

**COMMUNITY DEVELOPMENT AND JUSTICE
STANDING COMMITTEE**

**INQUIRY INTO THE ADEQUACY AND FUTURE DIRECTIONS OF
SOCIAL HOUSING IN WESTERN AUSTRALIA**

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 10 AUGUST 2011**

SESSION ONE

Members

**Mr A.P. O’Gorman (Chairman)
Mr A.P. Jacob (Deputy Chairman)
Ms M.M. Quirk
Mr I.M. Britza
Mr T.G. Stephens**

Hearing commenced at 10.03 am**TYLER, MR DOUG****Chair, Property Asset Clearing House, Department of Treasury, examined:****TYACK, MR GILBERT****Manager, Property Asset Clearing House, Department of Regional Development and Lands, examined:****KANNIS, MR ANTHONY MICHAEL****Executive Director, Infrastructure and Finance, Department of Treasury, examined:**

The CHAIRMAN: Welcome. I will introduce the committee first, read some information and then get to the questions. We are missing two members of the committee this morning: Tom Stephens, who has had a bereavement in the family and unfortunately is not with us; and Ian Britza, who will be in a little later. On my right is Albert Jacob, member for Ocean Reef, the Deputy Chair of the committee; Margaret Quirk, the member for Girrawheen; David Worth, our principal research officer; and Jovita Hogan, our research officer. I am Tony O’Gorman, member for Joondalup and Chair of the committee.

This committee hearing is a proceeding of Parliament and warrants the same respect that proceedings in the house itself demand. Even though you are not required to give evidence on oath, any deliberate misleading of the committee may be regarded as a contempt of Parliament. Have you completed a “Details of Witness” form?

The Witnesses: Yes.

The CHAIRMAN: Did you receive and read an information for witnesses briefing sheet regarding giving evidence before parliamentary committees?

The Witnesses: Yes.

The CHAIRMAN: Do you have any questions relating to your appearance before the committee this morning?

The Witnesses: No.

The CHAIRMAN: Could you give us a brief rundown on PACH, how it works and when it came about. This is something that we found out by accident in this inquiry. We did not know it was there. Could you give us a brief explanation on what it is about?

Mr Tyler: The Property Asset Clearing House operates under the government’s asset disposal policy. That policy is a component of a wider policy set called the strategic asset management framework. Broadly, the main purpose of the strategic asset management framework is to provide a sound basis for decisions that ultimately would normally be made by cabinet—the investment in significant government assets, the management of those assets over their operating lives and their disposal when they reach the end of their useful lives. Again, very broadly, the purpose of the asset disposal policy is to provide a framework and a process for agencies to identify surplus assets and to dispose of them appropriately. In relation particularly to land assets that an agency identifies as surplus to its requirements, the policy aims to determine whether any other agency within government has a rather useful plan before it is disposed of. The process through which that objective is managed is the Property Asset Clearing House, which operates within the Department of Regional Development and Lands, so that is managed by Gilbert. PACH’s operations are

overseen by a steering committee, comprising representatives of Treasury, the Department of Regional Development and Lands, LandCorp, the Department of Housing, the Department of the Premier and Cabinet, the Department of Planning and the Department of Finance, the BMW component of that department. The committee is chaired by Treasury, currently by me because Treasury has overall responsibility for the strategic asset management framework. The steering committee meets on a quarterly basis.

I would also note that Treasury is well advanced with the review and upgrade of the strategic asset management framework. The asset disposal policy is being reviewed as part of that but at this stage the updated policy is not quite ready for release. In that light, I have for the committee a copy of the asset disposal policy and copies of the terms of reference of the PACH steering committee. I note that both of those are a little dated because they are five to six years old and some things like department names and things like that have changed over the period. That will be sorted out as part of the update. In the meantime, I also have here for the committee a list of current members of the PACH steering committee. Having provided that, I do not think the asset disposal policy or the terms of reference being a little dated should materially impair their use to the committee for the purposes of its inquiry. We are of course happy to provide any updated information the committee may require. In terms of how long it has been around, it probably goes back at least 10 or 15 years.

Mr Tyack: The strategic asset management framework and the asset disposal policy were actually put out around August 2005. That is when PACH started to develop. It became operational in 2006. The predecessor before PACH was PARC, the property asset rationalisation committee. This sort of thing has been going on since the early 1990s in one form or another in which an organisation has been looking at surplus government assets and disposing of them. The latest in the past six years has been PACH.

The CHAIRMAN: Our interest is obviously in the land part of it—housing assets. What is the process for getting land from, say, the education department or any other department through to a point in which it is either sold or given to LandCorp or the Department of Housing to develop? Is there a cost involved when it is transferred to each of those areas?

Mr Tyack: Basically, it is up to the agencies. For instance, if the Department of Education has a surplus school site and if, through its strategic thinking and planning and all that, decided that certain suburbs need a new school, it has two or three old schools and it decides to build a super school, with the demographics changing and all that, it will declare those schools surplus at some point. We are dealing with this all the time. That school generally sits on crown land. It will be registered on the Property Asset Clearing House. It is a web-based application. Only state government agencies have the right to be registered on the Property Asset Clearing House. They are not automatically registered; they apply to be registered. We have been promoting this for the past six or seven years. All agencies are aware of it or should be aware of it. All the key agencies that are interested in acquiring land generally have access to the Property Asset Clearing House. They have registered. Once this property is registered on the web-based application, emails automatically go out to all those people who are registered to say there is this property on it, and they can get information on that particular property. There will be a contact either for Education or they can contact us to find out more about the site if they wish to. It sits there for 30 days. There is a 30-day window of opportunity for agencies to register an expression of interest in that property. It is not that they want to buy it or anything; they are just interested in that property. They can go away and do their due diligence on whether they wish to acquire it.

[10.10 am]

When it comes to school sites, our biggest customers have been LandCorp and Housing, for obvious reasons. They acquire it at market value as reported by Landgate's valuation services; that is, the Valuer General's office. It is Treasury policy that if an agency wishes to acquire land and all that, it will acquire it at market value. It is the only transparent way of doing things as far as we are

concerned, and I think as far as Treasury is concerned, and that is the policy as set at the moment. We transferred a number of properties into Housing very recently, before the financial year, probably five school sites. These were registered as surplus probably three or four years ago. When it comes to dealing with crown land, the process of getting it to the freehold arena is a long, arduous process.

Ms M.M. QUIRK: Where are the delays? Is it in council approvals or rezoning?

Mr Tyack: Generally, the zoning on government land, crown land, police stations, educational institutions and hospitals is public purpose. Before we put it into the arena, we have to go through a zoning application, the scheme amendment. That could take 12 months or 18 months to two years. During a boom it could take two and a half years. There could be native title issues. Generally, there are no native title issues. We need to get mining clearances, service authority clearances and local government authority clearances. We need to jump over a whole lot of hurdles.

Ms M.M. QUIRK: One of the issues that has arisen in this committee is that the education department in particular is incredibly dilatory. Is that related to putting it out in the first place? Are there delays in it engaging the PACH process or is it your understanding that the delays are more than that?

Mr Tyack: That is difficult for us to comment on because we do not know what their strategic thinking is and when school sites become surplus. We are not aware of that. It is only when they contact us that we know where a school site is.

Ms M.M. QUIRK: Two questions follow on from that. You have described the process where land is listed on your site and other agencies have 30 days to bid. What happens if no-one is interested in the site?

Mr Tyack: If no-one is interested in the site, we will start preparing it for disposal on the open market. That is when we start the scheme amendment process, check out contamination issues and go through all those hurdles I mentioned to you. Once it is ready to go on the open market, I work very closely with a couple of people from LandCorp. LandCorp gets a budget from Treasury purely for preparing these properties for disposal: for instance, scheme amendment payments, survey work, the actual marketing, paying agents' commissions et cetera to sell the property. It all comes out of this budget. I work closely with a couple of people from LandCorp. There are certain things I do and certain things they do. It will be opened up to the open market either by auction, tender or whatever.

Ms M.M. QUIRK: Would it speed up the process for school sites? One of the issues is that they know a school site is going to be vacant 18 months hence but it appears that they do not do anything prior to the school being vacated. It seems to me those approvals and everything else could be obtained prior to the school being vacated. Would that be the case?

Mr Tyack: Yes and no. We are dealing with Roleystone Primary School at the moment. It will be vacated only at the end of this year but we have been working on it for the past 12 to 18 months. In that case, they have come to us before vacating the site. It is one of the issues with a number of agencies. We have been trying to educate them to say that when they are looking at moving from an operational perspective, think of the land tenure side of it too. What is going to happen to that building? One of the biggest problems with government buildings is that they lie vacant for a number of years and they are vandalised and damaged et cetera. It is a major issue.

Ms M.M. QUIRK: From your perspective, is there any constraint on that occurring prior to disposal?

Mr Tyack: If a hospital, school or police station is going to be vacated in two or three years' time, we can start doing certain work now. We could list it on the Property Asset Clearing House immediately to see if another government agency is interested. Obviously, that agency has a right to pull out of that, which happens now and then because of changes in government thinking et cetera.

It gives all of us a major advantage in that by the time it is vacated, we are that much closer to getting it ready for the open market.

Mr A.P. JACOB: What are the incentives for agencies to list surplus land as opposed to just holding onto it against a future contingency, particularly vacant land?

Mr Kannis: Under the strategic asset management policy, they can request reappropriation of those funds towards capital projects. If they have a capital project which has a business case and they would like to progress it, they have the capacity to apply for the reappropriation of those funds.

Mr A.P. JACOB: Do they tend to do that?

Mr Kannis: Yes, they do.

Ms M.M. QUIRK: Prior to the disposal?

Mr Kannis: They generally will. It depends on whether they have considered that prior. Sometimes you might find that they have a stock of assets. When they have an investment requirement, they might look for some assets to offload so they can raise money to invest in other assets.

Ms M.M. QUIRK: If the police, for example, say they want a new helicopter, they list five or six sites and go to Treasury and say, “We’re going to flog these; can we have our helicopter?”

Mr Kannis: That is a similar example.

The CHAIRMAN: As Margaret said, we know 12 or 18 months ahead of time that a school is going to close. I have one in my electorate that closed in 2004–05.

Mr Tyack: Which one is that?

The CHAIRMAN: The Craigie High School site, which still has not come to market. It is going through those processes at the moment. We are six years down the track from when it closed. There is a huge amount of land in that particular area and we are struggling to see it get to market.

Mr Tyack: LandCorp is dealing with that one. That never came through the Property Asset Clearing House; this was all done before.

The CHAIRMAN: That is our suspicion—that LandCorp is upholding it until it gets a better price. You obviously cannot comment on that.

Mr Tyack: We gave them Cambewarra primary school, which is right next door. The reason it went to them was because they get economies of scale developing both.

Ms M.M. QUIRK: I gather it is a discretionary process if agencies come to you with land. Would there be any problem from your perspective if it is compulsory? What is the reason for the discretion?

Mr Tyack: From our perspective, talking as the manager of the Property Asset Clearing House, we have absolutely no right to tell agencies as and when a property should be surplus or not. They work under the strategic asset management framework.

Ms M.M. QUIRK: Once they know it is surplus, they do not have to come to PACH?

Mr Tyack: If they want to sell it, if it is crown land, they need to come through PACH. Crown land is handled under the Land Administration Act. The only agency that has delegated authority from the minister to deal with crown land is the Department of Regional Development and Lands, state land services. We are the only people who can deal in land, sign off land, sell land, sign transfer forms et cetera.

Mr Kannis: Given the nature of crown land, by law the funds must come into the consolidated account.

Mr Tyack: Whenever we sell property on the open market, whether by auction or in other ways, we get a cheque made out to Regional Development and Lands and it goes straight into the consolidated fund. We cannot take off a commission. We would like to but we cannot do it.

[10.20 am]

The CHAIRMAN: Can I ask you a question about schools? A number of schools have identified excess land on their site—land that they have not used, for whatever reason, and they have gone through a process to sell that. Can you tell us if that comes through PACH?

Mr Tyack: Yes.

The CHAIRMAN: What is the process?

Mr Tyack: Again, we will put that up through the system. The Department of Housing has put up their hand for a couple of those blocks. It is a bit of a messy one, I have to be honest with you. I, personally, and a number of people I work with at LandCorp do not agree with it because if you have a nice rectangular block of school land, it seems crazy to hive off one-eighth of it that has a bush block or something that has surfaced because at some time in the future that land may be needed for some government purpose, whether it be a clinic or whatever. The crazy thing about it is this was before the federal government's incentives for school buildings et cetera. A lot of schools were looking for funds to try to get facilities at the school. What has happened is that some of these schools have pulled the pin on that. We have gone ahead and spent quite a bit of money going through rezoning and subdivision et cetera, and two years down the road—we have spent \$50 000—Education has pulled the pin and we have had to just absorb that. We are working on a couple at the moment. Edgewater Primary School, I think, is one.

The CHAIRMAN: They have been at it for the best part of 10 years.

Mr Tyack: Not 10 years; it has been about three or four years. Maybe they have been talking about it, but it has come to PACH only about three or four years ago. It is not that simple. You have to understand that we have to go through a rezoning process. It all takes time; it really does. Honestly, during the boom period of two or three years ago, to change zoning from public purpose to residential was taking up to two and a half years. These are things beyond our control and there is nothing you can do about it. You can run certain things in parallel, but it gets to a point where you cannot do certain things until something else is done.

Ms M.M. QUIRK: In that context, is there anything that you find frustrating from a local government perspective that you would like to see changed?

Mr Tyack: I do not know whether anything can be changed. For example, we are dealing with a property in East Perth, and before we even start the town planning scheme amendment, the overall metropolitan regional scheme amendment has to be changed. We initiated a scheme amendment in July last year, through town planners, and WAPC has said it can only be done under an omnibus arrangement. It is going to be an overall thing. They will only start looking at it towards the end of this year, which is a year and a half later. They have not even started the process because they are too busy with a whole lot of other things and it is not priority for them. There is not much you can do about that. They are going to do an omnibus arrangement in the western suburbs with a number of different scheme amendments, and they are going to tack it onto that. That will start at the end of this year, hopefully, and it could take two years. By the time we have started the metropolitan region scheme amendment, it will take two and a half or three years before it is finalised.

The CHAIRMAN: You keep talking about public-purpose land. Does that also include local government land, or is it just state government land? There are a number of public-purpose sites out there. Would they still have to go through the same process, whether it comes through PACH or —

Mr Tyack: No, if it is held in freehold by local government, we have no control over that. If it is crown land, it is reserved to the local government for parks or whatever—community purposes—

and if they want to sell that and it is no longer needed by them, it would have to come through PACH. At the end of the day, it is still crown land if it is a reserve, but if it is held in freehold, they can do with it as they wish. They would not put it through PACH at all.

The CHAIRMAN: Would they still have to go through the same hurdles that you have to go through?

Mr Tyack: Yes.

The CHAIRMAN: So it could take two and a half years.

Mr Tyack: Yes. Scheme amendments are initiated through local governments, so they could push it along too, I guess. I am not saying that local governments do not do their job; do not get me wrong. Sometimes you put something in and the council has just met or it has a full agenda and it has to wait for another month, and so it goes. It has to be approved by council before you can move it to the next step.

The CHAIRMAN: Can you tell us who the steering committee reports to? If you table an annual report, who does that go to, whether it is the Treasurer or the Minister for Lands?

Mr Tyler: There is no formal reporting process beyond the steering committee. It is more a process to make a policy work, so it operates to quarterly reporting from Gilbert's operation as well and then decisions are made on any contested lands where there are multiple expressions of interest. We have talked about some of those. It is about making the process work. Beyond that, no formal reporting is required under the framework.

Mr Tyack: In the annual report of the Department of Regional Development and Lands there will be mention of PACH. There will be a comment on PACH there.

The CHAIRMAN: Can you tell us off the top of your head the value of land that PACH has on its register?

Mr Tyack: It would be millions and millions. We had a good financial year this year because a number of school sites settled that we had been working on for about three or four years, particularly on housing. We settled on 36 properties, of which the value was \$38.9 million, to be exact, including GST.

The CHAIRMAN: Can you tell us which agency—I am guessing it is Education—has the highest value of land on PACH?

Mr Tyack: No doubt Education has the highest valued sites. Police have a lot of sites too, but obviously they are not as high in value. We have moved a lot of police sites. Not this last financial year, but the financial year before, particularly with the helicopter deal you mentioned—I have managed to find them a helicopter blade now and then and a tyre!—we sold about \$10 million worth of police sites in the financial year before the last one. I have great pleasure in giving them a call and telling them we have settled and that they can go and buy this and that now. We work very well with the agency. PACH has a very good relationship with them and we meet regularly with them. I meet regularly with Police, Education and Housing; we have a very good relationship. They often come to us for advice. Some of the other agencies that do not deal with land a lot, like the Department for Child Protection, will come to us for advice and say, "We have this surplus property, what do we need to do?" They have heard about us and we have met a lot with them.

The CHAIRMAN: You said earlier that quite often a school site or other public building is vacated and sits there for years and just gets vandalised. Is there not a process to demolish those types of buildings really quickly, as happened on the former Craigie High School site? As soon as it was vacated, it was demolished, but the Cambewarra site has sat vacant for 18 months.

Mr Tyack: It is a very good point. Housing does it. Housing is very keen to get to the site straightaway. We give them a conditional purchase lease that allows them to get onto the site to do

what they have to do. That conditional purchase lease allows them to demolish and remediate the land. With dieldrin, often the land must be remediated. Housing does it, and I have spoken to LandCorp fairly recently about it. I asked why they do not demolish the sites. We have an agreement with Valuation Services that the cost of the demolition and remediation can come off the valuation, which makes absolute sense; everyone agrees with it. For some reason LandCorp is not doing it, and I am not sure why. I do not know whether the Craigie High School building is still there —

The CHAIRMAN: Craigie High School closed in December 2004 and in January 2005 the buildings were gone, but that was because of a commitment of the government and the department.

Mr Tyack: Cambewarra —

The CHAIRMAN: That has been vacant for 18 months.

[10.30 am]

Mr Tyack: That is right. They could have demolished that site because they want that site. We have spoken to them about it. Housing is doing it; it is demolishing its sites. It has done Manjimup Primary School, which has since settled; Kinlock Primary School, which has settled recently; and various other schools. They go in there and demolish them. I think they are working on Greenwood Primary School right now.

Ms M.M. QUIRK: They were a bit dilatory with one in my electorate. A couple of fires later they got around to demolishing it.

Mr Tyack: It is a major problem. Whitby Falls is one we are dealing with for Health. I do not know if you know of the old hospital. I went to see the building. Nothing was left to demolish or steal; it was an absolute disaster. We had some issues there. We could not get clearance to dispose of the property because we could not get the mining clearances. Another thing we have to get is mining clearances.

The CHAIRMAN: You do not have to maintain the buildings on site while you do that, surely.

Mr Tyack: Who? Us?

The CHAIRMAN: Whitby Falls could have been demolished immediately after they moved out.

Mr Tyack: No, because it has heritage values. You have to be careful. Heritage is another hurdle we have to jump.

Ms M.M. QUIRK: I think that the police traffic branch on Bronte Street is closing. Would that be heritage listed?

Mr Tyack: Definitely. That property has come to us, and the licensing centre behind it. I do not know whether you are aware of it, but it is all on the same title. There are two different lots on the same title. The whole area is run by the police. They have just pulled back because of CHOGM. They need the property and are using the inspection pit for inspecting vehicles for security, so they have asked us to hold off. Not only do you have the heritage value of the building, but also there is another heritage issue because of East Perth Cemetery. There are a lot of human remains under the adjoining property and under the bitumen car park. That is a major issue. We have had studies done into it. We are very keen to subdivide that land and keep the police building separate. We will deal with that when we are ready to deal with it, and the other property is to be given to National Trust to look after as part of East Perth Cemeteries. Maybe they will plant gardens and put a historical monument there.

Ms M.M. QUIRK: What percentage of the land that comes through you ends up going to housing purposes?

Mr Tyack: I could not give you a percentage. Housing picks and chooses. They generally go for school sites.

Ms M.M. QUIRK: When I say “housing”, I mean whether it is through LandCorp or is ultimately picked up from a private purchaser, so it is not the agency per se, but more ultimately the land use, which you would know about if you are doing some of the clearances and approvals.

Mr Tyack: What happens is Housing ends up doing the clearances. We have an arrangement with Housing. Often when they apply for scheme amendments, they want the zoning to be a certain way to suit themselves.

Ms M.M. QUIRK: Are you able to say what percentage of the land that is disposed of goes to Housing and LandCorp? I just want a ballpark figure. Is it one-third or one-half?

Mr Tyack: If you are talking about the value, it is probably at least one-third. Are you talking about land?

Ms M.M. QUIRK: Yes. What we are trying to do in this committee—I do not want to divert you on another tangent—we are trying to say that there is a bundle of land that could be put on the market quicker if the processes were streamlined in this area. Frankly, we are not concerned about industrial land or things that will be used for commercial purposes. We are trying to get a handle on how much land is basically tied up, effectively, which could be otherwise released for residential housing.

Mr Tyack: I could not give you an answer to that, honestly.

Ms M.M. QUIRK: Are you able to point to us how we can find that out?

Mr Tyler: We can take that on notice.

Ms M.M. QUIRK: Thank you; that would be great.

Mr Tyack: We would have to go to Education and talk to them. Obviously there is crown land out there on the fringes, but within the metro areas, that is used by certain government agencies. If it is crown land, it will be used for parks and recreation, schools and hospitals. They are sitting on the land. They have the reservation. Until they release that land and say they want to relinquish that reservation —

Mr Tyler: I think the question was: how much land comes through PACH? We can show that over the last four or five years.

The CHAIRMAN: Do you know how much of the land that is registered on PACH is regional land?

Mr Tyack: There is quite a bit of regional land. There are a lot of little blocks, too, in some of the outlying towns. During the boom times, any bit of regional land—residential block or whatever—would go, but now it is really tough. It has come to a standstill.

The CHAIRMAN: When we talk to local governments—we went up to—I have forgotten the name of the place, but it was past Northam —

Mr A.P. JACOB: Tammin.

Ms M.M. QUIRK: It was a very memorable trip!

The CHAIRMAN: We met with a number of councils, not just the local council there, and they kept saying to us there is this land and this land and this land, but we cannot get hold of it to put houses on. They were short of housing for some of their own staff and staff who came in to serve some of the mine sites. They were saying that that is why the cost of housing and the cost of rents in some of these smaller regional towns are so exorbitant. Do you have any comment on that?

Mr Tyack: I guess the only thing is that if a local government authority wanted residential blocks, the obvious channel to pursue those residential blocks would be, in the first instance, State Land Services, who manage crown land, but also LandCorp. LandCorp, when it comes to some of the small regional centres, has so much pressure in the Pilbara; that is where they seem to be focused at

the moment, and maybe their eye is off the smaller regional centres. The local governments could approach State Land Services because there would be residential blocks there, but native title is often a stumbling block and can delay things quite dramatically. If crown land is sitting there and it is not being used for any purpose, we have to go through the native title process, and there can be a delay while we go through the native title negotiations. I cannot talk particularly about Tammin.

The CHAIRMAN: Tammin was just the location where we met a whole lot of people.

Mr Tyack: I think there is a police station in Tammin that we want to get rid of soon. There is an old police site and land there. I am not sure whether there are native title issues there that we have to resolve.

The CHAIRMAN: I think you said earlier that you cannot take a fee for any of any of the transactions you go through and that they have to be directed to Treasury.

Mr Tyack: We take nothing.

Mr Kannis: Any work required would need to come through the agency's appropriation. My understanding under the land act is that the full proceeds must come into the consolidated account without netting off. If there was a requirement, it would be appropriated through their normal appropriation.

Mr Tyack: Sorry, if I could just go back to the issue of the residential properties for some of the local government authorities, some of the local governments authorities such as Wongan-Ballidu have been very proactive in developing sites themselves. I just mention that because they have bought tracts of land, subdivided them and put in the infrastructure and everything and sold them off. We are trying to get them to take over a block of land right now that they are very keen on, but there have been a few delays. Again, it is part of a school site—the oval—and there have been a few changes of CEOs up there, but they are still very keen to take that land and develop it themselves. Some agencies are quite proactive in finding tracts of land. The issue with a lot of authorities is that they should not wait until the boom comes. Now, when the bad news is around, is the time to start doing things and have half a dozen blocks ready so that when the demand is there, they are ready. Often people think about these things only when the pressure is on.

The CHAIRMAN: Is that not even how the stock market is reacting?

Mr Tyack: Of course; I do not disagree with you. This is the time to be doing the groundwork—the dirty work—and getting things ready, as opposed to in three years' time when things are going through the roof.

The CHAIRMAN: Do you have any idea—you might need to take it on notice—how much of your land that moves through PACH goes to LandCorp and how much goes to the Department of Housing?

[10.40 am]

Mr Tyack: Yes. We have records of all that. Just this last financial year we settled seven properties with the Housing Authority. We are hoping to settle a couple with LandCorp—some of these school sites et cetera—but that has not happened. I think they are having a bit of an issue trying to sell some land up north at the moment with the market being a bit tight, as I understand, so it is more when they have the cash to settle those things. They were very keen to settle before the financial year, but they could not do it.

The CHAIRMAN: When you say “settled”, are you saying that they have actually paid you the money?

Mr Tyack: We transferred, yes. We have a record of the properties that they have chosen to acquire, and some have settled already and we can get back to you on that.

The CHAIRMAN: Can you supply that to us?

Mr Tyack: Yes, sure.

Ms M.M. QUIRK: You spoke earlier about some agencies holding on to their land for a while, either to wait for it to increase in value or in demand for it, or maybe they might need it for something else in the future, I do not know. What incentives are there for departments to list their land on PACH rather than just holding on to it?

Mr Kannis: The incentive that used to apply in the strategic asset management framework that you might recall was that they would be actually entitled to 50 per cent of the proceeds and then could apply for the balance.

Ms M.M. QUIRK: Do not tell me that Treasury has changed that?

Mr Kannis: Informally, the policy is not as tight any longer. It is more around if there was a business case for investment, then the assessment of whether they should retain the proceeds should be based on the business case for the project, rather than just saying to some agencies that might have plenty of assets available that they will just get 50 per cent and perhaps use it for things that are not a priority of government and so forth. That was the reason for changing that policy.

Mr Tyler: Yes; making sure the focus is on government priorities rather than necessarily the agency's preferences.

Ms M.M. QUIRK: But that could be reinstated if a higher government priority was to make land available in greater volumes?

Mr Kannis: It would be considered on that case, yes. If the case came forward and there was a way of offsetting an important government requirement, then yes it could be used for that purpose; or in some cases it could also be used to offset the impact of an agency's capital program. For example, the Health Department has a very significant capital works program and probably has little capacity to do more than what is in there, therefore, the benefit should go towards offsetting the impact of that program.

The CHAIRMAN: Maybe, Gilbert, this question is to you. How do you reserve land for future hospitals, for example? Generally, school sites come up when a subdivision is being developed; the developer provides that at either a nominal cost or freehold. I do not know quite how it works, but usually that is provided. For a future hospital, for example, Yanchep way or somewhere like that, do you have any role in providing that and securing that away for future —

Mr Tyack: No, we do not. PACH does not. But I will suggest that the way it happens, from a WAPC perspective, when they start doing the subdivisions and start thinking this is what is going to happen—roads, schools, residential et cetera—that is where it would be highlighted as “public purpose hospital”, “public purpose school” et cetera and then it is up to Health to talk to state lands saying that that is zoned for a hospital and we want to reserve it now et cetera. At state lands itself, we do not tell agencies, “This should be a hospital site and we are going to reserve it to you et cetera.” I think that is up to Planning, and Planning is the one that sets land aside for government purposes and all that.

Mr Tyler: I think you have got documents like Directions 2031, which came out recently, which focuses on activity centres and those sorts of things. That is really the framework where those sorts of decisions or planning ought to occur rather than us who are at the other end of the process.

Mr Kannis: The metropolitan region improvement fund is there for roads, for example. If there are transport corridors required, usually the Planning Commission, through the metropolitan region improvement fund, will identify land that is consistent with Directions '31 to actually purchase. I am not sure how far that goes into health sites, and I guess the current site of the Fiona Stanley Hospital was probably an example of that, which happened many years ago—it was identified as a hospital site. That sort of thing would happen. For roads, I know that the Planning Commission sometimes buys through the metropolitan region improvement fund first and then transfers it to

Roads when it actually builds the road, so there is a mechanism. I am not sure whether the Planning Commission actually comes to PACH and identifies sites.

Mr Tyack: No. We would only do that —

Mr Tyler: The Planning Commission is a member of the PACH steering committee, so it is open to it to look at various sites and if there is a strategic need for it, they can certainly put in a bid for it.

Ms M.M. QUIRK: The Department of Housing and LandCorp are obviously the key people that tend to get earmarked. If there is a school site, for example, they would be the ones that are primarily interested. Have you formed any impression as to the criteria that LandCorp or the Department of Housing use to decide whether or not they are interested in a particular site? For example, you would have a site and you say that is more likely that is something that Housing or LandCorp would be interested in. Have you formed any views as to what their informal criteria are?

Mr Tyack: It is very much to do with the demographics and the socioeconomic area; there is no doubt about that. In fact, we have had instances where we find that the schools that tend to be in the more—if I can use the term—“middleclass” areas and all that would go to LandCorp on anything about that. Swanbourne, for instance, was dealing with LandCorp. LandCorp was interested in City Beach; at one point they were looking at hiving off some of the land there, but that was put on hold; Housing deals with your Ferndales, Glendaloughs and all that tend to go for more the lower socioeconomic areas and coming up to the middle socioeconomic areas. That is the best that I can explain. That is where their highest need would be, I guess. Just one other thing if I can mention about the reserves. You mentioned the incentives. If it is crown land and an agency has a management order that is reserved in their name et cetera, we cannot force an agency to relinquish that reserve. The only one who can do it is our minister. It has never been done that I know of. If we go to that agency and say that it is vacant land and we think that it is surplus and ask, “Is it surplus to your needs; you haven’t used it for 20 years?”, if they say that strategically they do or they may require it, there is not much we can do about it. We have just got to back off.

Mr Kannis: That would be the case with the Water Corporation and other agencies like that. Would that be so?

Mr Tyack: The Water Corporation has some fantastic sites in the Perth metropolitan area, and we have approached them, and they have just said, “No, we need it.”

Ms M.M. QUIRK: What do they need it for?

Mr Tyack: Future infrastructure; we do not question too much.

Ms M.M. QUIRK: Rainwater tanks!

[10.50 am]

Mr Tyack: At the end of the day, if that is what they are telling us and they put it in writing to us, what can we do?

The CHAIRMAN: Does that not come under government policy? If they have a large piece of land sitting on the coast somewhere; and some of theirs are sitting on the coast —

Mr A.P. JACOB: I have got a few.

The CHAIRMAN: — surely the government of the day can say to them that that is valuable land and it is too valuable for a wastewater treatment plant or anything else like that?

Mr Tyack: That is right, they can; but someone has to do it.

Mr Kannis: The problem is a judgement has to be made about that. I guess the worst thing that could happen is that site is identified and it is sold off, and we come back in 20 years’ time and then we have issues about waste water treatment in the area. I think government can only rely on the advice of the experts.

Mr Tyack: That is right. We talked about up north, setting land aside for schools and hospitals. It is the same thing. It is set aside in the metro area, and who knows what they may require in the future.

The CHAIRMAN: Is there any final comment that you would like to make just before I read you the closing statement?

Ms M.M. QUIRK: I have a last question. I am sorry, the last question was not my final question. Is there any recommendation that this committee could make that you think would be useful? Is there any area, from your perspective, dealing with, if you like, flattening out demand or making that sort of bottom end of land available; what would it be? Obviously we are dealing a bit with the local government processes, but is there anything that you think stands out, any of you, as being useful for some sort of amendment or change, whether it be policy or legislation?

Mr Tyack: To try to sort out the peaks and troughs?

Ms M.M. QUIRK: Yes that, or basically make more affordable land available or streamlined or whatever.

Mr Tyler: Nothing occurs to me.

Mr Tyack: Nothing. I think LandCorp would be the people to talk to about that personally, because they are the state's developer and they are closer to that side of the world than we are.

Ms M.M. QUIRK: Maybe, if I put it another way. I refer to the Department of Education. Both the Chair, Mr Jacob and I have lots of school sites in our electorates that are problematical, which is part of the reason we have got you here because we feel that the Education Department is holding on to valuable assets and not clearing them soon enough. Is there anything you would want to see Education doing better and in a more streamlined way?

Mr Tyler: The strategic asset management framework does require them to regularly review their asset base and determine whether there is still a need for it to be retained or not. In the circumstances you are outlining, I guess it is a question of whether they are appropriately complying with the framework.

Mr Kannis: It depends on whether those sites have actually been closed.

Mr A.P. JACOB: Or never built on; that is my example.

Ms M.M. QUIRK: Closed or never built on. They know four or five years out that they are going to close them, but another three, four or five years after they have been closed they are still mucking around.

Mr A.P. JACOB: What is even more frustrating is the sites that have never been built on and the child boom has gone through; the suburb is completely developed out and it has had that wave of young families, so they will never build on them and they sit on these bush blocks, which become rubbish dumps and fire hazards.

Mr Tyler: They are not going to be reactivated by urban infill or something like that?

Mr Kannis: That would be the hope.

Mr Tyler: Those are the questions. It is hard for us to judge. They would know so much more about that.

Mr Tyack: If a building on a school site is going to be surplus, we would approach them to approach us two or three years before it is going to close—if they know it is going to close—so we can start working on it. Vacant school blocks and vacant sites like that—I am not too sure if it is crown land—the only thing would be for someone to write to the Minister for Education questioning what the plans for those blocks are and whether they can be declared surplus.

Ms M.M. QUIRK: I suspect the member might have already done that.

Mr A.P. JACOB: Yes.

The CHAIRMAN: We have some other witnesses coming in and we have passed the time to call them. Gentlemen, thank you for coming in. I will read you the closing statement so that you know what happens from here on. Again, thank you for your evidence before the committee this morning. The transcript of the hearing will be forwarded to you for correction of minor errors. Could you please make these corrections and return the transcript within 10 working days of the date of the covering letter. If the transcript is not returned within this period we will deem it to be correct. New material cannot be introduced by these corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points could you please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence? Thank you for coming in this morning.

Hearing concluded at 10.55 am
