

**STANDING COMMITTEE ON ESTIMATES AND  
FINANCIAL OPERATIONS**

**2013–14 AGENCY ANNUAL REPORT HEARINGS**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
WEDNESDAY, 10 DECEMBER 2014**

**SESSION FOUR  
METROPOLITAN REDEVELOPMENT AUTHORITY**

**Members**

**Hon Ken Travers (Chair)  
Hon Peter Katsambanis (Deputy Chair)  
Hon Martin Aldridge  
Hon Alanna Clohesy  
Hon Rick Mazza**

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**Hearing commenced at 3.48 pm**

**Mr KIERAN KINSELLA**  
**Chief Executive Officer, examined:**

**Mr MARK REUTENS**  
**Executive Director, examined:**

**The CHAIR:** On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I would like to welcome you to today's hearing. Can you please confirm that you have read, understood and signed the document headed "Information for Witnesses"?

**The Witnesses:** Yes.

**The CHAIR:** Witnesses need to be aware of the severe penalties that apply to persons providing false or misleading testimony to a parliamentary committee. It is essential that all your testimony before the committee is complete and truthful to the best of your knowledge. This hearing is being recorded by Hansard and a transcript of your evidence will be provided to you. The hearing is being held in public, although there is discretion available to the committee to hear evidence in private, either of its own motion or at a witness's request. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before answering the question. Government agencies and departments have an important role and duty in assisting Parliament to review agency outcomes on behalf of the people of Western Australia. The committee values your assistance with this. I think you were down there with the Premier this morning.

Do you wish to make an opening statement or are you happy to go straight to questions?

**Mr Kinsella:** We are happy to go straight questions.

**The CHAIR:** I think you were down at Elizabeth Quay this morning with the Premier.

**Mr Kinsella:** We were indeed, yes.

**The CHAIR:** I noticed in a press release it said that you have now sold land sales of \$90 million.

**Mr Kinsella:** That is right, yes.

**The CHAIR:** So, we have now formally signed a contract for the apartments and the hotel there?

**Mr Kinsella:** For lots 9 and 10 with the Far East Corporation, yes.

**The CHAIR:** Based on the \$64 million that was on the Chevron site, I assume that means it is \$26 million for lots 9 and 10 combined?

**Mr Kinsella:** It is \$25 million.

**The CHAIR:** The \$90 million must been a bit of rounding then or something.

**Mr Kinsella:** Yes. The contract also includes an overage clause based on performance—whether the apartments are sold above a certain retail price. If there is extra revenue generated, the authority would get a share of the extra revenue.

**The CHAIR:** That is over and above the \$26 million?

**Mr Kinsella:** That is right.

**The CHAIR:** How is that calculated? Is that a fixed price built into the contract?

**Mr Kinsella:** The overage payment?

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**The CHAIR:** Yes.

**Mr Kinsella:** It is based on a set price in the contract, so there is a minimum price that is based on a square metre rate of revenue for each apartment. If that rate then goes higher than the benchmark we have in the contract, we will get a share of the gross revenue and that then makes it very transparent because those sale prices will be available through Landgate and you will be able to see very clearly what the government's share of that additional revenue would be.

**The CHAIR:** I assume that is a square metre rate by unit and for penthouses it will be at a different rate to the one-bedroom units?

**Mr Kinsella:** Each apartment will sell at a certain price and it will be brought back to a per square metre rate. Once it goes past the benchmark, if it goes past the benchmark, we would get a share of the uplift.

**The CHAIR:** Do they have a date by which construction needs to commence for that project?

**Mr Kinsella:** We do have a contract date, yes.

**Mr Reutens:** I do not have the dates to hand, but there are dates that are set out in the contract that require the developer to meet certain milestones at certain times as it passes the contract date.

**The CHAIR:** Yes. Has settlement occurred on the contract for the \$25 million yet?

**Mr Reutens:** No.

**Mr Kinsella:** It has not, no. The settlement is staged, based on when they are ready to commence construction.

**The CHAIR:** So there are certain conditions still to be met before settlement occurs?

**Mr Kinsella:** Exactly right.

**The CHAIR:** In general terms, what are those conditions that need to be met?

**Mr Kinsella:** Basically, they need to get their DA approved. The way our contracts normally work, we give them X amount of time to get their development application approved, and then a certain amount of time thereafter the development approval is in place to then start construction. So there will be clauses like that.

**The CHAIR:** I know you said you did not know the specifics, but what time frame are we aiming for the construction to start and to be completed? When can we expect to see construction occurring, and a hotel and apartments built down there?

**Mr Kinsella:** We hope to see construction start towards the end of 2015, and there will probably be a three-year construction period. So we hope that they would be well and truly in the air by the end of 2018.

**The CHAIR:** In terms of the other site, lot 7—is it just lot 7 that Chevron bought or did they buy two lots?

**Mr Kinsella:** There were originally lots 7 and 8, and then it has been amalgamated into one site and we just call it lot 7 now.

**The CHAIR:** What was the sale price for that?

**Mr Kinsella:** It was \$64 million.

**The CHAIR:** So the \$70.4 million, is that including the GST?

**Mr Kinsella:** Yes, plus GST.

**The CHAIR:** Sadly, we do not get that.

**Mr Kinsella:** The GST? We do not.

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**The CHAIR:** It will head off over east somewhere now.

**Mr Kinsella:** We do not get very much of it at all.

**The CHAIR:** Is there a time frame by which they need to commence construction of that site?

**Mr Kinsella:** Yes, there is. In this particular contract we gave them a little bit of extra time to get started because we accepted that Chevron were very busy trying to bring their two major projects in the North West Shelf online, so we are saying to them that we would like to see them making practical on-the-ground works by the end of 2017. We have been advised by the company in recent times that they are going through the process of appointing some project managers to help them get started, and we are of the understanding that they are making progress towards completing their design and getting ready to go.

**The CHAIR:** Because that is a little bit later than I think we were previously expecting that site to start; so you are saying starting construction in —

**Mr Kinsella:** We want to see the well in the ground in 2017, yes.

**The CHAIR:** Sorry; “well in the ground”?

**Mr Kinsella:** Well, they have a basement they will be building, and we would like to see the basement work done; we would like to clearly see that it is under construction.

**The CHAIR:** I assume there is a date by which they need to start construction, is there, under their agreement?

**Mr Reutens:** Yes, I just do not have the dates to hand, sorry.

**Mr Kinsella:** I do not have that date in my head, but we can provide that to the committee, if you like.

*[Supplementary Information No D1.]*

**The CHAIR:** I assume that that date would be before 2017?

**Mr Kinsella:** For starting construction?

**The CHAIR:** Yes, if you want to see a basement in the ground, you would expect construction work —

**Mr Kinsella:** It will happen in 2017, yes.

**The CHAIR:** So it might be the start of 2017 that they would get that done. If they do not and they decide not to proceed with the construction, I understand there are obligations on them. If they determine not to proceed with construction, what happens then?

**Mr Kinsella:** The state retains the rights to repurchase, but it is a fairly significant site and a fairly sizeable sum of money so from our point of view we would obviously try to enact the contract. Ultimately, we are able to take the site back, but I do not think that would be a great outcome for the project or for the company or for the state. We always try to take into the account market conditions and the prevailing elements around. What is particularly attractive about this deal is that it is for a major company that has fairly substantial resources, and they will be the only people who are actually going to use this building, so it will be for Chevron’s workforce. So we, I suppose, have confidence that the building will go ahead, and that we have been realistic at the front end of the contract to allow them a little bit of extra time to get started because their attention needs to be delivered two their major projects in the North West Shelf.

**The CHAIR:** But if they were not to proceed with it, do you have similar clauses with LandCorp where you either buy back at the purchase price or the current market value, whichever is the lower?

**Mr Kinsella:** That is right; and we also subtract our selling costs as well.

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**The CHAIR:** Yes, and any other on-costs. But they would not forgo the full \$70.4 million; I guess they would lose the GST and they would lose your selling costs and whatever the market value is at that time?

**Mr Kinsella:** Yes.

**The CHAIR:** Are there any other milestones placed on them other than starting construction by the date you are going to provide on notice? Is there a time frame by which they have to have to their DA in to the council or anything like that?

[4.00 pm]

**Mr Kinsella:** Yes; the contract follows our usual form, so those matters are there. Do you want those milestone dates?

**The CHAIR:** Yes.

**Mr Kinsella:** I do not have them in front of me but we can provide them.

**The CHAIR:** I might make that all part of D1, so it is both the date of construction and all of the other milestone dates that are contained within that contract; and maybe the same deal: all of the milestone payments for lots 9 and 10 as well, if you are able to give those to us.

**Mr Kinsella:** Yes.

**The CHAIR:** I think you have two other lots on the market at the moment; is that right?

**Mr Kinsella:** Lots 5 and 6 on the north side of the inlet, yes.

**The CHAIR:** And they are both for 30 floors on each one or are they combined again?

**Mr Kinsella:** The design guidelines allow for 30 storeys. We did put them into the marketplace together in case a purchaser wanted to build the one building over the two lots again. In many of the larger commercial offices these days, they prefer a larger footprint for the floors; so we put it out to the market with “either or”.

**The CHAIR:** Is that out on a tender basis or basically they are here and put an offer in or what?

**Mr Kinsella:** No, there is a very clear EOI process that had two stages and very public documents that have been advertised and released. So, we have an evaluation panel within the MRA that I chair with the government architect and some other property people and one of our executive directors. So we had a list, I think, of about 14 proponents, and we used selection criteria based around design excellence and the financial wherewithal and capacity to build. We are now down to dealing with the last two proponents and we have an exclusive negotiating period with Brookfield for those lots, and that exclusive negotiating period finishes, I think, on 12 December.

**The CHAIR:** All right. So we should be expecting an announcement imminently then about where that goes?

**Mr Reutens:** I think in the negotiation process we will need to consider what the status is of their proposal at the end of their working period and whether or not we can extend their period or how we deal with it at that point.

**The CHAIR:** So you do not expect to have it concluded by the end of that exclusive period?

**Mr Kinsella:** We do not think so, Chairman, given the commercial-office market in the city has sort of deteriorated quite dramatically, I suppose, across the last 12 months. So we are going to continue to negotiate and we are just looking at how we might go forward. We are waiting for a proposal to come back from the proponent.

**The CHAIR:** In terms of that comment, are we still expecting to get the same revenue that was predicted? There was one point where the minister was suggesting that we would get above, I think it was, \$270 million that you were going to get collectively from land sales; and the minister was

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then suggesting it might even go to the full \$440 million cost of construction. Where are we sitting now—around the 270, the 440 or below 270?

**Mr Kinsella:** The business case indicated that there would be land sales of around 170, and 270 was the sort of cost.

**The CHAIR:** I am sorry; you are right: 170 land sales; 270 was the government contribution.

**Mr Kinsella:** At the moment we are running ahead of that, you know, proportioning; we are running ahead of that budget. Our sense is that we will continue to improve on that. We have basically, after these two lots are completed, only three more lots to sell. Lot 4, which is a very high value commercial lot that sits on the north west corner of the inlet, next door to 5 and 6, we are likely to not take that to market for a while. We will try to let the market cycle reinvigorate itself. Lots 2 and 3, probably April, May next year, again looking for a residential development on the site, and we think the residential market is somewhat different than the commercial-office market.

**The CHAIR:** Yes, although there are often reports to the contrary, that it may be coming to an end as well, but hopefully not.

**Mr Kinsella:** Yes.

**The CHAIR:** For a whole range of reasons—not just your finances—for getting better urban infill.

**Mr Kinsella:** Yes.

**The CHAIR:** But your comments there about lots 5 and 6 seem to be at odds with your view that you are still likely to do better than the business case budgeted.

**Mr Kinsella:** That is our aspiration at the moment. I mean, I think there is a point that we would not go below. These are very, very valuable commercial sites, and if the market would not allow us to go forward and for us to get fair value, a reasonable return for the taxpayers of Western Australia, the land is not going anywhere; the location is going to just only improve, so we are not in a mode of sell at all costs.

**The CHAIR:** We would sit on it rather than get the price that is budgeted for.

**Mr Kinsella:** Yes; and so if the project slowed, I think that would be regrettable, but at the end of the day I think that people would expect that these prime pieces of real estate would be—and they still are—attractive and we would still want to make sure that we have done the best that we can.

**The CHAIR:** I would not want to see a fire sale where we were dropping the price to sell them.

**Mr Kinsella:** No.

**The CHAIR:** Because I agree with you that you want to get (a) a good price and (b) a good urban design and amenity out of them as well, so you do not want to drop quality or price.

**Mr Kinsella:** Yes. And when we are dealing with a company like Brookfield, we are fairly confident that they are of the same aspirations. They are the landlords —

**The CHAIR:** Although there is this massive debate about the first Brookfield tower in Perth these days!

**Mr Kinsella:** You know, if you look at Brookfield's 50-year history, or Brookfield Multiplex, you can see how much that company has built of the Perth skyline.

**The CHAIR:** Absolutely!

**Mr Kinsella:** So, from our point of view, we want to provide, I suppose, a little bit of leeway to allow them to get the tenants they need to make the project the best it can be, and if that means that we need to be patient, I think this is a better outcome for everyone, rather than us —

**The CHAIR:** In all seriousness, though, in the current market it is not likely that you are going to get another major construction project on two lots of 30 floors underway, is it, when there are so

many projects due to come on and the current occupancy level is sort of going through the roof—the vacancy rate, sorry?

**Mr Reutens:** I think we feel that the site at Elizabeth Quay 5 and 6 is quite unique in Perth in that commercial market, which is why I think that we are confident that if we give the market a bit more time, there are tenants of the size to make a commercial development viable there.

**Mr Kinsella:** And the project would be staged, so it is not necessary for both. If you build the podium and you build one tower, you can then build a second tower alongside that. So, if you look at Brookfield Place Tower 1, and then Tower 2 was built adjacent, so it is not necessary that both towers would have to be built on the same time frame.

**The CHAIR:** Do you run the risk, though, that even if you do get it out there—I mean, do you look at what impact you then have on the rest of the commercial market in Perth, because you have a range of projects? You have that one, you have Riverside and you have City Link?

**Mr Kinsella:** Yes.

**The CHAIR:** So you have three significant projects where you are trying to push land into the market, and then the government has its own project at Treasury Precinct, and you have also got the Kings Square development. Do you not really start to run the risk of doing significant damage to the Perth property market, even if you can get someone to buy and build on those sites; that you cause another office to sit empty and eastern states' investors to get their view of the Western Australian property market that they had in the late 1980s, early 1990s?

**Mr Kinsella:** I think the very important point here is that the people who make those decisions on whether they go ahead are the property developers themselves. I mean, you are speaking about the likes of the companies we are talking with—about the Mirvac, the Leightons and the Brookfields and that ilk. They understand the market. They will only go ahead with a project when it is financially viable for them. Certainly, we see across our projects that there is a different quality, so we would say that Elizabeth Quay is an A-grade-plus office market. The work that has happened in Kings Square has been phenomenal to get those four office buildings out of the ground at the same time. They have attracted great tenants in people like HBF and Shell down there. We are here for the long haul. Most of our projects are 10, 15, 20 years in time, so we will go through two if not three property cycles through those projects. It is important that we listen to the market and that we work with them. There is sometimes a reshuffling. Some of the older property market, we think, is likely to be converted to residential as the city needs to have more apartments come into the heart of the town. There is a shuffling down effect that is generated.

[4.10 pm]

**The CHAIR:** The next one I wanted to go to is about the fair bit of concern raised by people, both the City of Perth and tenants in the Raine Square building, about the second bus tunnel into the bus station. Are you able to give us an update of where that is up to?

**Mr Kinsella:** The PTA has a development application in front of the MRA at the moment, so we are working through the DA, the issues associated with it, and we are scheduled to have that considered by the MRA board at its next meeting. Our planning people have been in discussion with the City of Perth and with the PTA. When the development comes through, because it is such a significant development, we did write to the people that are impacted by the second entry, in terms of those people on Wellington Street, and publicly advertised the DA so people could make comment. As we normally do in those sorts of scenarios, we will take that advice on board and try and make the best decision in terms of the planning outcome for the whole city.

**The CHAIR:** There are the concerns about access into Raine Square, and when we asked the PTA I thought they would be the ones trying to find the solution as to how you get access into Raine Square, but they said, “No, no, that is all MRA. Any work we’re doing is for the MRA.” That is a nice handpass this morning to you. Also, there is the argument that it then provides

a blockage between the city and Northbridge, which we are trying to free up with the sinking the of rail line. How do you address those issues?

**Mr Kinsella:** One of the issues we are looking at is making sure there is a sufficient turning circle for the buses and even making allowance for the light rail, because that Wellington Street and William Street intersection is very, very busy. Also, we want to make sure there is adequate pedestrian crossing to Queen Street, because the extension of Queen Street, King Street and Milligan Street provide that link from the city through to Northbridge, which is the whole point of the project. One of the issues about where the tunnel dive starts is that it is well enough back from William Street to allow people to cross into Yagan Square. We would say that we would not really want pedestrians crossing such a busy road between the pedestrian spaces; we do not just want people wandering out into Wellington Street. So, there is adequate coverage at Queen Street, adequate coverage at Wellington Street, so that we have the pedestrians, if you like, in a controlled pedestrian environment that is covered by the lights, because people walking ad hoc across the road like that cause all sorts of disruptions and congestion for the traffic. The access that the car park owners at the Raine Square building have, they are saying the entry will deny a right-hand turn from Wellington Street into the car park. There are many instances in the City of Perth where the only way you can get in and out of an underground car park out of a major building is left in, left out, so it is not unusual. You might say they have had an unusual access to that car park to date, so it is a step backwards in terms of their access, but the PTA have done a study of the number of people that turn right into that car park and I think something like 36 per cent of the people that use the car park have previously wanted to use that right-hand turn. So, we are saying that people could still access that car park by doing a trip around the block to get there. Although it is obviously a disappointment to them, we have got to weigh up the total outcomes for the traffic on Wellington Street. The PTA, I hope, would have said to you one of the major reasons for the entry into the bus station from Wellington Street is to take some 700 bus movements off Wellington Street between William and Milligan. We have to consider that in terms of what is the benefit to the overall movement of vehicles around the city.

**The CHAIR:** I must say I am a fan of the City of Perth's view that the bus station needs to be on the other side of the railway line, particularly once MAX comes through, if MAX ever comes through. If you had light rail in from the northern suburbs, most of the buses coming in from that northern corridor would be replaced by the light rail, then you would either get through-buses or buses coming in from the east of the city in the main.

**Mr Kinsella:** I am not a traffic expert, Chairman, but my understanding is, as our city grows, the population grows, the light rail growth will allow us to—I saw a figure in the paper the other day about our public transport capacity needs. RAC just released a report they submitted to the Senate saying by 2031 or something our public transport capacity needs to double. In that light, we will need the light rail and all of the buses we currently have and probably some more.

**The CHAIR:** On that whole issue, how come none of your animations—or for that matter the PTA's—in that area ever include any examples of the light rail? All of your animations of Yagan Square are done as if there is no light rail to go through it. I would have thought that is supposedly a significant government project that runs right through, so to give people a full picture of a crowded Yagan Square and not to have the light rail stop and the light rail route going through seems to be a glaring point that is missed from the animations. Is there a reason why it is not there?

**Mr Kinsella:** Basically, because, I think, the project has been deferred and there is still some indecision about the exact route, so we have not been showing it on our —

**The CHAIR:** Even through your property? There is indecision about Murray Street–Hay Street. Are you suggesting that there is still indecision about whether it goes through King or Queen Streets or Yagan Square?

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**Mr Kinsella:** We are not responsible for it. I do not really understand where it will go. We have made provision in the planning for the construction of Yagan Square for the light rail to come down William Street mall, and so where we are putting our underground services into Yagan Square we have put them in and we have shifted the tram stop accordingly. So, it is just that we do not show it on our imagery at this stage. It is planned for and provisioned for.

**The CHAIR:** But there is the option that it may go. Have you made provision for any other alternate routes across that Perth City Link property?

**Mr Kinsella:** The MRA has not, no.

**The CHAIR:** How would it be anything other than over through Yagan Square?

**Mr Kinsella:** I do not understand how it will be anything else, but we are not showing it because the project has been deferred.

**The CHAIR:** This is where the government says it is deferred then they say it is not deferred. What is your understanding of it? Is it going to be built through there or not?

**Mr Reutens:** Our program is that Yagan Square will be finished before MAX is done, so it is appropriate not to show Yagan Square with the tram in it at this stage.

[4.20 pm]

**The CHAIR:** My understanding is that part of the vision for Yagan Square is that it will become the meeting place for Perth, sort of taking over from Forrest Place, even, for public rallies, big screen TVs, watching the 100-metre sprint at the Olympic Games and all those things. In terms of the planning that has been done for the work that you have done, how is it intended that those crowds will interact in that square with the light rail that will at times be operating at three to five-minute frequencies?

**Mr Kinsella:** We are hoping that for major events, where you might have a big crowd—let us take a New Year's Eve-type crowd—we might be able to turn the trams around on their stops one stop away or two stops away from Yagan Square for the time that there was a major event. These are matters that we will continue to talk to the PTA about. There are several examples around the world of where light rail runs through fairly major squares. I cannot name them off the top of my head, but that has been part of our research for that. In the main, I think when you are going to have 15 000 or 16 000 people in that space, you would be talking no more than four or five events of that ilk in a year. So it would not be a major disruption for people who are coming to the city.

**The CHAIR:** But it will also probably mean that public transport will be getting hit the hardest, to some degree.

**Mr Kinsella:** Yes, and that is why hopefully we can have a situation where there is a switchback from those stations close by.

**Hon ALANNA CLOHESY:** My questions are probably not as exciting as those from Hon Ken Travers! I was looking at your staffing profile. Can you give me the number of full-time equivalent staff in each of your five —

**Mr Kinsella:** Redevelopment areas?

**Hon ALANNA CLOHESY:** Yes.

**Mr Kinsella:** We do not break them down by redevelopment area. We have them across divisions.

**Hon ALANNA CLOHESY:** In the Armadale office, for example.

**Mr Kinsella:** In the Armadale office, I think at the moment we have around 16 or 17 people.

**Hon ALANNA CLOHESY:** Full-time equivalents?

**Mr Kinsella:** Yes.

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**Hon ALANNA CLOHESY:** You may want to take this as a supplementary, but what was the full-time equivalent at Armadale in the last financial year and this financial year, and what is the projected full-time equivalent for next financial year?

**Mr Kinsella:** Yes.

*[Supplementary Information No D2.]*

**Hon ALANNA CLOHESY:** In terms of the other offices, what is the staffing profile?

**Mr Kinsella:** We basically have four offices at the moment. We have a small shopfront office at Scarborough, basically just for people who walk in off the street, and we have a person there on part-time hours, and we send other people there and roster them on so that we have two people in the office at all times.

**Hon ALANNA CLOHESY:** So the role of that office is specifically for information?

**Mr Kinsella:** Yes. We are yet to release the master plan, so it is basically just for people who come in, to have a face there so that people will understand. We have our headquarters, if you like, in the GPO building, and then we have a small staff at Midland. Our people work in teams. We have a Midland team. Not everyone who works for the Midland redevelopment area works in Midland itself. We have people who work in place management, for example, and they might be working across two or three of the redevelopment areas. It is an issue that the Midland office certainly has been reduced in number, and that is really because we had a period there where we did not have much development application work going on in Midland. With the hospital coming out of the ground and developers re-engaging with the workshops area, our staffing profile is starting to increase. But I think we would probably like a permanent staff of around three there, and have people visiting during the week. The redevelopment area in Armadale has quite a few fairly large projects that are operating at the moment. Armadale is different, in as much as we do a lot of small development applications. The way that the development contribution schemes are set up in the area that we operate in means that we do single lot DAs. Armadale is very different, but they are based on the development contribution scheme, so we do a lot more bread and butter-type planning development applications there than we would do in any of our other areas. We will do a few more in Scarborough once the master plan is in place, because we have small lots in that area. But, yes, it is a unique model that we inherited from the Armadale Redevelopment Authority, based on the fact that these development schemes are in place.

**Hon ALANNA CLOHESY:** I noticed from the annual report that there are a number of activities for the Armadale redevelopment area. What specific plans do you have for Armadale for the next 12 months and for each of the following five years?

**Mr Kinsella:** I would like to provide you with some illumination, but I think, if you would like, I would like to take that on notice. What we have in Armadale is that we have redevelopment schemes for two business parks, Forrestdale East and Forrestdale West, and there is a schedule of works for each of those development contribution schemes. We also have work in the Wungong scheme as well. In Wungong, we are hoping to roll out smaller residential lot subdivisions. They will just roll out on demand. In the business parks, at Forrestdale East, most of the works are nearly done. Forrestdale West is the newer space, where we are working with LandCorp, and we have a major tenant coming into that area with Hitachi relocating from Kewdale to take their major operation there, and they will be taking a significant number of jobs there. We are also doing some design work in the Kelmscott town centre, and we are trying to work with the City of Armadale to try to resolve some of the traffic conflicts that have arisen there. We have an area of land to the east of Armadale train station, which we call Armadale West, which we have some interest in jointly developing with Homeswest. We think that could be a nice medium-density development like the Midland development in the inner town. We are planning and designing our way through those areas, and then trying to get some initial investment to make them happen. We have an MOU with

the Department of Housing and we are trying to deliver 15 per cent affordable housing across all of our redevelopment areas. There are a couple of key places where, in partnership with Housing, particularly at Kelmscott and at City West in Armadale, we believe we can get some momentum into those redevelopments through that sort of partnership. It is a little bit like what LandCorp and Housing did down at Cockburn around the train station there. They are sort of in the melting pot.

**Hon ALANNA CLOHESY:** What sort of community engagement have you had, particularly around the Armadale proposal?

**Mr Kinsella:** We do sponsor some activities with the city, with film nights and other activities.

**Hon ALANNA CLOHESY:** Sorry. I meant on the detail of the plan.

[4.30 pm]

**Mr Kinsella:** We will run a workshop around a plan and bring in the technical advisers from other agencies. I am not sure that we have had significant community planning workshops in those areas as yet.

**Hon ALANNA CLOHESY:** Is there a proposal to have some level of community engagement around those plans?

**Mr Kinsella:** We publish them and put them out for comment and, where necessary, we run workshops and seminars to deliver those issues. The Wungong plan has been through that process and we are now in the rollout stage, if you like. We also have some land around Champion Lakes that we had identified as commercial land. There was some talk in the past of some sort of whitewater park to complement. That does not seem to be able to happen now, so —

**The CHAIR:** That was an election promise, so it probably will not happen. Sorry.

**Mr Kinsella:** It is a long time ago, Chairman, so I do not know which party —

**The CHAIR:** It was 2008 and was made by the current government.

**Mr Kinsella:** Okay. We are looking at that land, for example. There will be community engagement to see how we can redo the master planning over that. There have been a couple of attempts but there has not been anyone who has seriously taken up that option of doing a water park.

**Hon ALANNA CLOHESY:** That is a very good overview, but if other things come to mind once you look at the transcript I would welcome some supplementary information on activities over the next five years.

[*Supplementary Information No D3.*]

**The CHAIR:** Is the authority aware of the problems with overcrowding in primary and high schools in the inner suburban areas in the western suburbs? Are you aware of those issues?

**Mr Kinsella:** We have done some community infrastructure requirements, so in our discussions with the education department they have indicated to us a desire to have another sort of K–12 type school somewhere within close proximity to the city in the west. We do some environmental scans about those things to help inform our work but not drive our work.

**The CHAIR:** As I understand it, you have got the job of looking at a number of sites, particularly the Princess Margaret site in terms of surplus government land. Is that as a school site something you will be looking at to consider as a possible use? Is it within your brief to consider that as its future use?

**Mr Kinsella:** We have had engagement with the high school across the road to see whether it would acquire any land, so we are having ongoing discussions with Perth Mod as part of our environmental scan for the development and master plan for that site.

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**The CHAIR:** Are you looking after the old Perth girls' school or is it yet to be decided who will manage that?

**Mr Kinsella:** It sits within the Metropolitan Redevelopment Authority planning area for central Perth, but it is not a project as such that the MRA has been anointed to take up.

**The CHAIR:** Is East Perth power station as a future site for a school something that could be considered?

**Mr Kinsella:** Not beyond the pale. I think there are about eight and a half hectares there, but it has not been something that has been brought to our attention.

**The CHAIR:** It would be a small high school but a good one.

**Mr Kinsella:** I have seen high schools in Queensland where they sit in seven-storey buildings in the town centre and I think the Murdoch one is going to move to William Street. When you have a denser city centre, alternative ways of delivering education will be part and parcel of where we go over the next 10 years.

**The CHAIR:** It strikes me they are all good sites—if not all the site, at least a large chunk of it. You would still have to go up in all those sites rather than out, but there might still be some playing areas or public open space?

**Mr Kinsella:** We do consult with Education, probably on an annual basis. They lay out their aspirations or their planning needs and we talk that through. There are other sites in the city beyond the ones you have mentioned that could also handle a high school.

**The CHAIR:** What I will ask is: do you consult with them? I will make that request and as supplementary information, just to keep things moving, if there are other potential sites that you are aware of, can you provide that?

**Mr Kinsella:** Yes.

*[Supplementary Information No D4.]*

**The CHAIR:** You released the Midland master plan in September, or a draft of it.

**Mr Kinsella:** Yes.

**The CHAIR:** Previously, you had the area that is covered by the long thin sliver that has the now Brookfield yards and was previously identified for industrial service uses. I notice in your most recent master plan that it is left as PTA rail yards ongoing function. What is the intended use of that site? Why has it changed from what was previously proposed in terms of the original 2010 plan, which had it as, I think, LG road area—is it?

**Mr Kinsella:** Yes.

**The CHAIR:** And it was listed as potential light industry, small enterprise.

**Mr Kinsella:** There is no great change other than the fact that it has always been Midland east being used by Westrail, now PTA, and then WestNet Rail. I think it is a site that the company, Brookfield Rail, is pretty keen to maintain. It has some training facilities in that area and they also use it for the butt welding place where they put rail together. It is still quite heavily used in terms of the current maintenance of the rail system. When we have designed the underpass on Lloyd Street, there is an extra part of the bridge that allows rail access into that yard to continue. I suppose from our point of view, we see it as a good place for long-term servicing of the overall freight rail network.

**The CHAIR:** My understanding is that PTA now has it lined up as the site for its future railcar depot for the urban network for their next order of railcars. How would that sit with the overall planning? If that is the case, have they communicated to the MRA that that is their plan?

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**Mr Kinsella:** We have had some early discussions with them about the potential for a depot to go there. It sits, I think, fairly comfortably in that space. I am not privy to all the details of discussions they would need to have with Brookfield Rail to make that happen. If that could happen, I think it would be a good place in the network for those railcars to be. It would bring some further employment and it is a place where, obviously, the rail sits and does not disturb too many residents. The upside of that, ultimately, would be that the electrified rail would go further east and maybe in a time not too far away—probably not in my lifetime in the job—it might bring about the Bellevue rail station.

**The CHAIR:** Be more optimistic that it will be in your lifetime!

**Mr Kinsella:** One of the things I personally feel—it is not MRA policy or government policy—is Bellevue is an opportunity, if the railway line did extend, to put Park ‘n’ Ride there so that people coming from the hills and wherever else could park there, the town centre. There is some land that the Shire of Mundaring and the City of Swan have worked on to the south of that area. There has been a developer talking about putting in around 2 000 housing lots there. I think you could build a nice little town centre around a Park ‘n’ Ride train station and the Bellevue town could be revamped and it would add to the Midland central population.

[4.40 pm]

**The CHAIR:** But you have spent a lot time and effort trying to get the freight rail out. To then have a railcar depot that would see sort of 50-odd railcars or whatever going through in and out and putting significant volumes back through the town centre, does that fit the vision?

**Mr Kinsella:** It is easy to deal with. If we want to have more public transport and more railcar depots, we have to accommodate them somewhere. I do not know whether you have been following our issue with the Claisebrook rail depot with the PTA and the neighbours there. I think Midland would be a far easier proposition than Claisebrook.

**The CHAIR:** I am aware of that one. Is not the latest plan for Claisebrook to close, for you to take it over, redevelop it and put a new depot outside somewhere else?

**Mr Kinsella:** No.

**The CHAIR:** They have not told you that one yet.

**Mr Kinsella:** Basically, a few years ago EPRA may have had that aspiration, but if we want to have public transport, we have to have facilities. We need to have places where the rail operators can operate from and the Claisebrook depot is very, very strategic because it allows trains to be mobilised to fill up gaps in the system when you have a breakdown or whatever else.

**The CHAIR:** It also allows you to have trains start in the city in the morning and head out. There are certainly rumours around that there is a proposal.

**Mr Kinsella:** I hope not, because we have been going through considerable pain in that development application with the neighbours there and we have taken a decision based upon, again, that it is a regional planning decision of what is good for the city, rather than some people that may be affected by that facility.

**The CHAIR:** But I am surprised, though, that it is not clearly made in your draft master plan—it was not made clearer that that is the intended use of that land.

**Mr Kinsella:** We have had discussions. We have not actually seen a concept plan from PTA as yet. Some of my staff may have had more discussions, Chairman, but it has not reached my desk. In principle, we would support the continuation of that rail activity in Midland.

**The CHAIR:** What role does the company Metier play with your organisation?

**Mr Kinsella:** Metier are a leasing company, a real estate sort of company. They have had a fairly long-held contract to look after the William Street properties, the properties on the east side of

William Street. They were properties previously held by the Western Australian Planning Commission that were acquired as part of the Northbridge Tunnel and so those properties transferred to the now MRA. They were restored, renovated and Metier were our agents to revitalise and work with us on a tenancy policy. They were the agents there. Recently they have been appointed agents to help us with the food and beverage tenancies at Elizabeth Quay.

**The CHAIR:** That is the only two contracts they have got?

**Mr Kinsella:** They have had previous contracts as well with us. In total we have had five contracts. Three of those have been closed out.

**The CHAIR:** Two current contracts?

**Mr Kinsella:** Two current contracts, yes.

**The CHAIR:** There has been talk about the need to connect the convention centre to Elizabeth Quay. Where is the work on that up to at the moment? Is there any ongoing work about how you connect the convention centre to Elizabeth Quay?

**Mr Kinsella:** There has been work done at a master planning level by the planning department.

**The CHAIR:** Not at your organisation?

**Mr Kinsella:** It has been discussed with us because a lot of people make that connection that you are making. But I really do not think that master plan has been made public. There have been certain consultations around that and I suggest probably the Planning Commission is a better place to get that information from than us. That is the place to go to.

**The CHAIR:** You have got a cyclepath that runs along Wellington Street that is sunk into the footpath.

**Mr Kinsella:** The new footpath.

**The CHAIR:** Yes. As a cyclist, there is no way I would use it, because if you get someone walking in front of you and you try to avoid them, you are going to come off your bike, if someone just strolls in front of you and I live in fear that someone is going to walk over it and twist their ankle. I am intrigued about what consultation was done in designing that. Will it have the red tarmac on it? What safety assessment was done about having a cycleway that is—I think it is probably about an inch or so below —

**Mr Kinsella:** About 50 mil.

**The CHAIR:** So two inches below the rest of the pavement.

**Mr Kinsella:** It is purposely designed. I was down there for a topping out ceremony the other day and came across it myself and had similar thoughts to you. The answer to my questions was it was to stop the cyclists getting out of their lane and it was to protect the pedestrians. The cyclist could not just jump out of their path and that they would move through that space and that, obviously, it would show people that that is the priority space for the cyclist, rather than have them right across that footpath.

**The CHAIR:** Sounds like a good theory, but the problem I have is that pedestrians will trip and break their ankles on it and cyclists will not use it because their fear will be—even if you have a slightly bevelled edge. It is quite a hard edge. Certainly, on a road bike there is no way I would ride there because if you had someone just sort of walk in front of you, you have got nowhere to go without trying to hit it and coming off your bike.

**Mr Kinsella:** I am not convinced that what you have seen is the final finish on that bit of work. I would like to take that on notice and, first, give you some of the design rationale, which is along the lines of what I was saying, and, second, probably give you a glimpse of what the final area would be.

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**Hon ALANNA CLOHESY:** And perhaps anywhere else nationally or internationally that the concept operates? It rings a bell to me.

**The CHAIR:** And the colour, too, because the standard for cyclepaths is to make it bright red so it stands out, but it seems to be black tarmac and just about completed. We will make all of that D5.

[*Supplementary Information No D5.*]

**The CHAIR:** Noting the time, I will make this the last one. The Scarborough master plan—we had the pool yesterday, but where is the rest of the master plan? I thought that was due back. I think you were at the same dinner where the mayor got us all excited about it. What has happened?

**Mr Kinsella:** I was. There were personal matters for one of the people involved in the launching ceremony, so it was postponed. Those things when they slip out of a calendar do not always necessarily go back into the next calendar. I think last night was the last council meeting for the year and the mayor felt that he owed it to his councillors and ratepayers, because that swimming pool at Scarborough has been an ongoing issue for some 13 years and he did not want to go beyond his last council meeting. He was honouring his councillors. He did notify the Premier's office and ourselves that he was going to go that way. At the end of the day, the city has got good coverage of the pool. The pool was always going to be a stand-alone project that the city is doing and they may seek assistance. The master plan for Scarborough makes provision for the location of the swimming pool. So, it is not as though we have not been talking, but it is not part of the government and City of Stirling money that was set aside for the upgrade of the Scarborough Beach foreshore. We are happy to work with them there. In a perfect world we would have liked to have done it all together, but I think there was a pretty good editorial in *The West Australian* this morning that gave fair coverage to the city and to ourselves.

**The CHAIR:** Just on that, finishing it off, people talk about it being a \$60 million development. Is that \$60 million in cash or land in kind? Things like the money that is currently put into the land, the blocks up at the old Scarborough high school site for the pool, does that make up part of that \$60 million? Is the government putting in \$60 million or are they putting in land and is the City of Stirling putting in—sorry, \$30 million from the government and \$30 million from Stirling—or is that land that is going to be redeveloped and sold and that is where the money comes from? Is there a cash component?

[4.50 pm]

**Mr Kinsella:** The \$30 million cash comes from the state government, which is consistent with the announcement, and the City of Stirling are going to put in \$27.5 million, so anything that is spent on the swimming pool will be additional funding. They do have land that was held at the old Scarborough hospital site that LandCorp have been holding, and they will be seeking support from the state government and the federal government. There is a new scheme or something that is available that they are applying for there. The deal has always been that the city would fund the pool and it would be a project that sits within the area but that is a separately funded operation.

**The CHAIR:** I will conclude it there. The committee will forward any additional questions it has to you via the minister in writing in the next couple of days, together with the transcript of evidence, which includes the questions you have taken on notice. Responses to these questions will be requested by 15 January. Should you be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. The advice is to include any specific reasons as to why the due date cannot be met. I am sure the members know about passing on any questions if they have got any unasked questions.

Again, on behalf of the committee, I thank you for your attendance today. I also take this opportunity, as we finish the year, to thank the Hansard reporters for their hard work and contribution over the year on the committee, the recording staff for their work and our own staff for

their work in our hearings, because this is our last one. I wish everyone a merry Christmas and a happy New Year, and I am sure my committee colleagues join me in that. Thank you.

**Hearing concluded at 4.51 pm**

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