

Ms Alannah MacTiernan; Mr Brendon Grylls; Mr Albert Jacob; Mr Mark McGowan; Mr Paul Miles; Mr Mick Murray

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**Western Australian Land Authority —**

Mr M.W. Sutherland, Chairman.

Mr B.J. Grylls, Minister for Lands.

Mr F. Marra, General Manager, Finance and Strategy, LandCorp.

Mr M.C. Moloney, General Manager, Operations, LandCorp.

**The CHAIRMAN:** This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published by 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 Chairman 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. For the purpose of following up the provision of this information, I ask the minister to clearly indicate to the committee which 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, 5 June 2009, 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 the 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 provided by Friday, 5 June 2009.

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

[Witnesses introduced.]

**The CHAIRMAN:** Do members have any questions?

**Ms A.J.G. MacTIERNAN:** Page 330 refers to the regional land program, which delivers land and property needs to create better places to live for regional communities and to support regional growth, and lists the towns in which the government proposes to spend the money. I guess my fundamental concern is: why are we taking \$107 million out of that program over the forward estimates? Why does that program now have \$107 million less than in last year's forward estimates? This year we are taking \$32.8 million out of this program.

**Mr B.J. GRYLLS:** I thank the member for Armadale. Obviously, in terms of framing this budget, decisions had to be made about where savings could be made. There were \$7.6 billion of savings made across the forward estimates to ensure that the state retained its AAA credit rating. LandCorp believes that it can deliver the needs of its regional land availability program with this budget going forward. However, I am happy to have Mike Moloney add to that.

[12.40 pm]

**Mr M.C. Moloney:** The change is a reaction to the actual land market situation within the regions. Right across the board, LandCorp is putting a high level of intensity into the demand areas, particularly in the Pilbara and the Kimberley. However, in most other regions throughout the state, there is already surplus land available in stock.

**Ms A.J.G. MacTIERNAN:** So, overall, this year there will be a reduction in the level of projected activity in terms of land acquisition and land development in regional areas?

**Mr M.C. Moloney:** That is correct, but as a reaction to the market, not as a deferral as such.

**Ms A.J.G. MacTIERNAN:** The Albany waterfront is another project that obviously has taken a haircut over this current year and in the forthcoming year. That is listed at page 331 of the *Budget Statements*. I understand that \$4 million has been taken out of this year's budget and \$1 million has been taken out of next year's budget for that project. Why have works on that project proceeded much more slowly than anticipated?

**Mr M.C. Moloney:** The Albany waterfront project has been delayed in its initiation, principally because of the environmental requirements and the processes we need to go through. That approval has now been obtained. We are in the final process of negotiating with the contractors, consultants and suppliers, and we are expecting to initiate a contract next month—in June.

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**Mr A.P. JACOB:** I refer to page 331, under “Works in Progress”, the metropolitan program, Perth and Peel land acquisition and development. Can the minister please explain what activities LandCorp will be undertaking in the metropolitan area during 2009-10?

**Mr B.J. GRYLLS:** I thank the member for Ocean Reef for the question. Of great interest, I think, to the state is the Australian Marine Complex. I would encourage those members who have not seen that complex to go and look at it. That is a very good initiative that is providing a base for much of the oil and gas sector, as well as other heavy industry, with linkages back to a wharf. This year, the Australian Marine Complex has been allocated \$35 million to progress a supply base, predominantly for the Gorgon project on Barrow Island. It is important that when the investment decision is made on the Gorgon project, we have in place the necessary facilities to allow that to happen. That is one of the major initiatives.

At the Latitude 32 project in the Flinders precinct, LandCorp is developing 1 400 hectares of strategically located commercial and industrial land. Flinders precinct stages 1A and 1B were released earlier this year, with land sales continuing. Enterprise Park in Wangara is now home to around 250 businesses. Thirteen lots in stage B remain, with sales continuing. The East Rockingham-Rockingham industry zone, which comprises more than 1 150 hectares of land owned by LandCorp, is also being progressed. There is also Meridian Park in Neerabup, which is set to become the next generation in industrial estate design. I might ask Mike whether he can add anything of interest on those important metropolitan industrial projects.

**Mr M.C. Moloney:** Certainly. The Australian Marine Complex is a true success story. It is one part of the industrial market, which overall is fairly depressed at the moment, but the oil and gas industry and the associated industries have been a true shining light. We have also worked with the Gorgon group, as the minister indicated, to do a major extension to that facility.

**Mr M. McGOWAN:** I refer to page 331. The Albany waterfront project, the Bunbury waterfront project, the metropolitan program, the regional program and the Perth waterfront project have all had cuts on last year’s budget. In last year’s budget, the estimated total cost of works in progress was \$3.378 billion. In this year’s budget, the estimated total cost for the asset investment program is \$2.942 billion. Would it be a fair assumption to say that nearly \$400 million has been cut from that budget?

**Mr M.C. Moloney:** There has been a reflowing of the investment that LandCorp will be making under the various programs and individual projects listed. A significant component of that reduction has to do with the Perth waterfront project, which has been discussed in the house previously. The funding for the replanning of that project has been reallocated within the budget. However, the delivery phases of that have been deferred at this stage. That would deal with a very large component of that reduction. Another major component of the reduction in the expenditure targets relates to the downturn in the demand for land. LandCorp delivers land only as it is required to be taken up. Our forecasting indicated a significant reduction in the demand for land; consequently, there has been an automatic reduction in the delivery of land supplies to meet the reduced demand requirements. Those two coupled together would deal with the vast majority of the changes.

**Mr M. McGOWAN:** There has been a \$400 million cut in LandCorp’s land redevelopment program in toto. In addition to that, the program for regional land acquisition and development last year was \$1.072 billion. It is now \$927 million. Therefore, the funding for the regional program has gone down by \$150 million, and the funding for the metropolitan program has gone down by roughly \$200 million. Would that be correct?

**Mr B.J. GRYLLS:** If the member is reading from the same budget that I am, and I assume that he is, then, yes, there have been reductions in those areas, based on market demand.

**Mr P.T. MILES:** I refer to the earlier question about the need for sufficient industrial land to be made available in the metropolitan area. Can the minister explain whether the environmental issues at Meridian Industrial Park in Neerabup have been cleared up?

**Mr M.C. Moloney:** The major issue that is holding up Meridian Park is the cockatoos. There has been quite a bit of interaction through the industry itself, and through the state Department of Environment and Conservation and the federal agency, to come up with an industry-wide solution to that issue. It has not been resolved yet, but there have been significant positive responses from the federal agency to indicate that if an industry-wide response is taken, it will look more sympathetically at bringing its decision-making processes into line with the normal statutory processes that apply within Western Australia.

**Mr P.T. MILES:** If that is the case, would there be some sort of industry overview of that area, because it is of significant importance to the region, and also to the Bush Forever sites?

**Mr B.J. GRYLLS:** Can I add that there are many land development projects right across the coastal corridor of the metropolitan area that have issues with Carnaby’s cockatoo. This issue has been raised with me on multiple

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occasions. Our DEC is now working with the commonwealth Department of Environment, Water and Heritage to come up with some management plans, because, as the member would understand, Carnaby's cockatoo inhabits the banksia bushland, and most of that is where the expansion of the metropolitan area is heading. If projects are going to be held up because of that, and if we cannot come up with a solution, we risk, at the next upturn of the market cycle, coming across the same problems we had before of a constraint on land availability, prices going up, and people being unable to afford land and houses.

[12.50 pm]

**Mr M.C. Moloney:** A couple of initiatives are happening at Neerabup. We are working with the City of Wanneroo to try to initiate a joint venture with it over its landholding. There is a section of land that is subject to a Bush Forever claim, and it is difficult to negotiate through that process, but we have initiated a rezoning of some special-purpose land for industrial use associated with power stations and that type of thing. That means that the overall effect is that industrial land capacity in Neerabup has increased quite a bit in the last couple of months.

**The CHAIRMAN:** The member for Collie-Preston has the call.

**Mr M.P. MURRAY:** I would like to ask a question about the regional program outlined in the twelfth dot point on page 330 of the *Budget Statements*, and some of the answer may be given as supplementary information. Will the minister supply the details of the proposed land development in Collie, including the location of the land, the zoning of the land and the usage of the land, and the cost to government of the project? I will take the answer as supplementary information.

**Mr B.J. GRYLLS:** I thank the member for Collie-Preston. The member is quite right in suggesting that land availability in Collie will be important in the future. The new Shotts Industrial Park, which has facilitated Perdaman Chemicals and Fertilisers and the ability to grow that fertiliser project, is a very, very exciting development for Collie, and it is welcome diversification that also utilises the power generation available there. It is important that as we see new businesses like that come on stream, residential land is available as well as industrial land to support those businesses. I am happy for Mr Moloney to answer that, but then we can provide more information if the member would like it.

**Mr M.C. Moloney:** There is an additional initiative on residential land. We have commenced the structure planning process for that, and it will provide for several hundred lots. Additionally, the light industrial program is underway and the land subdivision there is substantially complete. Land has been released to the market. On balance, we think that in the short to medium term we will be able to deal with the land supply needs of Collie.

**Ms A.J.G. MacTIERNAN:** I refer to the \$32 million cut in the regional land supply for this year, and the \$107 million cut over the forward estimates. Will the minister provide us with a list of what was being proposed for this year in terms of areas of land acquisition and development—because I presume a lot of it is development—and what we will now end up with? We are trying to get some clarity about what will not be done that was previously going to be done, particularly focusing on the 2009-10 year. Is it possible to get that information?

**Mr B.J. GRYLLS:** I am happy to provide, by way of supplementary information, where those savings were found. In my discussions with LandCorp, both the board and the chief executive officer have said that we have got some fundamental problems in the Pilbara, and that there is a real focus on addressing them.

**Ms A.J.G. MacTIERNAN:** As there has always been.

**Mr B.J. GRYLLS:** It is full speed ahead there to try to address some of the very challenging problems that exist. We are also ensuring, with regard to the Kimberley region, with opportunities in the east Kimberley around Kununurra and Wyndham, that we are staying ahead of the demand curve there. We have engaged LandCorp quite strongly with the new goldmine in Boddington, ensuring that, although LandCorp does not, I think, have any land there, it is an important player in some of the planning to ensure that that can actually happen. The intention is that real focus is given to areas with previous supply constraints that have led to the market being completely distorted, such as the Pilbara, and I expect that focus to continue strongly. I am happy for Mr Moloney to add something, but we may actually need to provide where those changes have come from by way of supplementary information.

**Mr M.C. Moloney:** I have not got any more to add on that.

**The CHAIRMAN:** What information will the minister provide by way of supplementary information?

**Mr B.J. GRYLLS:** Ask members opposite what they want.

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**The CHAIRMAN:** What do members require to be provided?

**Ms A.J.G. MacTIERNAN:** I would like a list of the projects that will not now be proceeded with, or deferred, because of this cut of \$32.8 million in the 2009-10 budget.

**Mr B.J. GRYLLS:** Is that under the regional program?

**Ms A.J.G. MacTIERNAN:** Yes, under the regional program, and overall, with the \$107.8 million cut.

**Mr B.J. GRYLLS:** I am happy to provide that information.

*[Supplementary Information No B8.]*

**The CHAIRMAN:** Does the member for Rockingham have a question?

**Mr M. McGOWAN:** I think the member for Armadale actually asked for the total amount of cuts across all of these areas.

**Ms A.J.G. MacTIERNAN:** No. I am asking for the specific projects that will not be included—specific land acquisitions that will not be included—as part of that regional program.

**Mr M. McGOWAN:** I ask for the same information, by way of supplementary information, about whether a cut in funding has been made to the metropolitan program. I realise there has been a delay in the Albany waterfront and the Bunbury waterfront projects, but there is also a decline in how much is being spent on both projects. Even if it is by way of supplementary information, I would like an explanation of the change of scope of both projects. There are two requests for supplementary information.

**Mr B.J. GRYLLS:** I am happy to provide that by way of supplementary information.

**Mr M. McGOWAN:** The two pieces of information I want are, firstly, the reduction in the funding to the Perth and Peel Land Acquisition and Development Program—that is, which projects will not go ahead now or have been reduced in scope? Secondly, what is the reduction in scope for Albany waterfront and Bunbury waterfront, considering the budgets on both have declined by approximately \$3 million?

**The CHAIRMAN:** Is the minister happy to provide that information?

**Mr B.J. GRYLLS:** Yes, I am happy to do that.

*[Supplementary Information No B9(1) and B9(2).]*

**Ms A.J.G. MacTIERNAN:** Will the minister clarify that there has been a reduction in the scope of those two projects; otherwise, how can it be explained that they now have a lesser total expenditure than they did in last year's budget?

**Mr B.J. GRYLLS:** I was aware of a delay in the projects.

**Ms A.J.G. MacTIERNAN:** No, we are not talking about the delay; we are talking about the overall value of the project.

**Mr B.J. GRYLLS:** Let me answer the question: I was aware of a delay in both projects. The Albany delay has been identified as being due to environmental approvals; the Bunbury delay is because we have still not received an in-principle agreement from the council on the scope of that project. I was not aware of a change in scope to those projects, and I will provide, by way of supplementary information, what those changes of scope are if they exist.

**Ms A.J.G. MacTIERNAN:** Could the officers assist?

**Mr B.J. GRYLLS:** They will be providing the information.

**Mr M. McGOWAN:** Both projects have declined by about \$3 million each.

**The CHAIRMAN:** As there are no more questions, that concludes consideration of the Western Australian Land Authority.

*Meeting suspended from 1.00 to 2.00 pm*