

Western Australian Land Authority —

Mr S.J. Price, Chair.

Ms R. Saffioti, Minister for Lands.

Ms F. Barclay, Chief Financial Officer.

Mr F. Marra, Chief Executive Officer.

Mr D. Mudford, Chief Operations Officer.

Mr D. McFerran, Principal Policy Officer.

[Witnesses introduced.]

The CHAIR: I give the call to the member for Scarborough.

Mrs L.M. HARVEY: I refer to page 249 of budget paper No 3 and the table “General Government Revenue from Public Corporations”. Under “Other Agencies”, the dividend for LandCorp from 2017–18 to 2018–19 drops by about \$20 million. Can the minister please explain that drop and also advise the forecast profit for LandCorp for 2018–19?

Ms R. SAFFIOTI: I will ask Frank Marra to answer that.

Mr F. Marra: In response to the first part of the question relating to the reduction in the dividend, in the previous year the dividend was boosted by two special dividend payments related to specific projects. The first one was the Mt Claremont project, which was a joint undertaking between the state and the Town of Cambridge for what is known colloquially as area G adjacent to Bold Park. The project was completed. The total net revenues of that project were provided as a special dividend to the state, and the state distributed those dividends between it and the Town of Cambridge in accordance with the formula that was agreed some years ago. There was another reduction from last year to this year’s proposed dividend because last year also included a special dividend payment relating to the Joondalup Wolves site where the previous government required \$4 million of value of that project to be contributed to VenuesWest to assist with paying for sport facilities relocations at the City of Joondalup. Those two transactions were one-offs and will not continue into this year.

Mrs L.M. HARVEY: What is the forecast profit for LandCorp for 2018–19?

Mr F. Marra: The forecast profit before tax is \$29.9 million.

Mr V.A. CATANIA: I refer to land agencies on page 255 of budget paper No 3 and the subsidies being paid to LandCorp. What components make up the line item “Other subsidies: Various Projects—Royalties for Regions”?

Ms R. SAFFIOTI: Does the member want the breakdown of that line that has \$51.9 million in 2018–19?

Mr V.A. CATANIA: Yes.

[2.30 pm]

Ms R. SAFFIOTI: The subsidy represents the following projects for 2018–19: Albany–Middleton beach, \$1.9 million; Karratha City of the North project, \$2.9 million; Nambelup transform Peel project, \$25.1 million; Bunbury–Casuarina Harbour project, \$5 million; transforming Bunbury waterfront project, \$2.5 million; and the Sea Dragon Road to facilitate Operation Sea Dragon, \$14.1 million. That is a sub-total of \$51.5 million, plus the Port Hedland Spoilbank Marina, \$1.3 million. That is the equity funding, so the total is \$52.8 million. Sorry, that \$51.9 million excludes the \$1.3 million from Port Hedland. All those, apart from Port Hedland, equal \$51.5 million.

Mr V.A. CATANIA: Is the Port Hedland one in there?

Ms R. SAFFIOTI: It is probably somewhere else. It is an equity component so it is not showing in the expenses column, but somewhere else.

Mr C.J. TALLENTIRE: I am interested in the establishment of the industrial lands authority and refer to the first dot point under “Asset Investment Program” on page 621 of budget paper No 2. It refers to the establishment of the industrial lands authority, and \$28.9 million. I am keen to hear from the minister how that establishment is progressing and what its status is.

Ms R. SAFFIOTI: As part of our reform program for both LandCorp and the Metropolitan Redevelopment Authority, we are trying to create an industrial lands authority to ensure that the authority’s focus is on generating jobs and facilitating industrial growth. As part of that process, we are trying to focus on why we have industrial lands, in a sense facilitated by LandCorp. It is to create new employment opportunities. That is in the process of

being finalised. I think a couple of new roles have been created as part of this reform process. The board has signed off on its creation. I hope we will be able to make an announcement in the next six weeks.

One of the components of the industrial lands authority is to ensure it reports to not only me as the Minister for Lands, but also the Minister for Development, Jobs and Trade and the jobs subcommittee of cabinet. Its aim is to coordinate and make sure we facilitate new jobs and industrial growth through a coordinated approach, while making sure we are constantly looking at how we can facilitate the creation of industrial land to create new job opportunities.

Mr W.R. MARMION: This is an interesting issue because some decades ago there was the Industrial Lands Development Authority, which had a role in creating industrial lands. It was very useful, but about 10 years ago when LandCorp's focus became more residential, there was a bit of a problem. It is really good that some focus is being directed to industrial lands.

My question relates to the same dot point. The \$28.9 million refers to the Australian Marine Complex. Can the minister outline how much of the \$28.9 million is being invested in the Australian Marine Complex? Is it the expansion of the land area? I was there a couple of weeks ago and noticed a fair bit of work is being done expanding it southwards. It guess it is called the land-backed area. Is that the project this is referring to?

Ms R. SAFFIOTI: With specific reference to the AMC project referred to, \$2 million has been allocated to that for a general upgrade of the common-user facilities. The other projects, of course, include the development cell at Hope Valley, Wattleup, Stake Hill, Nambeelup, Neerabup, Meridian Park, Forrestfield and other industrial projects that comprise in total the \$28.9 million.

Mr W.R. MARMION: Is the \$2 million for the CUF? Who is doing the work expanding the land base on the water south of the current area?

Ms R. SAFFIOTI: I understand that is part of the ongoing defence industry discussion. Further discussions are being held between LandCorp and the Minister for State Development, Jobs and Trade on how we go forward on that. It is all part of the wider plan to expand our defence capability in that area.

Mrs L.M. HARVEY: I refer to page 621 and the Murdoch health and knowledge precinct. I understand there was an expression-of-interest process to sell some land parcels to the private sector. Has that process been completed?

Ms R. SAFFIOTI: Final settlement has not occurred for that land transaction but an announcement was made about the work being done with the Fini Group on stage 1A of the medical hub. Mr Marra, would you like to comment on that?

Mr F. Marra: An announcement was made several months ago. The Fini Group was appointed the preferred bidder for that site. The contract has gone unconditional for stage 1A for the first three lots to be completed at stage 1A. That is due to settle in the middle of June. They are undertaking their development planning works at the moment to get a development approval finalised so they can construct on that site. As the minister indicated, it is part of the health and knowledge precinct to provide various uses in line with that.

Mrs L.M. HARVEY: What is the value of that land transfer?

Ms R. SAFFIOTI: As it is due to be settled, I cannot give that information out. Once it is settled, it will be made public.

Mr W.R. MARMION: My question relates to the second dot point on page 621, which refers to \$109 million to be invested in a program of works. It refers to redevelopment of the former Shenton Park health campus, which is in my electorate. I know it very well because there is a temporary roundabout in place that I go through every second day. It seems to be working quite well at the moment. I was a bit surprised, but I think when it has two lanes, it will work better. Can the minister outline the timetable for that development?

The only controversy in my electorate has been bush along Lemnos Street. A group of people would prefer that some parts of the development could be higher and traded off with some bush. I am interested in LandCorp's comment on that.

Mr F. Marra: The project is well underway, as the member has indicated. The first sites have been released to the market and allocated to two significant developers. The heritage building of Victoria House has been allocated to the Fini Group, which has an adaptive reuse of the heritage house component. It plans to also build some significant buildings adjacent to it to get excellent use there. TRG Properties Pty Ltd, with Prime West Management, has been allocated probably the most complex site for residential and the retail component at the entry to the estate—some 150 apartments and the retail component.

[2.40 pm]

Mr W.R. MARMION: Is that in front of the roundabout?

Mr F. Marra: Yes; that leads in front of the roundabout. Those were the two sites that were initiated. The roundabout should be completed in August and other work should be completed after that. On the planning matter regarding the trees on Lemnos Street, as the member would be aware, we undertook a very significant consultation program when we were designing the site. That took into account a whole lot of community wishes, ranging from retaining heritage elements through to providing a retail component for people who live in that area and a level of density close to the train station. On that basis, a lot of the residents in the area were very conscious of not having unlimited height in that location. The school and neighbours were quite particular about not wanting overly tall buildings there. That is why the limits on the structures are in place. The trees on the Lemnos Street site have been very carefully dealt with. Over 25 per cent of the entire site will be retained for public open space. Tree retention has been paramount in this location.

Ms R. SAFFIOTI: Something that we will take forward in our discussions about infill is that often it is a balance between height and the retention of vegetation and other space. Traditionally, the focus has been on height—height has been the enemy of the community. However, the more height there is, the less the impact on other parts of the community. I think that is something the community is starting to learn and appreciate. I was recently on radio discussing what is happening between the Western Australian Planning Commission and the City of Subiaco with development. If the community works with the government and wants height and significant density in the new Subi East area, that will relieve the pressure on the rest of the community. As I said, I think in the past the focus has been on height, but people are starting to appreciate that the more dense the development, in many instances there is the ability to retain more heavy vegetation across the rest of the community. That is where the discussion is now moving, particularly as all councils, the state and the community are grappling with the need to get more sensible infill and density. I think that is where the discussion is moving to.

Mr W.R. MARMION: I understand that. The other complication is that if it is near a railway station, car parking is also needed for people who want to drive there. There are three competing things—bush, car park and height.

Ms R. SAFFIOTI: It is more expensive, but we have done a lot of at-grade parking for car parks at stations, which, in a sense, is a waste of good land. The land adjacent to the station is a car park when really, if we could start to develop more options for multideck or multilevel car parks, we would be able to get in more housing and still facilitate the car parks that are needed. That is a discussion that we need to continue to have.

Mr W.R. MARMION: I had a good consultation from LandCorp on the master plan. What the people who are concerned about the bush were suggesting is that some bush at the front—Mr Marra knows what I am talking about—could have been set off against some further height at the back, where there are no residents. The land is fairly flat there, so one could argue that they had a point. I thought it was all done and dusted, but I read in the *Post*—I know the *Post* is not the most reliable reference source —

Ms R. SAFFIOTI: The member for Nedlands is saying that, not me!

Mr W.R. MARMION: I do not mind saying that. I thought I read in the *Post* last week or the week before that LandCorp was looking at it again. I read it inadvertently.

Ms R. SAFFIOTI: It is currently a subdivision application before the WAPC. That is where the process is at.

Mrs L.M. HARVEY: The third paragraph on page 621 of the *Budget Statements* outlines that most of the project activity by LandCorp is delivered in partnership with the private sector. How many joint venture partnerships with the private sector would LandCorp have on the go at the moment?

Ms R. SAFFIOTI: Most of the joint ventures are the big greenfields developments out at Alkimos. There are three—Alkimos, Eglinton and Port Hedland. Normally, it is when a significant private sector contribution is needed so that it is not all carried on the LandCorp balance sheet. They are normally long-term projects.

Mrs L.M. HARVEY: What is the split between LandCorp's investment and the private sector investment in each of those three joint ventures?

Ms R. SAFFIOTI: I refer that to Mr Marra.

Mr F. Marra: Each individual partnership arrangement is different. The first one the minister referred to is the Alkimos Beach partnership project that LandCorp has with Lendlease Corporation. That one is generally on a 50–50 basis, but LandCorp retains full ownership of the land. The Eglinton project is a partnership arrangement with the Satterley Property Group. LandCorp retains 100 per cent ownership of the land and provides 100 per cent of the equity finance for the development. The Satterley Property Group receives project management fees and success fees for that project. The third one is in South Hedland. That is a future development between LandCorp and Cedar Woods and will be undertaken on a 50–50 partnership arrangement.

Mr V.A. CATANIA: LandCorp has three partnerships with private industry. How is that different from past years? Is that the norm or are there more developers participating with LandCorp than in the past?

Ms R. SAFFIOTI: I will double-check with Mr Marra, but those three agreements have been entered into for a number of years.

Mr F. Marra: These three partnership arrangements have been in place for a number of years. In the past, other projects have been delivered in partnership but they have been completed. LandCorp has had a partnering program for well in excess of a decade. Past projects have been completed, which is why I have not mentioned them.

Mr V.A. CATANIA: Are there any projects on the horizon for LandCorp to partner with the private sector into the future?

Ms R. SAFFIOTI: As Mr Marra just quickly outlined to me, LandCorp is always looking at opportunities where we believe there is value for money and we can manage the risk. There are no live proposals before us currently, but, similar to the Department of Housing or Department of Communities, we are always looking at opportunities where it would be of benefit to the state to undertake a joint venture. As we said, the three we have outlined have been in place for a number of years.

Mrs L.M. HARVEY: Is LandCorp involved in the Spoilbank Marina project in Port Hedland?

Ms R. SAFFIOTI: Yes, it is. It has funding in the current budget over the next four years for the Spoilbank Marina. The Pilbara Development Commission, with the Minister for Regional Development, is undertaking further analysis of the marina project and is developing the business case. LandCorp is assisting the Pilbara Development Commission with that work, which is ongoing. There is significant funding—about \$40 million—in the forward estimates of LandCorp's budget as a government equity contribution from the consolidated account for the Spoilbank Marina.

Mrs L.M. HARVEY: I understand that there are some concerns with the major iron ore companies operating out of there about safety and the potential conflict that could arise between sailboats, recreational vessels and the main users of the facilities, being the mining companies. Which of the mining companies have been consulted so far as part of the project?

[2.50 pm]

Ms R. SAFFIOTI: The Pilbara Development Commission is the lead agency for future consultation. I understand that a workshop will be undertaken in the next two to three weeks that will bring all the parties together to understand any concerns and identified risks. It is assisted by LandCorp, but the Pilbara Development Commission is leading the business case process and consultation. The Pilbara Ports Authority will be involved in that as will key companies that are interested in the issue.

Mrs L.M. HARVEY: LandCorp has some projects on the go in the Rockingham, Kwinana and Cockburn areas. Does LandCorp have sufficient land available to it in Kwinana to develop a replacement port for the port of Fremantle?

Ms R. SAFFIOTI: The Westport Taskforce is assessing land use, location, style of port and commercial establishment of the port. Westport is undertaking all that analysis. It is currently being considered as one of the work packages the Westport Taskforce is looking at.

Mrs L.M. HARVEY: How much money has been allocated to LandCorp to purchase or develop land around the Metronet hubs?

Ms R. SAFFIOTI: LandCorp has a general allocation for acquisitions over the forward estimates. As part of its ongoing process, LandCorp always has an allocation to acquire land. The Metronet task force is looking at where LandCorp has the ability to purchase land that possibly was previously owned or controlled by the Western Australian Planning Commission to create new housing projects in the future. The Metronet task force will identify and develop infrastructure. Through WAPC, it will identify land that is in close proximity to that infrastructure that LandCorp will be able to purchase to create housing and further redevelopment opportunities. Going forward, that is the proposal.

Mrs L.M. HARVEY: Has there not been an additional allocation for the purchase of land around the Metronet program?

Ms R. SAFFIOTI: All up, about \$80 million is provided for new land acquisition. About \$30 million of that is for Metronet-associated land.

The CHAIR: That completes the examination of LandCorp.