

WESTERN AUSTRALIAN LAND AUTHORITY AMENDMENT BILL 2003

Second Reading

Resumed from an earlier stage of the sitting.

HON JIM SCOTT (South Metropolitan) [3.51 pm]: Before we moved to private members' business I was talking about the change proposed in the Western Australian Land Authority Amendment Bill to allow the authority to work on urban renewal and in particular on the remediation of contaminated sites. I was saying that I believe that this is a very good move, particularly when put alongside one of the other objects of the authority, which is to take the triple bottom line into account in the projects in which it gets involved. As I was pointing out, most redevelopments of contaminated sites have not been done in this way. LandCorp was not able to enter into the sorts of partnerships that would enable it to get fully involved in those sorts of projects.

There was an issue with contaminated sites. I go back to the example of Port Coogee in my electorate. That area was contaminated over a long time by a variety of industries and is very close to the coast. The cost of remediation of such sites is quite high and Governments always baulk at expending the money to clean up those areas. In the case of Port Coogee, developers came forward with a proposal to create a marina development. It was largely a housing development rather than a marina development; it was really just houses on the sea. The Government of the day jumped at the opportunity. The problem was that it was a reactive piece of planning on the part of the Government. Although the proposal was certainly a good one for the developers, the regional planning objectives of government were thrown out of the window. There has been a lot of local resistance to that development, because it will not meet a lot of the needs of the regional community now or in the future. It is an isolated development that will take up an area of beachfront, which in effect will privatise that area. In this instance people wanted launching facilities for their tin boats, but that sort of thing will not be provided in the proposed facility. One of the landmarks that the local community wanted developed as a heritage site was the old power station. That would have been quite expensive. The old power station is reasonably close to the north of the development, but will be completely left out of any redevelopment. Opportunities such as the redevelopment of the power station, the provision of boat ramps, which are needed in the area, and linkages with the nearest urban infrastructure that will provide people with shopping facilities and so on have not been thought through. The developers considered that here was a piece of land with which they had an opportunity to make a profit. From the Government's point of view it was a bit of blighted land that would be taken off its hands. We end up getting poor regional planning in these proposals.

If we want LandCorp to develop these areas and to incorporate a triple bottom line approach in its business practices, we should be able to ensure that we have planning that properly integrates with the region and existing communities and that development is done in such a way as to not cause future social or environmental problems. Obviously, one cannot always avoid these issues totally, because some things are unforeseen. Marina developments are no longer being built on the east coast of Australia because of the terrible problems that have been experienced with acid sulfate soils and acid sulfate leaching into the ocean. Those sorts of triple bottom line issues are not properly addressed under the current process. The Omex site is being redeveloped. There were a lot of problems with the clean-up of that area. I understand that the clean-up was not done properly and that further work had to be done because pollution was leaching back into the sand that had taken the place of the soil that was taken away. The potential is there to improve that type of development. The explanatory memorandum points out that apart from the triple bottom line concepts of social, economic and environmental outcomes being an enshrined requirement for the authority, it will no longer have the protection of crown immunity as an agent of the Crown, in order to make it more equal in its competition with private enterprise. Hon George Cash argued that according to the development industry, it would still be anti-competitive because it would be able to save in certain areas, such as taxes; it would not be subject to the same problems. That is an exercise in sophistry on behalf of the development industry. In the explanatory memorandum, the fourth dot point on page 2 states -

... it will still be subject to Ministerial and other Government direction, and other minimum public sector standards.

One of the issues that is often raised when people discuss competition between a private and a public body is that there will be benefits for the public body because it will not have to do certain things. However, a public body has to do a lot of things that a private organisation does not have to do in terms of employment standards and the requirement to provide public services for the community. Any disadvantage that is suffered by private developers as opposed to the public developer, LandCorp, will be completely and utterly drowned out at the end of the day by the requirements of the government body to ensure that it meets triple bottom line requirements, with which private developers do not have to deal. It would be good if private developers did have to deal with them, but, unfortunately, they do not. I am not aware of any law that says that they do, but, certainly, in this Bill, LandCorp will have to meet those requirements.

I worry about this Bill in that once we get a commercial ethos in LandCorp to the extent that it becomes a big player in the market against private developers and it tries to consider the economic bottom line, some of its social objectives will be allowed to slip. In the past, I have not been happy with certain practices of LandCorp; for instance, the way in which it has worked to drive up land prices. I remember reading an article that quoted David Hatt years ago when I think he wore two hats - I think he was involved with LandCorp and Homeswest. He talked about the building of a marina in the northern suburbs and the way in which that would be a great boon for LandCorp because it would push up the value of surrounding land and enable it to make greater profits. One of the social objectives that should be dealt with by LandCorp is to ensure that people who do not have piles of money are able to access land to build on that is reasonably priced, whether it be for houses or businesses. I worry about this idea of pushing up land prices because, at the end of the day, it produces a false economy. The higher the initial start-up costs for our cost of living - whether for running a home or a business - the greater the impact at the end of the equation on our bottom line. I am often concerned that people are crowing about the price of land in their area going up. The money put into a house is not something that a person can really gain from unless he sells it when there is a significant rise in housing prices against the trends and he buys a lower-priced house and makes a windfall in that way. However, it means that somebody else has lost. In terms of society, pushing up land prices is bad. The purchase of land and homes is the biggest investment that most people make in their lives. When the cost of living increases, people have to be paid higher wages to pay for that cost of living, which makes us less competitive with people in other places. We get this chain of events. If I were able to do anything about land prices, I would rather ensure that they remain stable for as long as possible rather than push them up by deliberately enhancing an area with some facility that would drive up the price of land. That will happen to some degree anyway, but to deliberately set out to do that is really an inflationary thing, and it is not good for the wider community.

I had discussions about this issue with the officers who gave me a briefing on this Bill. They said that they were planning to keep in place a component of their business of ensuring that in some developments there would be reasonably priced land for people on a lower income. However, quite often that means that that land is aesthetically not as good as the land that other people with more money can get. In a completely commercial world, if a person pays in dregs, he gets the dregs. I hope that LandCorp will ensure that where it has provided reasonably priced land in its developments, it is attractive land and a good place to live for people on lower incomes. I investigated the idea of LandCorp leasing land to people rather than selling it to them, so that they then have to pay for only the building of a home. That would also give the Government some capacity to deal with inflation. One of the great inflationary costs we recognise in Australia has always been the runaway housing market, in which people invest huge amounts of money in housing at the expense of the rest of the economy. That drives up the cost of housing in a quite artificial way. The Government then has to crack down with interest rates. That affects businesses and the more productive parts of our economy, rather than people buying homes. The purchase of a home is generally a one-off transaction as far as being a productive enterprise is concerned. It is important that Governments find ways to prevent the family home becoming a form of income building. We need to think again about this issue, because it ties up so much money in an unproductive enterprise that I believe it holds back this country. The current talk around Australia has been about taking the sting out of the housing market, otherwise interest rates will have to go up. It would be good if bodies like LandCorp were able to not sell all their land, and if people who want a house but do not have much money were able to lease land and sell their lease rights at the end of a period for a fixed sum. The Government could use that as an anti-inflationary device by controlling the amount of leased land available to the community.

Overall, the Bill has some very good provisions, one of which enables LandCorp to become involved in joint operations to clean up contaminated sites. Secondly, it brings triple bottom line accounting to LandCorp. I have no fear of it being unfair to private developers or private businesses. We see all the time private businesses getting into areas that in the past were thought to be government areas, and there do not appear to be many complaints about that. If the developers cannot stand the heat, they should get out of the kitchen. I am sure that most of them will continue to survive if they were good businesses in the first place.

Regarding the concerns about commercialisation, I hope that LandCorp will continue to take its public responsibilities very seriously in ensuring that sufficient land is available for people with lower incomes to build their houses on. If it does a good job of that, this legislation can be very effective and it will be of great advantage to the community as a whole. I may look at one or two areas during the committee stage of the Bill but, overall, I agree with the Bill and will support its passage.

HON KEN TRAVERS (North Metropolitan - Parliamentary Secretary) [4.14 pm]: Hon George Cash gave a very good summary of the events that have occurred since this Bill was introduced. He referred to the discussions in the private sector with the board, as well as those between officers, him and me in seeking to progress this legislation. Hon George Cash is correct; I have a number of amendments on the notice paper that will seek to address a number of issues that have followed from those discussions. Unfortunately for Hon Jim Scott, it will be to contain the issue, particularly the expansion of the powers covering contaminated sites.

LandCorp already deals with contaminated sites in certain circumstances, and it is its intention to continue to do that. This Bill would have provided some power, but we will go into the detail of that during the committee stage. With regard to the other broader expansions, it is our view that they are already there; this is about a change of definition from redevelopment to urban renewal. It is more a definitional change than a significant change. This Bill will allow LandCorp to undertake more joint ventures with the private sector. I know that is the intent of the board. It will be a positive benefit.

Debate interrupted, pursuant to sessional orders.

[Continued on page 3465.]

Sitting suspended from 4.15 to 4.30 pm