

**DevelopmentWA —**

Mr S.J. Price, Chair.

Ms R. Saffioti, Minister for Transport representing the Minister for Lands.

Mr F. Marra, Chief Executive Officer.

Mrs F. Barclay, Chief Finance Officer.

Mr B. Hennessey, Acting Chief of Staff, Minister for Local Government.

Ms J. Colli, Senior Policy Adviser.

Mr E. Carmody, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. The chair will allow as many questions as possible. Questions and answers should be short and to the point.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for North West Central.

[6.10 pm]

**Mr V.A. CATANIA:** I refer to the top of page 768 of budget paper No 2, volume 2, the seventh paragraph, under “2021–22 Retained Dividend”. Can the minister confirm what dividend has been retained by DevelopmentWA over the last financial period?

**Ms R. SAFFIOTI:** For which year?

**Mr V.A. CATANIA:** What was the dividend for the last financial year, and what is the projection of DevelopmentWA’s dividend for the 2022–23 financial year?

**Ms R. SAFFIOTI:** The dividends for each financial year are shown on page 766. It is \$27.9 million.

**Mr V.A. CATANIA:** That is for 2021–22?

**Ms R. SAFFIOTI:** Yes. It is \$27.9 million for 2021–22, \$54.2 million for 2022–23 and \$41.6 million for 2023–24. They are paid to the consolidated account. The table at page 766 shows all the payments to the consolidated account. I think the member is asking how much has been retained; is that correct?

**Mr V.A. CATANIA:** That is right.

**Ms R. SAFFIOTI:** In general, 75 per cent of profits are paid as dividends and 25 per cent are retained.

**Mr V.A. CATANIA:** Where does the 75 per cent retained profit go to? Is it towards employing more staff or developing new lots? Where does the 75 per cent go to in terms of DevelopmentWA’s expenditure? For example, does that \$54 million go into the general consolidated account?

**Ms R. SAFFIOTI:** Yes. Normally, dividends are paid to the consolidated account, but then, of course, the consolidated account also provides equity injections or subsidies for particular projects, as well. In a sense, that 75 per cent is not the full picture. That revenue goes back to the consolidated account, but, of course, the consolidated account also pays equity injections and operating subsidies for particular projects. For example, the \$166 million regional booster program was funded by operating subsidy. In a sense, last year’s \$166 million regional booster program was a reinjection of those dividends back to DevelopmentWA.

**Mr V.A. CATANIA:** Is it DevelopmentWA’s objective to make a percentage of every land deal?

**Ms R. SAFFIOTI:** It has a commercial objective under its legislation, which is that it operates as a commercial entity with a hurdle rate of return, but the government, as the owner of Development WA, can ask or request for particular projects to be undertaken. In doing so, the government can either adjust its dividend intake or it can also provide equity injections or operating subsidies. Last year, \$166 million was reinjected into DevelopmentWA. This year, further funding will be injected for specific land release in two towns. Together with that, there is ongoing work.

**Mr V.A. CATANIA:** I have a further question. Whereabouts is that?

**The CHAIR:** Hang on; the minister is still responding to your current question.

**Mr V.A. CATANIA:** I am sorry.

**Ms R. SAFFIOTI:** I think the Minister for Housing has outlined that there is \$20 million to further develop stages of residential land developments in Karratha and Kalgoorlie. That is not the total amount that is happening in regional WA; that is just the additional money that was allocated in this year's budget.

**Mr V.A. CATANIA:** The minister mentioned that about \$20 million has gone into developing land in Karratha.

**Ms R. SAFFIOTI:** No, the \$20 million was for Karratha and Kalgoorlie.

**Mr V.A. CATANIA:** It was for Karratha and Kalgoorlie, so \$10 million each, or roughly. Whatever the case is, that money goes in to develop the land. Does DevelopmentWA then get that back through the sale of the land?

**Ms R. SAFFIOTI:** There is an understanding that the cost of land provision in those areas is probably higher than could be recouped from the sale of land, and that is why it requires a subsidy. The state government or the taxpayers subsidise the cost of, in this example, headworks and infrastructure provision. I note that the cost of providing that infrastructure in these areas is higher than could probably be recouped through land sales.

**Mr V.A. CATANIA:** Is it a subsidy to do the headworks or is it the ability to start the headworks or complete the headworks with the money that Development WA get as the government puts in as a dividend or using their profits? Does Development WA then recoup those from the sale of land? Karratha is a good example where, still, the price of land is quite high, and of course, it is very expensive to build a house on a piece of land that one purchases. So, you are saying that Development WA do not recoup those headworks charges at all? Is that correct?

**Ms R. SAFFIOTI:** Yes. It is my understanding that this assists the bringing forward, in a sense, of subdivisions. It meets subdivision costs, roads, drainage and fill, and it exceeds the sales paid for that land that would be recouped. In a sense, it is acknowledging that in many parts of regional WA, the cost of infrastructure provision in particular cannot normally be recouped as part of any land sale.

**Mr P.J. RUNDLE:** I refer to page 169 of budget paper No 3.

**Ms R. SAFFIOTI:** We do not have budget paper No 3; refer us to the item and we will find it in budget paper No 2.

**Mr P.J. RUNDLE:** This relates to other spending by DevelopmentWA, and Yagan Square.

**Ms R. SAFFIOTI:** Yes.

**Mr P.J. RUNDLE:** We note that \$7 million is being spent over 2021–22 and 2022–23 on public realm upgrades and site activations to Yagan Square. Can the minister outline specifically what DevelopmentWA is doing at Yagan Square?

**Ms R. SAFFIOTI:** Primarily, we are looking at the fit-out and, in a sense, the attraction of a key tenant for Yagan Square. I think that everyone is keen to see more activity in that area, which will create a safer place for the entire community. As part of that \$7 million, there will be upgrades to some infrastructure around Yagan Square. It will also ensure that we can attract a new tenant and cover the modification of Yagan Square internally to facilitate a major new tenant.

**Mr P.J. RUNDLE:** Will the budgeted \$3.85 million for this financial year be expended completely?

**Ms R. SAFFIOTI:** Yes.

[6.20 pm]

**Mr P.J. RUNDLE:** Does the department have some tenants ready and waiting for when those works are done? From what I have been reading lately, tenants seem to be departing the scene rather than arriving. Does the department have some in the background?

**Ms R. SAFFIOTI:** Yes. I think Minister Carey announced that there are current negotiations with a preferred proponent. There was a market sounding and a preferred proponent was identified. I think it is the same proponent that is behind the synagogue redevelopment in Fremantle and new venue The Beaufort, as well, so it is a very established proponent.

**Mr P.J. RUNDLE:** I have a final question on this topic. Is the minister confident that that activity with the particular tenants that the department is negotiating with will stem the exodus of people from Yagan Square?

**Ms R. SAFFIOTI:** In a sense, they have all left anyway. There has been retention of some tenants, but Yagan Square is currently ready and waiting for a new tenant. This will be a major new tenant that I think, given its experience, will attract a lot of activity. From a transport perspective, I also want to make sure that we integrate the station a little bit better with Yagan Square. Given that it is a major thoroughfare between the train station and the bus port or underground bus station, we need to make sure that whole area has constant activity and allows people to move very safely and efficiently between the train station and the bus port.

**Mr V.A. CATANIA:** I refer to page 767 of budget paper No 2, volume 2, and the first paragraph under significant issues impacting the government trading enterprise and market environment and economic conditions. I refer to an election commitment the government made for workers' accommodation in Exmouth and Kalbarri. I believe that DevelopmentWA has gone out for expressions of interest for development of workers' accommodation, which is desperately needed in Exmouth as well as Kalbarri. Particularly in Exmouth, we talk about headworks charges.

**Ms R. SAFFIOTI:** I am sorry, member. This was under the Department of Planning, Lands and Heritage, so I do not have that advice in front of me.

**Mr V.A. CATANIA:** It is not DevelopmentWA?

**Ms R. SAFFIOTI:** No.

**Mr V.A. CATANIA:** It is crown lands, is it not?

**Ms R. SAFFIOTI:** Yes, it is crown lands. Sorry.

**Mr P.J. RUNDLE:** The fourth paragraph on page 767 is "Net Zero Transition" and states —

DevelopmentWA launched its first iteration of its Net Zero Transition Plan in November 2021.

Can the minister outline how DevelopmentWA will reduce its greenhouse gas emissions and engage with its partners and suppliers to collectively reduce omissions?

**Ms R. SAFFIOTI:** Sure. In November last year, DevelopmentWA launched its first net zero transition plan. The plan identifies three priority targets: identify net zero scope 1 and 2 emissions; achieve net zero scope 1 emissions by 2025; and develop a net zero culture. Scope 1 emissions are direct emissions that are released in the atmosphere from an activity owned or controlled by DevelopmentWA; scope 2 emissions are indirect but are related to the consumption of energy; and scope 3 emissions are a consequence of other activities but are generated in the wider economy from sources not owned or controlled by DevelopmentWA.

I want to make a couple of points. First, in relation to sustainability, DevelopmentWA set very ambitious targets for the recycling and re-use of demolition waste for Subiaco Oval and the Princess Margaret Hospital for Children site. For Subiaco Oval, the re-use of waste was about 98 per cent, and the same is being delivered at PMH. That demolition waste is used in roads, and, as I said, when you are driving along the Kwinana Freeway, you are driving along the two-tier stand of Subiaco Oval, which is quite funny when you think about it.

Second, DevelopmentWA is supporting and promoting infill developments, which goes a long way to supporting a reduction in the climate impact of housing. There are a couple of initiatives, but, more generally, DevelopmentWA is looking at going to net zero for scope 1 emissions by 2025, and then moving to scope 2 and 3 emissions between 2040 and 2050.

**Mr P.J. RUNDLE:** Minister, how is the progress going at the Princess Margaret Hospital for Children site?

**Ms R. SAFFIOTI:** It is going really well. I have to say that I am impressed by how quickly we have brought some of those buildings down. The PMH site has complicated buildings, and we are making sure that we retain some of the historic parts such as the chapel and the chimney stack. We are in the final process of finalising the plans for that area. There has been a lot of consultation. The member for Cottesloe is a bit concerned about having people live near a school! But apart from that, it is going very, very well.

**Mr V.A. CATANIA:** Minister, I refer to page 767 under significant issues impacting the government trading enterprise and market environment and economic conditions. I refer back to a place like Exmouth, which is under significant housing pressure, whether it be workers' accommodation or people wanting to live in Exmouth. Is DevelopmentWA undertaking any future land release; and, if so, whereabouts? Are there any hurdles to being able to go out to market with a land release that is desperately needed?

**Ms R. SAFFIOTI:** An expression of interest process was launched in 2021 for parties interested in purchasing and developing superlot D within the Exmouth marina. It is a significant opportunity. Negotiations are currently underway with the preferred proponent and the native title traditional owners. It is expected to yield 25 lots. South of the town centre, Nimitz Estate is expected to yield 300 to 400 lots. This is also in final negotiations with the native title traditional owners. Therefore, a couple of proposals are underway. Some work has also been done to some of the scheme amendments that were put forward to facilitate more workers' accommodation, but that is more under the planning portfolio. I have also been looking into some other lots, from a planning or transport point of view, that may become available as well. But those two lots are two examples of current work at Exmouth.

**Mr V.A. CATANIA:** When the minister talks about the negotiations with traditional owners, are they in the final stages of negotiating? How long have they taken, and has that been an issue in not being able to release land? Should this have been ready, especially the Nimitz Estate, three or four years ago?

**Ms R. SAFFIOTI:** We will just find some other information for the member. I do not have any up-to-date information about those negotiations. I can provide by way of supplementary information further information of how negotiations are proceeding with native title holders in relation to blocks for development in Exmouth.

[*Supplementary Information No B5.*]

**The CHAIR:** That completes the examination of DevelopmentWA. Thank you.

[6.30 pm]