



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

(Reference: [Inquiry into Auditor-General's report No 2 of 2011:  
Residential Land Supply and Development](#))

**Members:**

**MS C LE COUTEUR (The Chair)  
MR J HARGREAVES (The Deputy Chair)  
MR B SMYTH**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**THURSDAY, 2 FEBRUARY 2012**

**Secretary to the committee:  
Dr A Cullen (Ph: 6205 0142)**

**By authority of the Legislative Assembly for the Australian Capital Territory**

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

**WITNESSES**

**BARR, MR ANDREW**, Deputy Chief Minister, Treasurer, Minister for Economic Development and Minister for Tourism, Sport and Recreation..... **1**

**DAWES, MR DAVID**, Director-General, Economic Development Directorate, and Chief Executive Officer, Land Development Agency ..... **1**

**REYNOLDS, MR CHRIS**, Executive Director, Land Development Division, Economic Development Directorate ..... **1**

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*Amended 9 August 2011*

## **The committee met at 2 pm.**

**BARR, MR ANDREW**, Deputy Chief Minister, Treasurer, Minister for Economic Development and Minister for Tourism, Sport and Recreation

**DAWES, MR DAVID**, Director-General, Economic Development Directorate, and Chief Executive Officer, Land Development Agency

**REYNOLDS, MR CHRIS**, Executive Director, Land Development Division, Economic Development Directorate

**THE CHAIR:** Good afternoon everyone and welcome to this public hearing of the Standing Committee on Public Accounts inquiry into Auditor-General's report No 2 of 2011—residential land supply and development. On behalf of the committee, I welcome you, Mr Barr, in your capacity as Minister for Economic Development, and officials from the Economic Development Directorate. I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the blue-coloured privilege statement that is before you on the table. Can you please confirm for the record that you understand the privilege implications of the statement?

**Mr Barr:** I think I have seen it before, Madam Chair, yes.

**THE CHAIR:** That is good. I remind witnesses that the proceedings are being recorded by Hansard for transcription purposes and are being webstreamed and broadcast live. Before we go to questions, minister, do you have an opening statement?

**Mr Barr:** Madam Chair, I had a lengthy opening statement but I think that, given the shortness of time, I will not proceed with it, other than to indicate that Mr Dawes has some further material with which to update the committee, and he is happy to provide that during the course of the hearing.

There are some more quarterly reports that are available. I have some fairly detailed information in relation to the progress on implementing the recommendations that the Auditor-General made, and I am happy to explore those in the next hour and then provide some further updates to the committee if necessary, if we do not cover all the things, rather than read it all out now. That would probably be an easier way to proceed. I reiterate that the government agreed with all but one of the recommendations and noted the other. So we have simply been focused on implementing those recommendations. Having said that, I am very happy to take questions.

**THE CHAIR:** Thank you, Mr Barr. I might start with one of the easier ones—recommendation 8, which is about an appropriate agency for valuation. What is happening with that?

**Mr Barr:** That recommendation has been completed and EDD is the responsible agency for managing the valuation processes for land transferred from TAMS to the LDA.

**THE CHAIR:** Does the Australian Valuation Office have anything to do with this?

When I first read this I thought we noted values.

**Mr Dawes:** We do use a valuer. We have a panel of valuers that do it, and we use the government audit office to carry out these audits. Obviously, when those blocks of land are being passed or sold on to the LDA for development, it depends on exactly what risks may be attached to that particular block as well. Some blocks come with less risk than others. So that value is then appropriately applied and then we pay that value to TAMS. That process is now underway. There is collaboration across a number of the directorates in doing that, and the central agencies were involved with that—Treasury.

**THE CHAIR:** I might move on to recommendations 5 and 4. The reason I am putting the two together is that they are both around models or ways of predicting the quantity of land requirements in future. One talks about affordable housing and the other does not, but it is still the same basic question. What work have you done on this? In particular, I am hearing from the development industry that things are a lot more subdued than they were. How are you taking into account that sentiment?

**Mr Dawes:** There are a number of things that we are doing. I am quite happy to table some of this information. We actually produce this on a quarterly basis now, with input from the private sector. That is actually the third one that we have produced and we are now in the process of doing the December quarter one.

There are a number of different things that we do here. We have developed a new model that actually takes into account all of the factors—our population growth, migration, both interstate and national migration. We also look at the ABS data that comes through, and our data collection that comes through from our own capture of data. We also work with industry, and monitor. As you are probably aware, we have a number of different working committees—internal in government, and we also have a commercial industrial committee that is represented by all of the key industry groups. We have the residential committee. We also involve the Queanbeyan City Council, for example, because we are not just looking at what is happening in the ACT; we do need to look at what is happening more broadly within the region.

We produce that document that you have seen. We forward that to industry prior to the meeting, so that when we all sit around the table we can have a discussion about the data that has been collected. It gives them the opportunity, when they come along to the meeting, to have some real input into it. We then adjust. If, for example, from that particular meeting, there are any suggestions about some of the data or questions, we will go back and check some of that data or we adopt that.

As part of that process, we go and meet with industry organisations and their relevant councils. As you know, many of these organisations have a residential sector, a commercial sector or a professional sector as part of their organisations, and we meet with the residential sector. It is interesting, when you talk to some people, that it depends on what segment of the market you are talking to. You do get different feedback as well. One sector might be saying that there is still an undersupply or an oversupply or whatever the case may be. So we try and make sure that we do that.

I have also implemented a process across the directorate—and I invite other agencies

to attend—where we have quarterly updates from the various key commercial agents around town and capture their data. Quite often, we find that if we meet them one on one or individually, we can extract a little more information. They are a little more open, if I can say that, rather than what occurs in a big forum. We do that from a number of different fronts, not just from a land supply front but also from a rental in commercial areas front. We find that that is quite useful. We see all the key agencies that provide us with that information. That has been quite successful. That is the broad thrust of what we do.

**Mr Barr:** I would add, in the context of your opening remarks in that question about being approached by some within the industry and told that there might be a lessening of demand, that yes, similar approaches have been made to me in recent times, which is clearly a change from what has been the case in the last few years.

**Mr Dawes:** When I was talking to one of the journalists from the *Canberra Times* a couple of weeks ago who is fairly close to the property market, he was even saying to me that the feedback he is getting from the industry was that we seem to be approaching catching up with demand. That was an interesting byline to the conversation I had with him.

The other thing that we do is that the Chair of the LDA hosts a quarterly luncheon. We have a sandwich lunch, a working lunch, with industry and we get feedback from the industry organisations. That is an innovation that we have brought in, and also to hear from individuals, and we invite different people along to that, so that we are getting different feedback from it. There was a strong sentiment from a couple of the industry organisations about keeping an eye on our land release program and potentially an oversupply. So we take all of those sorts of things into account.

Again, just to conclude, it does still come back to a pragmatic approach. You get all the data, you get all the number sets as well, and it is still an area of pragmatic judgement.

**Mr Barr:** Those who have been around for a while would have heard similar forecasts being made before. Forecasts are forecasts.

**THE CHAIR:** Talking about having been around before, the obvious change in the last little while is the efficiency dividend. Are you factoring in what impact that is likely to have on the ACT demand for housing?

**Mr Barr:** Certainly, with the commonwealth being a large player in our economy and the largest employer, that clearly has an impact. The outlook is somewhat uncertain. Clearly, a policy position of the alternative government in relation to an absolute intent for 12,000 positions on top of anything that is currently occurring—

**MR SMYTH:** How many positions with the current government are going?

**Mr Barr:** That is a very good question. I do not know the answer to that. You would have to ask them.

**MR SMYTH:** So have you asked your federal colleagues how many positions are

going?

**Mr Barr:** We certainly have sought information in relation to that, and the advice that has been forthcoming is that they are looking at non-staffing areas.

**MR SMYTH:** So you believe that no positions will go?

**Mr Barr:** I do not believe that no positions will go. I made some public statements earlier about what our best estimate is. Obviously, time will tell. Those with a long-run view of public sector employment note that under most governments it ends up increasing over time, if you go back year on year. There was obviously a fairly savage cutback in 1996.

**MR HARGREAVES:** What was the impact then?

**Mr Barr:** Fairly significant, Mr Hargreaves. I think most Canberrans—

**MR HARGREAVES:** Particularly in the electorate of Brindabella, I seem to recall, which Mr Smyth and I both represent.

**Mr Barr:** I think many Canberrans found themselves out of work and house prices were impacted significantly.

**MR HARGREAVES:** Small business took a massive nosedive, did it not?

**Mr Barr:** It certainly did, yes. It was a difficult period for the city.

**MR SMYTH:** So the *Canberra Times* report that 14,000 jobs will go—

**THE CHAIR:** Getting back to land supply, are you factoring in the changes we are getting, because that is a leading indicator, rather than what has been happening?

**Mr Barr:** Yes, and as information is provided. Clearly, the commonwealth update their accounts twice a year. We had a budget and a midyear update. So we are able to look at those impacts.

**THE CHAIR:** So you are only looking at their public budget. You are not saying, “Okay, we’ve had these media releases and it would appear that this is the direction things are going in”?

**Mr Barr:** We maintain the capacity within any given financial year, within our own program, to make adjustments, yes. That can flow through into the outyears as well.

**Mr Dawes:** With respect to the key indicators that we look at, there is population growth. As you know, we have actually been very fortunate. We have had about a 1.9 per cent population growth. We look at home leavers. We look at, as I said, net migration. Also, there are changes to the household formation.

**MR HARGREAVES:** Mr Dawes, what did you just say about migration?

**Mr Dawes:** Net migration.

**MR HARGREAVES:** Did you put a figure on that?

**Mr Dawes:** If you look at some of the data about international migration, it was about 3½ thousand about 12 months ago.

**MR HARGREAVES:** Into the ACT?

**Mr Dawes:** Into the ACT. So that has helped to fuel the population growth.

**Mr Barr:** Over a four-year period, you are referring to there.

**Mr Dawes:** Yes. The other thing that we look at as well, and the important question that the chair asked, is: do we factor in the others? We do. We look at all of the other demand drivers of it as well—potential cuts at the commonwealth level, and we have got greater intelligence as well. Again, that is part and parcel of the data that we collect from the agents in particular, because they have very good networks with the commonwealth. So we get a lot of information there because they are monitoring and managing the buildings that the public servants are housed in. So they get very early information about what is happening about excess space, subletting or whatever the case may be. So that is part and parcel of the questions that we ask those managing agents; hence the comment about not only do we look at land but we look at how tenancies are operating. That is what I meant by that statement.

**MR HARGREAVES:** I am interested in the apparent conflict that we see happening in the media around affordable housing and the release of land. My understanding is that over the last decade or so there has been an exponential increase in the amount of blocks that have been released into the marketplace. I would have thought that it would have had the effect of releasing older properties in the community which were available to people on lesser incomes and that they would be picking up those properties in the current marketplace. The conflict in the media thus far has been about the government not releasing land quickly enough. I am interested in your views on how that will actually affect the affordable housing marketplace. Is this an effective lever on affecting it? What do you see it achieving? Is it actually going to deliver more affordable housing at the back end? I notice that you have 1.9 per cent population growth. We are actually releasing a lot more than that. What is the effect in the back end?

**Mr Barr:** Some of the points that Mr Dawes made about that list of factors—net migration and changes in household formation—have been more dramatic as the city itself ages. If you look at the long-run settlement patterns for Canberra, as the city ages, there are more people and more generations of families within the city. So without wanting to completely generalise, there was perhaps a perception that when a lot of people came to the city, when commonwealth departments were relocating during the Menzies period, people came to the city, relocated from elsewhere in Australia, worked here for a period and then retired somewhere else.

Over time, as the city has grown, as we have aged as a city, more people are staying in Canberra past their working age, and that certainly has been a factor in demand for

housing. That has meant that whereas previously there was more churn and more houses would become available as people completed their working life and moved on to the next phase of their life—retirees to the south coast or back to where they came from—that is perhaps a smaller proportion now than it was even when I first arrived in Canberra in the late 70s. So I think that is undoubtedly a factor. One might speculate on the reasons for that. Poor provision of health services in south-eastern New South Wales is perhaps a factor. We see that in the level of demand for our own health system. So people make those decisions.

The other reality, clearly, is shrinking household size. You see the data on that from the ABS on a regular basis. You can track that over the decades to see that, whereas once there may well have been upwards of four people per dwelling, now we are down to more like 2.5. That, clearly, is a factor.

People wanting to age in place and stay in their home means that there is less churn. Of course, there is change in consumer sentiment and preferences around where they will live and the types of housing. People are marrying later and having children later. So the data in the ACT again demonstrates some characteristics that are a little different from the rest of Australia. You need to take all of those factors into account and recognise that that evolves over time. What we have witnessed even in the last decade in terms of the changes in each of those data series shows an evolving community. You need to respond to that.

Clearly, where there has been an undersupply in the marketplace has been at the affordable end of the housing market. The best way to explain it is to say that there are two Canberras. There is a Canberra that is geared to double income professionals and their needs are fairly well met in both rental and purchasing, in the upper 50 per cent of the market. The challenge really is around getting policy settings right to encourage a greater level of private sector investment in the more affordable end of the housing market. Hence there has been some fairly direct government intervention in relation to housing affordability requirements for new estates. We have certainly monitored that and worked with some key industry players. There is one particular player who I am sure is well known to all of us who really prides himself on delivering product in that part of the market. Clearly, as we move forward, there is a need for even more supply at that level.

In developing the next phase of the government's affordable housing strategy, that is where I am focused. Without wanting to reveal the full details of the government's deliberations there, I think there is certainly the possibility to move above 20 per cent in terms of our target in some new estates.

**MR HARGREAVES:** Has there been any work done on working out whether there has been a similar increase in the price of those houses surrendered so that new places can be bought? The price rise in terms of new properties has gone through the roof in this city, the same as it has around the country. Has the price for those properties vacated to purchase the next one gone up as much, and how does that affect the affordable housing strategy?

**Mr Barr:** That is an interesting question. Some of the pricing signals and policy signals have been set by governments, particularly the commonwealth. For example,

for a period in the last decade the first homeowners grant scheme provided \$14,000 for a new property for a period and then \$7,000, and there was a time when it was \$10,000 versus \$7,000. So there were a number of policy signals set around new supply versus existing stock that clearly induced demand. Undoubtedly, all the data shows that those demand-side policies did what they were intended to do, presumably, which was to fuel demand. The challenge, of course, was whether the supply side could keep up. The evidence in every housing market in Australia would appear to be that, no, it did not. The HIA data that I have seen, when they projected around what the needs are, looking at the long-term demand, showed a housing shortage in Australia of over 100,000 dwellings. Pleasingly, while that report still indicated a shortage in the ACT, our shortfall was less than any other jurisdiction.

I have that in the back of my mind when I am being approached by some in the industry who say, “We think the market’s softening, so take your foot off the accelerator.” There are mixed signals, clearly. My gut feeling is always to perhaps err on the side of oversupply because you can always have the product on the shelf and delay its release to the market, but if you do not have that ready supply, you can get caught short.

**MR HARGREAVES:** Was that not the case about five or six years ago?

**Mr Barr:** I think that would be a fair observation. Mr Dawes has some data on that.

**MR HARGREAVES:** You will table that?

**Mr Dawes:** Yes.

**MR HARGREAVES:** You also mentioned, with respect to the 100,000, that you felt that the ratio of ACT products versus the other jurisdictions—

**Mr Barr:** I recall the media report saying that in the ACT they anticipated that we were only hundreds of properties short, not thousands.

**MR HARGREAVES:** I have not seen that.

**Mr Dawes:** I am sure we could track that down.

**MR HARGREAVES:** At the risk of getting you to do my job for me, could I get you to do a bit of digging on that and let us have it?

**Mr Barr:** I am sure we could track that down. It was an HIA report, from memory.

**Mr Dawes:** Yes.

**MR HARGREAVES:** That would be very useful. My last question is around the land release, the actual blocks that we are releasing. That same operator that you referred to, whose name we dare not speak, one of the Village People, perhaps—

**Mr Barr:** One of the Village People, yes. That joke never gets old, does it?

**MR HARGREAVES:** It was a bit of a gamble for the government to go back to englobo release. It was a bit of a gamble to go with the promise of being able to deliver affordable housing blocks. If my memory serves me correctly, in the west Belconnen development, it was actually quite successful. When those blocks hit the marketplace, they went in days—hours, in fact, in the first release. What sort of controls do you have over the size of the blocks that are going to be released? Do you say, “I want X blocks out there,” or is it X tracts of land or X hectares? How does it work?

**Mr Dawes:** There are a couple of issues there. Obviously, in the case of the west Belconnen land release, the land that was sold to that company had a lower yield than what he ended up doing. As you know, he paid a lease variation charge there for the additional blocks that he put onto the site. But he was trying to cater for a particular market. The larger the blocks are, unfortunately, the more expensive they are. So what we try and do is to have a salt and peppering type arrangement in these subdivisions. That is why we have mandated to date 20 per cent of estates to be affordable product. That can be delivered in more compact blocks or in the terrace blocks.

There is another success as well. We do talk a bit about that particular developer, but the joint venture that the LDA has at Crace, for example, with another Canberra company, CIC, has actually delivered some very good, affordable product in terrace housing. It is interesting that we have seen that translate from here over to their estates in South Australia as well. One thing that has occurred is that because we have put that land out, it is now providing that competition between the developers. We are seeing Delfin Lend Lease up at Casey also entering that market and satisfying that segment of the market as well. So it has worked well. As the minister said, we are looking at what further we can do to ensure that that segment of the market is catered for even more over the coming years.

There is another document that I will table. In the last four years we have sold into the market just over 17,000 dwelling sites. When you compare that to the previous four years, it was 5,000.

**MR HARGREAVES:** What was that figure?

**Mr Dawes:** 17,136.

**MR HARGREAVES:** If I am correct, there are 5,300 residential blocks in the suburb of Kambah. So for the sake of a mind picture for those people in the media, when you are talking about—

**Mr Barr:** And you have doorknocked every one of them at every election!

**MR HARGREAVES:** No, I have not. As you know, minister, I have an abhorrence of doorknocking. I think it is an invasive exercise. But with 17,000 we are talking about 3½ times the size of Kambah. What a magnificent effort is that?

**Mr Barr:** Three Kambahs; how about that? Could the city be any better than to have three more Kambahs?

**Mr Dawes:** There is one thing that is important to note when talking about the fact that there have been 17,000 dwelling sites sold. Some of the industry concern in the Auditor-General's report was about the fact that the land was not ready. Obviously, it takes a while for that to be developed et cetera. But I think that is even evidenced today when you look at the real estate section of the *Canberra Times* on a Saturday. That has become much thicker. If you talk to some of the real estate agents, they feel that somewhere between 700 and 800 or 900 homes on the market is a nice number. We are now closer to 3,000 established dwellings on the market today. So that is all having an impact on price.

When you look at the strategy that we have adopted over the last couple of years with that number of dwelling sites being released to the market, all you have to do is read in the *Sunday Canberra Times* the results of the auction, and a lot of those blocks are now being passed in and are coming to the market. So there has been an easing of prices as people are able to get on and build. We have got some information on that.

**Mr Barr:** Before the good folk at the *Canberra Times* get a big head about all the data coming from them, there is allhomes as well.

**Mr Dawes:** It is a wonderful website.

**MR HARGREAVES:** Not from the advertising perspective of the *Canberra Times*, Mr Dawes.

**Mr Barr:** Technology changes; business models change.

**THE CHAIR:** Mr Smyth?

**Mr Barr:** He has been sitting very quietly there.

**MR SMYTH:** I have just been reading your document, minister. Minister, for the edification of the committee, none of the page numbers on the contents page, or very few of them, seem to link up with the actual pages. For instance, full property sales, which according to the index starts on page 14, is actually on page 16. It is meant to have an ACT map at page 14 but there does not appear to be a map in your document. You might like to check the document before you—

**Mr Dawes:** I apologise, Mr Smyth. That may be the way we have run that off and copied it off the website, because it is available from the website.

**MR SMYTH:** There is no actual map in it. None of it seems to match up to the numbers. But that is just an aside. On page 6, minister, in the second dot point, it says:

However, in practice, there remains some uncertainty with respect to the specific roles and responsibilities of LAPS, the LDA and ACTPLA, particularly with activities that occur at the boundary of the different agencies' legislative responsibilities.

The auditor then went a bit further and put that into a recommendation which said:

ACT Government agencies, including LAPS, the LDA and ACTPLA, should

further develop formal governance documents, e.g. Memoranda of Understanding, to clearly outline roles, responsibilities ...

The government agreed but said that in the meantime we have had the Hawke review and said that there will be further development of governance arrangements and clarification of roles. Can you inform the committee of what, if any, memoranda of understanding have been signed and what are the further development of governance arrangements that have taken place since you have tabled the statement?

**Mr Barr:** The Economic Development Directorate and the Environment and Sustainable Development Directorate have been developing an MOU. It is currently before directors-general for execution. The MOU will provide the clarity that industry groups require on roles and responsibilities. I would anticipate that Mr Dawes and Mr Papps will present to cabinet their MOU in the not-too-distant future.

In relation to the governance arrangements within the Economic Development Directorate, we have retained, as I am sure you are aware, an independent LDA board, chaired by the existing chair, Ray Young. Mr Dawes, as Director-General of EDD, is concurrently appointed to the LDA board as the CEO of the LDA.

**MR SMYTH:** When will those MOUs be in place? This report is from February 2011, so it is almost a year old.

**Mr Dawes:** There is a formal MOU between the LDA and EDD and a statement of governance requirements. They are actually on the website, both on the EDD website and the LDA website. They were done last year and uploaded. There are two parts to forming a statement of intent. Each year we have a statement of governance which is presented to cabinet. That has just been refreshed for this year and that will go to cabinet shortly. That will then be the forerunner to develop the statement of intent for the LDA.

With respect to the document between EDD and ESDD, obviously with the Hawke review—I am probably making an excuse, in a sense—we have had to restructure our directorates. It has taken a little longer than we would have liked but the two directors-general, David Papps and I, have virtually agreed to that, and that is ready for execution and we will be presenting that to cabinet. So that will be done in the very near future. But the other one between the old LAPS and LDA—that is now EDD and LDA—has been done and has been uploaded.

**MR SMYTH:** When will the governance arrangements all be in place?

**Mr Barr:** The governance arrangements are all in place. The MOU between the two directorates is the last remaining issue to be brought back to cabinet.

**MR SMYTH:** So in your answer, when you say “further development of governance arrangements”, that is completed?

**Mr Dawes:** The governance is completed.

**MR SMYTH:** On page 7, the second and third dot points talk about the lack of clarity

and transparency in land release figures. The third dot point states:

The LDA is supplying blocks from LDA estates where development and civil works are yet to be completed. Settlement periods for land supplied through these estates may be as long as 18 months.

I know one family who purchased their block in May 2008 and did not get access to it until August 2009. When will this be fixed so that when people purchase a block, they can commence work on it immediately?

**Mr Dawes:** Obviously one of the key things, and I think we all know it, is that we have actually been through quite a boom period over the last four years; hence that is why we have delivered over 17,000 blocks. There is a lead time from us getting an approved ED and actually putting machines onto a block when we have got an approved estate development plan. The rough rule-of-thumb is 12 months from the time we actually sign and execute the contract and the machines move onto the blocks. Last year, as we know, we had extreme weather that did delay it. But the whole goal and objective, and one of the key things in my instructions, is to maintain the level.

Obviously, you are listening to the market. We are developing and getting more land approved and converted to have it ready as well. Obviously, the goal and objective, and part and parcel of the affordable housing action plan, was to have serviced blocks available for families to go and kick the kerb. That is the goal and objective, so there will not be any delay. Also, in having approved estate development plans sitting on the shelf, we can actually let contracts if the market does spike up. We are getting to that point, but obviously the demand has been so strong that we have not been able to catch up, quite simply.

**MR SMYTH:** So how many plans have you got on the shelf?

**Mr Dawes:** At the present time we are in the process of finalising six development fronts, which is probably the most since self-government, over the coming months. We have some requirements to go through. But that will then be the catalyst for us for the future.

**MR SMYTH:** Okay, you are finalising; how many estates have you got on the shelf, as you say, ready to go should the market spike?

**Mr Dawes:** I beg your pardon?

**MR SMYTH:** How many of those estates do you want to have on the shelf should the market spike and how many have you actually got on the shelf?

**Mr Dawes:** We have Jacka, for example. We are about to start in Jacka. We have some more sites in Bonner. Wright is already underway, and Wright 1B is underway as well. So we have around four areas that we are working on at the present time.

**MR SMYTH:** You are working on them or they are on the shelf ready to go?

**Mr Dawes:** They are actually in the paddock. We are actually doing the civil

infrastructure at the present time.

**MR SMYTH:** So how many does that leave on the shelf ready to go if the market spikes, as you said?

**Mr Dawes:** None at this point in time.

**MR SMYTH:** Minister, you expressed the desire to have estates on the shelf ready to roll. When will that occur and how many would you normally intend to have on the shelf?

**Mr Barr:** The process to get to that stage continues. In my view, in spite of some suggestions and some advice from industry to take the foot off the accelerator, we will continue with our projected 18½ thousand blocks over the four years. I think it is important—

**MR SMYTH:** How many of those 18½ thousand blocks can be built on?

**Mr Barr:** Can be built on? Over the four-year period, the goal would be to get all of them built on, but not all of them are ready now. A number, as I think everyone is aware, are subject to EPBC clearances—that delightful piece of Howard government legislation from 2000.

**MR SMYTH:** Agreed to by the parliament.

**Mr Barr:** Yes. We are obviously working through those. That is Moncrieff, Throsby, Coombs—

**Mr Dawes:** Molonglo stage 2.

**Mr Barr:** It is essentially the rest of Gungahlin and the Molonglo valley.

**Mr Dawes:** Kenny.

**Mr Barr:** And Kenny.

**Mr Dawes:** And Harrison 4.

**Mr Barr:** And Harrison 4.

**Mr Reynolds:** Harrison 4 is just about to be completed so it is already—

**Mr Dawes:** It is already sold, sorry.

**Mr Barr:** And Lawson.

**MR SMYTH:** So the concept of estates on the shelf ready to go at this stage is aspirational?

**Mr Barr:** It is not as yet, no.

**MR SMYTH:** When do we expect to get to the stage that there would be estates—

**Mr Barr:** I will not know that entirely until the commonwealth processes are complete. We must comply with the commonwealth law; I am sure you would accept that.

**MR SMYTH:** We should always comply with the laws.

**Mr Barr:** Yes. So I am not in control of those processes. They sit with the commonwealth. I am meeting with the federal minister in the next three or four weeks in relation to, it would appear, some delays, and particularly some turnover of staff within the commonwealth department who have been working on projects for us. I am concerned that there appears to be such a churn in staff that this is delaying. We have certain requirements, clearly, in relation to our 18½ thousand target, and I will be pursuing that with the commonwealth minister.

**MR SMYTH:** You mentioned EPBC. It is on page 79 of the report. Paragraph 6.27 says:

The LDA or the LDA's joint venture partners have been responsible for making most of the ... referrals ...

Was that the process that was followed with Throsby?

**Mr Dawes:** Yes, we referred Throsby.

**MR SMYTH:** Sorry?

**Mr Dawes:** EDD did refer Throsby.

**MR SMYTH:** EDD, not LDA?

**Mr Dawes:** And the LDA combined, yes.

**MR SMYTH:** So it was a joint effort?

**Mr Dawes:** It has been a joint effort because we have actually been working together. Obviously we are responsible for the infrastructure for these new suburbs as well. So the infrastructure goes hand in hand with the land development. That is one of the other efficiencies under the new structure. We have had to both work on that as an issue.

**MR SMYTH:** When you say EDD and LDA, is that the first time that has occurred?

**Mr Barr:** Given EDD was born in May last year, yes, that would be the case.

**Mr Reynolds:** Prior to that the LDA did work closely with project people within what was formerly LAPS in consolidating information, datasets and sharing of resources, which is still occurring but obviously now under the new EDD banner. So we did

work collaboratively together before, and that continues in a more strengthened way now.

**MR SMYTH:** Given what has now happened, can you provide the committee with an update on what has happened with Throsby? What is the number of blocks that we will not have? What is the revenue forgone? Will Throsby now have less community facilities as a consequence of its reduced size?

**Mr Barr:** We will need to take some of that on notice. There were a number of referrals, one for the Catholic school site. Sport and recreation services have a project in relation to the district playing fields, and there is a residential component. As I understand it, the significant debate is around what has become colloquially referred to as the neck of Throsby.

**Mr Dawes:** And the tail.

**Mr Barr:** And the tail. David, do you want to add anything?

**Mr Dawes:** We are doing a bit of work on that at the present time. As we are going through that due diligence, we have had two major consultancies occurring. We had Dr Paul Rutherford do a whole lot of work for us and then Peter Cowper is doing that peer review. That will finalise our documentation and presentation to the commonwealth. We are yet to determine the final number of dwelling sites that will be available in Throsby. We are just going through those numbers. We hope to be able to advise government of that within the next four to six weeks.

**MR SMYTH:** You will take that on notice?

**Mr Dawes:** Yes.

**MR SMYTH:** The reduction in the number of blocks, revenue forgone and lack of space now for community facilities that will have to be forgone as well. On the Catholic school site, what is happening there?

**Mr Dawes:** That is still with the commonwealth. There is probably no further update than what was in the *Canberra Times* the other day. No, that is still there. We are going through those discussions at the present time between the ACT and the commonwealth.

**MR SMYTH:** And the district playing fields?

**Mr Dawes:** It is in the same position.

**THE CHAIR:** Continuing on Gungahlin, are you developing an offset program? I understand you are getting the whole of Gungahlin re-evaluated in one piece, which seems to be a sensible way of doing it. I would imagine that this is likely to end up with some sort of offset-type proposal as part of the solution, whatever it would be. Does that mean the government is actually preparing some sort of offset policy or are you waiting for the EPBC to effectively prepare it for us?

**Mr Dawes:** Currently ESDD and EDD are working collaboratively and it is envisaged that we will be taking a paper back to government over the course of the next couple of months on an offset package.

**Mr Reynolds:** There has been a significant amount of both fieldwork and consultancy work between EDD, LDA and ESDD. Effectively, what is being crystallised out of that is what we are calling our strategic offset plan. As you pointed out, Madam Chair, that will be a Gungahlin-wide offset plan. It will identify the intended lands for residential development, intended lands for biodiversity and reserves and identify the sequencing of when the drawdowns and the designation of those offset areas would occur in terms of indicatively when the development of, for example, Moncrieff might occur—this would be offset, and there would be this much land over here. When we get to Kenny, this would be offset. So it is a nice way for the ACT government across the directorates to be able to communicate to the commonwealth that we are being strategic, we are being measured and there is a logic to how we intend to move forward, and ultimately what the end game will be once we achieve all the development outcomes that are appropriate.

**THE CHAIR:** Will all of the offset area be in the ACT?

**Mr Reynolds:** At this point in time the plan has lands all identified for offset within the ACT.

**THE CHAIR:** You said “at this point in time”. Does that mean it is a possibility that you could go further?

**Mr Dawes:** That would be a decision of government as well. That will be part and parcel of the policy that we are developing and one of the considerations that the ACT may look at.

**Mr Reynolds:** I say “at this point in time” only because under the commonwealth legislation it is plausible and feasible that that could occur.

**THE CHAIR:** I am aware of that.

**Mr Reynolds:** At this point in time it is certainly not something that is in the plan and that we are advocating.

**THE CHAIR:** I was just wondering where you were going with that.

**MR SMYTH:** But the sequence is still Gungahlin, Molonglo and then Kowen?

**Mr Reynolds:** Just for clarity, the offset plan is for Gungahlin.

**MR SMYTH:** But that is offsetting—

**Mr Dawes:** You develop them in sequence.

**Mr Barr:** Except that some can occur concurrently. So Gungahlin will be completed and Molonglo is beginning. There are dual development fronts.

**MR SMYTH:** You made the point about across the border, outside the ACT.

**THE CHAIR:** Yes.

**Mr Barr:** Effectively, you purchase land in New South Wales as an offset for—

**MR SMYTH:** But will you move to that before you move to Kowen? Mr Corbell before Christmas raised the issue of perhaps across the Murrumbidgee, the other side of Tuggeranong. Is the LDA working on that or is that Mr Corbell's responsibility?

**Mr Dawes:** That is still very much in a planning stage with ESDD at this point in time.

**Mr Barr:** Clearly, some of the challenges around Kowen have been raised.

**MR SMYTH:** Interesting topography.

**Mr Barr:** Yes.

**THE CHAIR:** An interesting location.

**Mr Barr:** Indeed. So those issues certainly need to be grappled with. The expectation around the time frame for Kowen is well down the track, if it were to occur at all. There are some decades of land, through the remainder of Gungahlin and Molonglo valley, before we would get to a point where new greenfield sites would need to be identified.

**MR SMYTH:** Is your organisation, the various arms of your department, liaising with Mr Corbell in the assessment of the other side of the Murrumbidgee in Tuggeranong?

**Mr Barr:** There have been some ministerial-level discussions. The issue has been raised. Whether it has proceeded to any further detailed work at this point—

**Mr Dawes:** To my knowledge, no. Obviously when we are looking at doing these developments, we do work closely with ESDD these days. But that has not been subject to any detailed discussion between the two directorates. We obviously then look at it from an economic point of view as well. I really do not know at what stage it is within ESDD. It has been just a broad discussion.

**Mr Barr:** As I understand the history, because the Tuggeranong town centre is somewhat peculiarly located on the edge of—

**MR SMYTH:** Because the other half was not built.

**Mr Barr:** Yes. The original thinking, way back prior to self-government, was that where the town centre is would in fact be in the centre. A commonwealth minister made a decision, and still has a passionate view about the issue, I understand. Those issues would be resolved in the context of the planning strategy that Minister Corbell is working on. I do not have a particular view at this point, but I understand the history of why development did not occur. But it has left a somewhat odd situation

where the town centre is not in fact in the centre of the town.

**MR SMYTH:** You said there had been high-level ministerial discussions. Is that a cabinet discussion or a discussion between you and Minister Corbell?

**Mr Barr:** Cabinet subcommittees. Clearly, this issue has had some level of media interest. If you sit down and look at a map of the ACT, you could have a discussion about these things. But it has not progressed beyond that.

**THE CHAIR:** Can I go back to the offset policy. Do I understand from what you said that you are not actually developing an ACT-wide offset policy but simply one for Gungahlin? I would have assumed it would have been a policy for the whole of the ACT.

**Mr Reynolds:** In terms of the LDA and the EDD involvement to date, we are not working on an offset policy for all of the ACT. Whether or not that is occurring in ESDD, I am not sure. I have heard discussions from time to time that it might be happening in ESDD. Our focus has been on Gungahlin to meet the indicative land release program and ensure a coordinated approach to that to help streamline and fast-track the delivery and clearances through the commonwealth and deal with the environment by way of a more holistic approach in Gungahlin. It has not been to seek an all-of-ACT solution with regard to offsets. We comply with the commonwealth's offset requirements under the EPBC legislation and we comply with the Nature Conservation Act and the ACT regulations as well. So we do comply with those systems. We are not in a key role. It is not our key gift to get in and develop an ACT offsets policy.

**THE CHAIR:** With Molonglo, what is the timing like? When are we likely to see houses developed with that level of development in Wright and then Coombs? Will it be Wright and then Coombs?

**Mr Dawes:** With Wright, we are already receiving our settlements. So we would envisage that the first homes in Wright would start to be constructed, depending on individuals and their planning, this year.

**THE CHAIR:** This calendar or financial year?

**Mr Dawes:** I would be surprised if there are not some things coming out of the ground this financial year. As I said, the houses have settled. As you are aware, Madam Chair, we have engaged a sustainability adviser. There have been a number of people utilising that. Whether they have lodged them with ESDD for approval, I am not aware. If, for example, they have been and they are going through that process, there would be no reason why they could not start once they have planning approval. I would think things may come out of the ground before the end of this financial year. As we settle Wright 1B in the middle of the year, we will see some more construction starting to come out of the ground.

**THE CHAIR:** How about Coombs? What is the timing on that?

**Mr Dawes:** We have not approved EDP but you would probably be aware at the

moment that is subject to an ACAT appeal and we are in the process of preparing our documentation and discussion at ACAT.

**MR SMYTH:** On the blocks in Molonglo, I understand there was some problem with getting the proper contour maps so that people could take their block to their designer or architect. That has delayed some of the settlements. Is that so?

**Mr Dawes:** It would not have delayed the settlements.

**Mr Reynolds:** There has been no delay with the contour issue. There has been no delay to settlements. We were certainly under the pump to have the completions and assets accepted within the settlement windows but we did make that with some good effort and cooperation with other directorates.

With regard to contours, with the earlier release of some of the sites in Molonglo, as the designs were being finetuned at intersections and in trying to deal with low points for drainage, there were some minor changes to contours. All the affected parties were advised and notified with many months lead time, and they were minor changes. But we keep a very good database of who our purchasers are and we keep in touch with them very regularly, in order to brief them on the sustainability requirements and our home sustainability adviser service. Also, as we roll through the project and the contractor has to respond to site issues that were unforeseen or latent at the time of design, there are invariably minor changes. There were a few in Molonglo. It was not a great number, but all purchasers were notified. It was not a critical path or an issue that affected the timing of settlement.

**MR SMYTH:** Would an owner of a block or somebody who has a deposit on a block be inclined to place a bond at any time if they have not met certain requirements?

**Mr Reynolds:** With the contracts in Molonglo, because we are a non-regulator in Wright yet we were seeking to reach best practice in terms of solar orientation, overshadowing, energy efficiency and landscaping, we did introduce a contractual requirement where there is a bond-type system in place to help motivate and incentivise better practice environmental outcomes.

**MR SMYTH:** How many of those bonds have been imposed?

**Mr Reynolds:** They affect all the blocks. So there are a couple of schemes. One is that there is a rebate-type scheme and the other one is if you do not do certain things then you are not entitled to the rebate. Does that answer your question?

**MR SMYTH:** I may write to you about a case where the information I have got is slightly different from what you have just given me.

**Mr Dawes:** That was very clearly articulated in the sales documents as well. Our selling agent would have gone through that process.

**Mr Reynolds:** We have many meetings also with industry associations. Obviously a large part of their members are builders. We jointly prepared information sessions and updates in their newsletters, reminding builders and purchasers to get in early and get

their plans pre-approved through our system. We do not want to keep a bond. It is there as an incentive for behaviour. With the contracts, we prepared clauses with the MBA and HIA, so they could insert them in their standard contract, to try to make it as specific as possible for a consumer. As David pointed out, we have been very careful to articulate up front the requirements that are in place with the blocks in Molonglo. It is one of those challenges we have as a non-regulator, while striving to improve performance. We have to enforce it through contractual conditions, with the incentive of bonds and rebates.

**MR SMYTH:** So there was no delay in the settlement on any blocks?

**Mr Reynolds:** I am not aware of any delay in settlement on blocks because of contours, correct.

**THE CHAIR:** The planning strategy says that half of any development will be in established areas. We have been talking about greenfield. What role does EDD play in established area land supply?

**Mr Barr:** There are a number of different projects that have received varying degrees of media coverage—the Canberra brickworks, the site in Campbell, for example, and Hawker. We are about to begin some work in Woden and in Downer. You will take great interest in Downer.

**THE CHAIR:** Yes.

**Mr Dawes:** And also Tuggeranong.

**Mr Barr:** Yes, the Tuggeranong town centre.

**Mr Dawes:** There has been a very successful community consultation with Tuggeranong.

**MR SMYTH:** Are you including Erindale in that consultation?

**Mr Dawes:** No, I am talking about our consultation around changing some of the sites around the lake, on the southern part of the lake, for residential and some mixed use. We are looking at a territory plan variation for the other side of the lake as well.

**Mr Barr:** And Kingston foreshore.

**MR SMYTH:** I remember years ago Mr Corbell singlehandedly leading campaigns to stop development on the lake foreshore.

**MR HARGREAVES:** Actually it was not singlehandedly.

**THE CHAIR:** Do you have a forward program for infill, in the same way as you have for greenfield?

**Mr Dawes:** We do. In the indicative land release we do have some of that land as well. But part and parcel of the process, as we develop for 2012-13 and beyond, is that

there will be more infill involved in that. It will be indicative only. One of the goals and objectives is to get out and meet with the communities and talk to them about it as well, so that when it does really hit the land release program, there are no surprises and we can sell those blocks with some certainty that the community are aware of what is coming.

**Mr Barr:** Madam Chair, I am delighted to make an offer to the committee. If you would like to identify any sites for infill, please feel free to make those.

**MR HARGREAVES:** There is a place in Dickson that I have in mind, minister.

**Mr Barr:** Feel free to deliberate on those matters and make any recommendations that you see fit on suitable sites.

**MR SMYTH:** I would recommend that you go back to your 2001 policy when Mr Corbell was going to have a referendum on all unleased, unused territory land, so that the community could determine which bits would be built on.

**Mr Barr:** You all regularly profess your closeness to the communities that you represent, so I look forward to any suggestions.

**THE CHAIR:** We have probably come to the end of our time. It may be that we will be sending you some questions on notice. However, regardless of that, I would certainly like to thank all three of you for appearing before us today. When it is available, a copy of the proof transcript will be forwarded to you so that you can make any corrections of factual errors. I declare this public hearing closed.

**The committee adjourned at 3.02 pm.**