taxpayers on a lot of the surplus government land, as well as put in place high-quality leadership projects that can be exemplars, if we like, for the rest of the development industry. These developments are often undertaken in partnership with major development players from the private sector. Therefore, we try to focus our energies on the things that are more strategic, as the member heard, where probably the private sector does not have much of an appetite, and we partner to engage private sector capacity on those projects where we believe it has the expertise.

Chairman; Mr Vincent Catania; Mr Brendon Grylls; Mr Mark McGowan; Mrs Carol Martin; Mr John Bowler;  
Mr Mick Murray; Mr Tony Simpson

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**Mr M. McGOWAN:** I have a final two questions that may be answered by way of supplementary information. Is LandCorp involved in any of the high-rise developments in Karratha; and, if so, will the minister provide supplementary information about the involvement of LandCorp and the pricing arrangements surrounding those developments? Also, is LandCorp involved with the development in South Hedland? How did it come to pass that the Claremont Football Club, which was referred to, would get the entirety of the proceeds of that land back?

**Mr B.J. GRYLLS:** In answer to the first question, the Finbar project is underway and it is a private sector project; LandCorp is not involved. The other high-rise, which I think has just got design approval, is also a private sector project and I do not think that LandCorp is involved. Humfrey Land Developments is bringing on a three-story high-rise in the South Hedland town centre redevelopment, but, again, it was won through a tender and essentially Humfrey will develop it, so LandCorp does not have a role in that.

In terms of the member's question about Claremont—what was it again?

**The CHAIRMAN:** Thank you, minister. It is six o'clock, so that completes the examination of the Western Australian Land Authority.

*Meeting suspended from 6.00 to 7.00 pm*