



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: [Inquiry into Auditor-General's Report No 8 of 2018: Assembly of rural land west of Canberra](#))

Members:

MRS V DUNNE (Chair)
MS T CHEYNE (Deputy Chair)
MS B CODY
MS N LAWDER

TRANSCRIPT OF EVIDENCE

CANBERRA

WEDNESDAY, 2 OCTOBER 2019

Secretary to the committee:
Dr B Lloyd (Ph: 620 50137)

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

DOWNING, MR TIM , former owner of Huntly	89
FLANNERY, MR STEVEN , Knight Frank Valuation & Advisory	70
TULLY, MR MAURICE , former owner of Wintergarden	44
TULLY, MRS MAUREEN , former owner of Wintergarden	44
WALLACE, MR MAURICE JOSEPH , former owner of Lands End.....	33

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Amended 20 May 2013

The committee met at 10.18 am.

WALLACE, MR MAURICE JOSEPH, former owner of Lands End

THE CHAIR: Good morning and welcome to the first public hearing of the inquiry of the Standing Committee on Public Accounts into Auditor-General's report No 8 of 2018, the assembly of rural land. Today we will hear from Mr Wallace, the former owner of Lands End; Mr and Mrs Tully, the former owners of Wintergarden; Mr Steven Flannery of Knight Frank Valuation & Advisory; and Mr Tim Downing, former owner of Huntly.

Today's hearings will be recorded and transcribed, and a proof transcript will be provided to each witness for comment before it is published. I welcome Mr Wallace, the former owner of Lands End. Mr Wallace, have you read the pink privilege statement and understood it?

Mr Wallace: Yes.

THE CHAIR: Thank you. I note that your representative, Mr Barnett, is with you and that Mr Barnett understands his role here today. Mr Wallace, are you having trouble hearing me?

Mr Wallace: No, it is not too bad.

THE CHAIR: I will try to remember to speak up.

Mr Wallace: That is all right.

THE CHAIR: Thank you for appearing here today. I will ask you to identify yourself for Hansard before we begin. Speak into the microphone and say your name, where you live and the reason you are appearing here today.

Mr Wallace: Maurice Joseph Wallace. I live in Monash—at the Goodwin retirement village in Monash. What was the other one?

THE CHAIR: Why are you here today?

Mr Wallace: I am here to—I am not too sure why I am here.

THE CHAIR: Mr Wallace, you were the owner of Lands End, a property—

Mr Wallace: Yes, the lease, yes.

THE CHAIR: to the west of Belconnen, to the west of Canberra. You sold it to the ACT government.

Mr Wallace: I did.

THE CHAIR: Did you have plans for the lease before it became clear to you that

there was an option to sell it to the government?

Mr Wallace: Did I have any other plans for it?

THE CHAIR: Yes.

Mr Wallace: No.

THE CHAIR: You were running it as a going concern, as a farm?

Mr Wallace: Yes.

THE CHAIR: What were you doing on the farm?

Mr Wallace: We had sheep and cattle.

THE CHAIR: Yes. Just sheep and cattle? How big was the property?

Mr Wallace: It was about a thousand acres, about three hundred and something hectares.

THE CHAIR: What sort of a lease did you have over the property?

Mr Wallace: It was a 99-year lease.

THE CHAIR: Was it a lease that was changed as a result of the changes in land policy in the early 2000s?

Mr Wallace: Yes.

THE CHAIR: Before then, before it was converted to a 99-year lease, what sort of lease did you have?

Mr Wallace: I do not recall.

THE CHAIR: You do not recall; okay. You converted to a 99-year lease on that concessional arrangement whereby if you sold it within the first 10 years there was a sort of profit share between you and the government; is that correct?

Mr Wallace: That could be right, yes.

THE CHAIR: It was based on dry sheep equivalent? The value of the land at the time of the lease conversion was based on dry sheep equivalent?

Mr Wallace: Yes.

THE CHAIR: Excellent. So you were farming the land—

Mr Wallace: Yes.

THE CHAIR: and you had no plans to do anything other than that?

Mr Wallace: No.

THE CHAIR: Who made the first approach? Did you make an approach or was it someone—

Mr Wallace: I did.

THE CHAIR: You made an approach to the government?

Mr Wallace: To the LDA, yes.

THE CHAIR: What prompted you to make that approach to the LDA?

Mr Wallace: I was 80 years old. I thought it was time I gave it away.

THE CHAIR: You did not have anyone in your family who particularly wanted to take it on as a going concern?

Mr Wallace: No.

THE CHAIR: What made you think that the government would be interested in buying the block?

Mr Wallace: Because they had been buying properties not too far away. They bought Frank Coonan's block and a couple of others.

THE CHAIR: Yes.

Mr Wallace: Seeing they owned the land, I thought that it would be the right thing to do to contact them and see whether they were interested in it.

THE CHAIR: Your block is Lands End. It is out the back of Belconnen—

Mr Wallace: Yes.

THE CHAIR: on Stockdill Drive, essentially.

Mr Wallace: No, William Hovell and Drake Brockman.

THE CHAIR: Yes, it is a little further in.

Mr Wallace: Yes.

THE CHAIR: You were aware that the government had bought land down Coppins Crossing Road previously.

Mr Wallace: Yes.

THE CHAIR: When did you make that first approach to the government?

Mr Wallace: It would be five years ago now.

THE CHAIR: Can you remember exactly when?

Mr Wallace: No.

THE CHAIR: That is fine.

MS CHEYNE: So what prompted you to initiate discussions with the LDA over putting it up for auction or selling it otherwise? Was it because of what was happening around you and you knew that there was interest there?

Mr Wallace: Yes. They owned the land. I owned the lease and I thought it was the right thing to do to give them the offer.

MS CHEYNE: The right thing in what way?

Mr Wallace: Because they were developing land not too far away. I did not even think about putting it out for private tender or anything like that. I might have if they had not been interested. But, when I rang them, within a few weeks we had a meeting and they sent their valuers out, and within a few months it was all done. No dramas.

THE CHAIR: It was an easy sale process for you?

Mr Wallace: Yes, it was. Two lots of valuers came out and valued the properties. One valuation was under and one was over. I split the difference with them and they accepted that. It was all very straightforward and simple.

Ms CHEYNE: How, again, did you become aware that the LDA was interested in land around you? You said it was the Coombs site.

Mr Wallace: Probably more than 20 years ago, when my father was alive, we went in and spoke to them. They were thinking of developing a part of Lands End then, but nothing ever happened. That could be one of the reasons, I guess.

Ms CHEYNE: So, based on those experiences, it was already at the forefront of your mind that perhaps they were an interested party?

Mr Wallace: Yes. I did not think it would be much good trying to sell it privately when they were going to develop it.

Ms CHEYNE: Is that because you could have tried to sell it privately but the government could have compulsorily acquired it at a later date?

Mr Wallace: Stopped it, yes. I would say so, yes.

Ms CHEYNE: So perhaps you might not have had the same interest privately because you knew that they were potentially—

Mr Wallace: That is exactly right.

MS CHEYNE: Do you think it was well known generally among the community that the government was hoping to develop that area eventually?

Mr Wallace: Yes, eventually.

MS LAWDER: How long had you farmed at Lands End? How long had it been in your family?

Mr Wallace: Fifty-odd years.

MS LAWDER: So you grew up on the property?

Mr Wallace: No, we moved from Jindabyne when the dam came in and flooded the property there. I was in the butchery in Canberra and my father came down and we had a look. It was for sale and we bought that then.

MS LAWDER: How did the farming compare to the Jindabyne site?

Mr Wallace: Very similar.

MS LAWDER: And in size, how did the property compare?

Mr Wallace: Probably smaller here.

MS LAWDER: But you were able to make it a going concern?

Mr Wallace: Yes.

MS LAWDER: How did you know the LDA had bought other land nearby? Was that just from chatting with your neighbours?

Mr Wallace: Yes.

MS LAWDER: There was a good kind of network going on between your neighbours?

Mr Wallace: Yes.

MS LAWDER: And if the LDA did not wish to purchase your property, what might you have done, or did you not have to think that far?

Mr Wallace: I would probably have stayed there for a bit longer and maybe tried to sell it privately.

MS LAWDER: You had no family who were keen to continue farming?

Mr Wallace: No. I may have leased it to my brother-in-law or something.

MS LAWDER: How did you contact the LDA? How did you know who to go to in the LDA?

Mr Wallace: I rang them up and made an appointment to go and see them.

THE CHAIR: So you rang the land development agency?

Mr Wallace: I did.

THE CHAIR: Ms Lawder's question was how you knew to contact the LDA?

MS LAWDER: Did someone give you a name and a number? Did one of your neighbours say, "I dealt with Joe Smith"?

Mr Wallace: I cannot recall just how that happened. But I contacted them.

MS LAWDER: And when you then met with them they were the right people to help you progress?

Mr Wallace: Yes.

MS LAWDER: You referred to two valuations?

Mr Wallace: Yes.

MS LAWDER: You said one was over and one was under.

Mr Wallace: Yes.

MS LAWDER: What do you mean? Over what or under what? What do you mean?

Mr Wallace: The valuation was \$3 million—no, I am sorry. The first valuation was under \$3 million, but I cannot recall just how much under. Then the next one was over \$3 million.

MS LAWDER: So that is what you meant when you said one was under and one was over?

Mr Wallace: Yes. So I went and saw them and said, "Why don't we split the difference?" and they agreed to that.

MS LAWDER: So the LDA organised both of those valuations?

Mr Wallace: They did.

MS LAWDER: You did not get your own valuation?

Mr Wallace: No.

MS LAWDER: Did you have a figure in your head of what it was worth, based on your neighbours, perhaps?

Mr Wallace: Yes.

MS LAWDER: And how did the valuation you received fit with your personal—

Mr Wallace: Within the range, yes.

MS LAWDER: How long did the sale process take? Three months, six months?

Mr Wallace: Three to four months.

MS LAWDER: And you remained on the property during that time?

Mr Wallace: Yes, for about a year.

MS LAWDER: So even after the sale you were able to stay until you sorted out where you were going to go?

Mr Wallace: Yes.

MS LAWDER: Was there a time limit on how long you were allowed to stay?

Mr Wallace: No.

THE CHAIR: Did you pay rent in that time?

Mr Wallace: No. They were always going to give me a three-monthly lease, but that was no good. You can't breed cattle when you might be put off in three months time, so we knocked that back, and they never got around to doing anything else about it.

THE CHAIR: In that time what did you do? Did you gradually destock?

Mr Wallace: I just carried on normally.

THE CHAIR: Did you carry on normally or did you—

Mr Wallace: I was getting rid of stock.

THE CHAIR: Plant and equipment, and stuff like that, as well?

Mr Wallace: No, that all stayed.

THE CHAIR: All of the farm machinery stayed?

Mr Wallace: Yes.

MS CHEYNE: Was it a condition of the sale that the equipment stayed?

Mr Wallace: I was not aware that it was until I tried to do something, and I discovered that everything on the property stayed on the property.

MS CHEYNE: Except if it was breathing?

Mr Wallace: No clearance sale.

THE CHAIR: So you were able to destock—

Mr Wallace: Yes.

THE CHAIR: but you could not have a sale of plant and equipment?

Mr Wallace: No.

THE CHAIR: And you were surprised by that?

Mr Wallace: Yes.

THE CHAIR: I wonder what they did with the plant and equipment. Do you know what has happened with the property now? Is it agisted?

Mr Wallace: My sister and her husband got it, and they are trying to get a lease.

THE CHAIR: They are managing it now?

Mr Wallace: Yes, they are.

MS LAWDER: Are they living on the property?

Mr Wallace: Yes, my nephew is.

THE CHAIR: Someone is living there?

Mr Wallace: Yes.

THE CHAIR: And it is being run as a working farm?

Mr Wallace: Just as it was before; no sheep.

THE CHAIR: Just cattle.

Mr Wallace: Just cattle.

THE CHAIR: I suppose you would describe yourself, Mr Wallace, as a willing seller at the time?

Mr Wallace: Yes.

THE CHAIR: And your experience of the actual sale process was a good one?

Mr Wallace: It was fair and reasonable, and very straightforward.

THE CHAIR: You said you attempted to do something, and you discovered that the plant and equipment had to stay on the property. What happened in that scenario?

MS LAWDER: How did you find out that you were not able to sell that?

Mr Wallace: It was probably in the lease and I did not read it properly, or something. A friend wanted a loan of something and we discovered we could not take anything off.

MS LAWDER: How did you discover that?

Mr Wallace: I do not recall. I think someone that was there advised me that it could not happen.

THE CHAIR: You do not recall who that was?

Mr Wallace: No.

THE CHAIR: Do you recall who, in the land development agency, you dealt with?

Mr Wallace: If I heard their names, I might. Do you have any names?

THE CHAIR: The head of the land development agency was Mr Dawes.

Mr Wallace: No, I did not see him.

THE CHAIR: Who else was there at the time?

Mr Wallace: There are no names in there?

THE CHAIR: The thing is that there are not. People are identified by their title. There are no names of individuals; their titles are there. You do not recall who you dealt with? If that comes to you, could you get back to us?

Mr Wallace: Yes.

THE CHAIR: You did not keep your correspondence?

Mr Wallace: We did for years. My secretary—my wife—likes to clean up.

THE CHAIR: Could I ask generally about the economics of running a working farm in the ACT? You had 330-odd hectares for sheep and cattle. Was it viable? Did it provide you with a reasonable income?

Mr Wallace: A reasonable income.

THE CHAIR: Would it have been a going concern for someone to acquire it as a

working property?

Mr Wallace: Yes.

THE CHAIR: Do you know the arrangement by which your sister and brother-in-law acquired the lease after you left?

Mr Wallace: We had a meeting with the LDA and I recommended to them that these people look after the place. That is how it all happened.

THE CHAIR: If you come across some correspondence or if the name comes to you, if you could get in touch that would be very helpful.

Mr Wallace: Yes, I will. I should have had it with me today.

MS CHEYNE: We touched on the rent that may have been due. The Auditor-General's report found that \$130,000 in rent for two properties may have been forgone by the LDA and that one of those two properties that had rent due was Lands End. Has the LDA, or any agency since it dissolved, approached you about any missing rent at any stage?

Mr Wallace: No. Any bills we got would have been paid, but I do not recall what they were. It was not for any lease money, I do not think.

MS CHEYNE: But anything that you had outstanding you would have paid?

Mr Wallace: I have.

MS CHEYNE: So any time they have approached you, you have made sure it is all squared away.

Mr Wallace: Yes. I do not owe them anything.

MS CHEYNE: But, to your recollection, no-one has approached you about missing rent?

Mr Wallace: No.

MS LAWDER: You were never asked to enter into a lease for rent?

Mr Wallace: It was mentioned but it never happened.

MS LAWDER: The current people on there are your sister and brother-in-law. Are they paying rent?

Mr Wallace: I do not know.

MS LAWDER: I hope you are happy in your new home at Goodwin Monash?

Mr Wallace: Unbelievable.

MS LAWDER: Good to know.

MS CHEYNE: I have a final question. Did you have any concerns at any point about the way that the sale or the negotiation of the sale was conducted, apart from perhaps getting surprised about the equipment?

Mr Wallace: None whatsoever. It was all very straightforward.

THE CHAIR: Did you pay for your own conveyancing, your own legal fees, or was that borne by the LDA?

Mr Wallace: I would have paid that, yes. Ken would have.

THE CHAIR: So you had a solicitor acting for you that you paid for.

Mr Wallace: Yes.

MS CHEYNE: And you felt it was a fair process and a fair price?

Mr Wallace: Yes.

THE CHAIR: If we do not have any other questions, can I thank you, Mr Wallace, for your appearance here today.

Mr Wallace: Not a problem. What was it that you would you like to know? Was it the names?

THE CHAIR: If you can recall the names of the people that you dealt with at the land development agency, that would be great.

Mr Wallace: Or any correspondence.

THE CHAIR: Or any correspondence that might point us in the direction of the people that you dealt with. You will receive a transcript of the evidence that you have given today. We would ask you to read it. If there is anything that needs clarification or correction, be in touch with the committee secretary, Dr Lloyd. Mr Barnett may wish to assist you with that.

Mr Wallace: Okay.

THE CHAIR: Thank you very much for your appearance here today.

Mr Wallace: No worries.

Hearing suspended from 10.41 to 11.14 am.

TULLY, MR MAURICE, former owner of Wintergarden
TULLY, MRS MAUREEN, former owner of Wintergarden

THE CHAIR: We are resuming the hearing of the public accounts committee inquiry into Auditor-General's report No 8 of 2018 on the assembly of rural land. I welcome Mr Maurice Tully and Mrs Maureen Tully, the former owners of Wintergarden. There is a pink privilege statement on the table. Could you indicate that you have read and understood the privilege statement?

Mrs Tully: Yes.

THE CHAIR: Mr Tully, could you indicate that you have read and understood the privilege statement?

Mr Tully: Yes, I have.

THE CHAIR: Could I ask you in turn to identify yourselves and where you live?

Mr Tully: We live on Round Hill Station. The street address is 4 Skinner Street, Cook.

Mrs Tully: I am the other farmer Tully. I also live, and have for many decades, on Round Hill Station, referred to as Wintergarden in this report—which it should never have been, because it was only the name of my son's vineyard. The street address is 4 Skinner Street, Cook.

THE CHAIR: That is interesting. I have often wondered where the term "Wintergarden" came from. You are saying that was a subset of the property.

Mrs Tully: Jamie planted a vineyard and called it Wintergarden.

Mr Tully: That is our son.

Mrs Tully: We encouraged him to do it.

MS CHEYNE: Only in the last five or six years?

Mrs Tully: Yes.

THE CHAIR: The property which was sold was known to you as—

Mrs Tully: Round Hill Station.

THE CHAIR: Round Hill Station.

Mrs Tully: Mrs Bell called it Hillview, but we never liked the name Hillview. It was Round Hill Station. She called it Hillview, but it is the most common property name in Australia. There is a Hillview on the road to Yass, and there are several Hillviews in the periphery of Yass, Goulburn, Collector and everywhere else. We thought, "It's got a name: Round Hill Station."

Mr Tully: That is the original name.

THE CHAIR: Before discussions started with the land development agency—and we will go into how that happened—what were your plans for the property?

Mrs Tully: To never leave. It was very unwilling; we did not even know this was happening. This is totally unwilling. We have been sabotaged for years and years, and you have known about some of this. You have been very helpful.

THE CHAIR: It was your intention to stay on the property?

Mrs Tully: Forever.

THE CHAIR: Who took the initiative to sell the property?

Mrs Tully: We could not get a loan. We had had that much land taken from us. The land was given to ex-rangers and livestock transporters. Agistment was never made available for us. In fact, we were not even told about agistment. Financially, we were in a terrible position. We have always been very light borrowers because we do without. The bank said, “You’ve got a wonderful, perfect credit record. We don’t want to embarrass you but you’re too old. We can’t loan you any money.” I said, “What do you mean?” I still feel 30 in my head. I may be 70 but I identify as 30.

Mr Tully: She acts like it, too!

Mrs Tully: I have grown up a little. We transferred the property. We asked for volunteers. None of them wanted to do it because they all felt bad about it, but two of them said they would do it, reluctantly.

THE CHAIR: Two of your children?

Mrs Tully: Yes, two of our children, Jamie and Kate. I must say that it has damaged them terribly. The department were in talks with them.

THE CHAIR: You transferred the ownership of the property to—

Mrs Tully: Jamie and Kate.

THE CHAIR: two members of your family—

Mrs Tully: Yes.

THE CHAIR: so that you could borrow against it?

Mrs Tully: So that they could borrow.

THE CHAIR: So that they could borrow against it?

Mrs Tully: They are, obviously, a generation younger. Both had good jobs, and they

could borrow for us. But then there was the problem that you always have, which is that it is an ACT lease. Over the years it is a good job that we have been very frugal, because banking institutions do not recognise ACT leases. They will allow a house, because the main asset is the house. The land is almost immaterial. But on a farm they cannot take your house without taking the farm. They know that an ACT farm is not an easily sellable thing. We go onto the market and they say, “They’ve taken this, this and this.” They gave us \$1.50, or less than a dollar in some cases, for house blocks in Cook. They gave us \$1.50 for the house block.

Mr Tully: That was in 1968.

Mrs Tully: So no-one wants to buy it, to finish the sentence.

THE CHAIR: What was the nature of the lease?

Mrs Tully: A 99-year lease.

THE CHAIR: So it had been made a 99-year lease in the early 2000s under that regime?

Mrs Tully: Yes. Maurice is fifth generation. Our kids are the sixth generation here. I am a migrant.

THE CHAIR: When did your family acquire that property?

Mrs Tully: 1937.

Mr Tully: 1937.

Mrs Tully: But they were local.

THE CHAIR: Yes, I know that. When you acquired the property, presumably between then and the early 2000s there were a variety of different lease treatments.

Mrs Tully: It was a 50-year lease. We have it on the wall.

Mr Tully: The first one was conditional occupancy or something like that.

Mrs Tully: While they worked out how to do the lease.

Mr Tully: Then they decided to come up with this 50-year lease.

THE CHAIR: You had a 50-year lease?

Mrs Tully: That ran out on 31 December—it must have been 1996. We had several meetings about it.

THE CHAIR: Then you would have had a quarter-by-quarter lease.

Mrs Tully: We did not have anything in writing at all, for years.

Mr Tully: The lease expired. For four years, we did not have a lease of any sort.

Mrs Tully: We had nothing. But we had assurances, which, with our history, terrified us—assurances that they would give us a 99-year lease. “Mrs Tully, nothing will be different on 1 January from what was the case on 31 December. Within a very short time we will be offering you—and not to worry; it doesn’t matter that you have nothing in writing from us. It’ll be fine,” said a row of lawyers. This has not been my experience, but they had all of the cards and we had none. I think four years or more went by.

THE CHAIR: So you went for four years or so and then the rural lease policy changed and there were 99-year leases?

Mrs Tully: Yes.

THE CHAIR: You acquired 99-year leases over how much land?

Mrs Tully: Block 180.

Mr Tully: It was block 180. The remnants now, I think, are 257 acres.

Mrs Tully: But she wants to know how much it was then.

Mr Tully: Just add 100 to that, because that was blocks 4 and 5, Molonglo. Where Whitlam is being built is block 4, and block 5 is on the eastern side of Coulter Drive. That has been turned into a park, so that will not be built on. But that was about 110 acres, so add that to 257 and that is about the total of the property.

Mrs Tully: But it started off as a huge property at the time.

THE CHAIR: So your plans were to continue there, and in order to facilitate your continuation you handed over ownership to your—

Mrs Tully: Had no choice but to hand over.

THE CHAIR: So that you could borrow against the property?

Mrs Tully: Yes. So suddenly one day your credit record and all of your good work means nothing. They say, “You might be dead next week,” but you could be dead next week when you are 30.

THE CHAIR: That is right. So who took the initiative to sell the lease to the ACT government? Did your family members approach the government or did the government approach them?

Mrs Tully: I am not exactly sure about what happened in that flux.

Mr Tully: No. Our son decided to sell it at auction.

Mrs Tully: Because they had been told—

Mr Tully: We had not had any approach, as far as I know, from any government department, LDA or otherwise. We decided to auction it and when it—

Mrs Tully: We did not.

Mr Tully: We did not; he did, against our wishes. They did all the blurb and put out this—

Mrs Tully: Can I give a two-minute backstory?

THE CHAIR: Yes.

Mrs Tully: Jamie could not get loans. Despite the huge earning power in our perfect history, they found they could not get a loan. My daughter, who was not on the lease, found him in the process of suiciding in the shed because he was letting his parents down, and he has not been right since. He had the rope around his neck, but he could not do it. And then Kate walked off and said, “Get me off it.” They went through in six months what we have spent our lives going through with the ACT government.

Poor Jamie; his wife then goes against him. The moment the farm was in his name, his wife goes against him, leaves him with the farm and takes three-quarters of a million dollars, signing that she would not go after anything else or his super. But that is no help to us; we will not be alive. Anyway, it has just been terrible. It has been a terrible, terrible experience. I will just talk through it. Forgive me if I have tears, but I cannot help it.

MS CHEYNE: Take your time.

Mrs Tully: Yes. I will be right. Just ignore it and carry on with the questions.

THE CHAIR: So—

Mrs Tully: So this was the situation, the back of it. He said, “This is going to half kill you and it isn’t what you want. And Kate and I love you so much, but we can’t raise the money.” It was actually Icon Water that was the thing. Since then we found the original agreement, which was that we not pay for troughs. Icon Water were charging Jamie—they hid this from us for a while—\$3,000 a month for water, all excess charges on the houses. When they did a forensic look at them, we were some of the most frugal water users in the ACT.

There is only one meter coming in; it only needed one meter when it was Mr Tully, Mrs Tully and their two little boys. As time went on, we wanted to build. We built a transportable house because in 1979 we were told we would have only two more years on the place and then they were taking it. Fifteen years later I said, “This is ridiculous,” and I built the house I wanted to have—I am a bit of a hippie—a rammed earth house. It is gorgeous. It was cheap—\$120,000 for seven bedrooms. If you want any tips, ask me. It is a beautiful thing, and we built it by hand ramming it. It took four years and nearly killed us. Do not build one yourself.

Mr Tully: Then all the kids left and we have got seven bedrooms with no-one in them.

Mrs Tully: Well, we have one kid left, luckily. But that is off of the track.

Mr Tully: It is irrelevant.

Mrs Tully: The point of all this is that what you get told and what happens are different. We found the original document where the government undertook to not charge us for the water troughs. It was all block 180 with a dirt road and then a lightly sealed thing. But they put William Hovell Drive and Coulter Drive, that major intersection, through the place in the 80s and they cut off the dams. The dams are on one side of the road and the rest of the farm is on the other side of the road. And with one meter they were charging us all excess.

I went to ACTEW, as it was at the time, and said, “This is no good.” They said, “Okay, we’ll put meters on all the houses.” They did not do it, did not do it. “Can I have the meters on the houses?” They did not do it. Then somebody said, “You cannot have meters on the houses. This is one lease; you get one meter.”

When the ACT Assembly came in, they decided that they did not think this agreement was a good agreement—to not charge us for the water. We hardly ever used it for the stock, I might tell you.

Mr Tully: Only when the dams were dry.

Mrs Tully: Only when the dams were totally dry. We would move them under the road and across the road. The way Canberra was then, you moved them across the road; you could take your sheep or your cattle across the road. Still can. Anyway, since then we have found out that they are all on easements.

Do you know that on our small place there are a thousand kangaroos, by objective outside measurement? A thousand kangaroos. They graze all their stock on our land; there is nothing left for our stock and we are paying for their water. We are bird people. We love native birds—well, we love native anything. I have raised everything. You have got hundreds of birds on the water troughs, drinking and taking turns, but we are being charged excess rates for it.

Anyway, it was \$3,000 a month. Jamie could not get a loan and he could not pay \$3,000. His wife said, “You’re just taking care of your parents. You don’t love me. You don’t take care of me. There’s no money for us and the children because you pay it all into the farm. I’m going to leave you.” I have some sympathy for her. I can understand. If I stand in her shoes it looks like he has just given all of his income and all his time to his parents and not to her. But she took whatever money there was, and have we seen our son since? The daughter that is on it does not visit us. They were very close family. So \$3,000 a month; he just could not cope. But these are the sorts of things.

Anyway, we found the original, because they used to be handwritten on paper signed by the relevant people: the representatives of whatever it was at the time. We just call

them all Weeds and Seeds because they have changed the name so often we cannot keep up with it; and our local ranger. We used to have a local ranger, your ranger. It was really good and he was wonderful.

THE CHAIR: So the situation became that no-one could borrow for the property?

Mrs Tully: He tried to sell it.

THE CHAIR: So the property was put up for sale?

Mrs Tully: For auction, because a real estate agent had heard that Glenloch got \$10 million. The owner of Glenloch was saying \$20 million, but it was \$10 million. Jamie thought he was being offered \$10 million and he said, "You're going to hate me. I know what it means to you. I know how you have hand-restored Rosebud Cottage, Bell's Cottage and the stables. I know that's your life, but we can't stay here. There's just the reality of I can't pay \$3,000 a month. My wife's going to leave me. We can't get a loan, and if we could get an amount of money like that, you could buy a house." I said, "I don't want a house." "You could buy any house you like." I said, "I don't want a house." "You can buy another farm." "Sure, has it got Rosebud on it?" "No, it hasn't." Anyway.

Mr Tully: Retire.

MS CHEYNE: I appreciate this is really hard to talk about.

Mrs Tully: It is hard. I am sorry that I am emotional.

MS CHEYNE: Just to make sure it is crystal clear to those of us who have not lived and breathed this every day—

Mrs Tully: Sure; thank you.

MS CHEYNE: there is an enormous amount of family connection to this property.

Mrs Tully: Five generations.

MS CHEYNE: Then you got to a point where the land was not particularly arable or—

Mrs Tully: Oh, no; the land is great.

Mr Tully: Not enough of it; not enough of it.

Mrs Tully: No, there is not enough of it because they kept taking it.

MS CHEYNE: Not enough land; okay.

Mrs Tully: But we have wonderful land.

MS CHEYNE: I want to get back to their taking the land at a later point. So there was

not enough land for you to make enough of a living off it to pay the bills.

Mrs Tully: Yes, but that is not the problem.

MS CHEYNE: But that is because Icon had started charging you—

Mrs Tully: It is only when you get bills you cannot pay.

MS CHEYNE: Yes.

Mrs Tully: It is like today. A lot of householders are suffering from enormous bills. When they said, “I’ll put the gas on,” they were not thinking that they would be paying these enormous bills that they cannot pay anymore. It is that situation. But the point is that they should never have been our bills, because we should have had individual bills. The three houses should have had individual meters. We were not responsible. We had it in writing. Anyway, there was some independent thing—APAC, IPAC, CPAC—that we appeared in front of with a row of lawyers.

Mr Tully: A tribunal.

Mrs Tully: About the water thing.

THE CHAIR: ACAT.

Mrs Tully: Yes. Anyway, I produced the original thing. The lawyer that was in charge of it said, “Oh, what a happy find, Mrs Tully,” because all the young lawyers said, “Oh, it is a piece of paper. It is not a printed document. This cannot be right.” The older fellow said, “It is. They are all like that.” That is what you got in the 50s and 60s. They were handwritten and signed. They said, “There are all the signatures.” Anyway, the names do not matter.

THE CHAIR: The thing was that the property was put up for auction. When was it put up for auction?

Mrs Tully: Three years ago, I think.

MS CHEYNE: So why—

Mrs Tully: It is so hideous, I just—

MS CHEYNE: What was the purpose of the vineyard? Was that a side project?

Mrs Tully: That was just Jamie who wanted it. Jamie is public service. He was actually doing undercover work for the AFP to do with bomb squads and terrorism.

MS CHEYNE: So he just wanted something like a hobby?

Mrs Tully: Sure, but when they asked him—

MS CHEYNE: So it was not intended to be a supplement to your—

Mrs Tully: Oh, no.

MS CHEYNE: Okay. So you got to a point where the bills that you were getting—fair, unfair, whatever—

Mrs Tully: It is only the bills.

MS CHEYNE: were crippling your ability to survive on the property.

Mrs Tully: Only the bills and the lack of—

MS CHEYNE: That is the point that Jamie got to. It was Jamie and his wife who had the lease.

Mrs Tully: No, we had the lease.

MS CHEYNE: But you had transferred—

Mrs Tully: No, we got the lease back.

Mr Tully: They offered us a 10-year lease after the sale.

THE CHAIR: No. Let us just leave that there. At the time it was put up for auction—

Mrs Tully: Jamie.

THE CHAIR: it was Jamie and his wife—his wife or your daughter?

Mr Tully: She was not on it.

Mrs Tully: No, just Jamie.

THE CHAIR: Just Jamie.

MS CHEYNE: Okay, and Jamie was under this enormous pressure—

Mrs Tully: Because Kate walked off because she did not want to have it sold from under us.

MS CHEYNE: Okay.

Mrs Tully: Kate just could not take it.

MS CHEYNE: Okay; so Jamie is under enormous pressure, as you describe it.

Mrs Tully: He thought, “I can take care of you. We will bring in this money. We can buy another farm. It will not be the same farm, but this is just the reality.” He knew it broke our hearts. It was heartbreaking, the whole thing—on everybody’s side—and it is.

Mr Tully: Maureen has put her life into these old slab cottages. We have restored all three of them back to their original condition. It cost us a bloody fortune.

Mrs Tully: All with hand tools.

Mr Tully: Our plan was to Airbnb them just over the weekends. We did not want any tenants in there. We definitely did not want bloody tenants, but Airbnb them. That was working well. Then as soon as the place was sold, they inspected them and said, “Because they are wooden walls, Mrs Tully, they are not up to code.” So they bombed it.

Mrs Tully: So we are deeply in debt for restoring the—

Mr Tully: That is current. It is going on now.

Mrs Tully: Heritage love me. Heritage said, “Oh, my God! You have preserved this forever.”

Mr Tully: They love them.

Mrs Tully: You can only preserve historical things—this is the situation in Britain, Europe, anywhere—if you monetise them in some way. It was not bringing in an income but it was paying for the rent. I got one paid for and I started on the next one. I borrowed lots of money.

Mr Tully: Anyway, that is just an aside.

THE CHAIR: The thing is, can we sort of try to keep to the chronology?

Mrs Tully: Sure, of course. I am sorry.

Mr Tully: I know what you are interested in. I do understand. That was an aside.

THE CHAIR: Yes. The property was put up for auction. It did not sell at auction; is that correct?

Mrs Tully: That is right.

Mr Tully: Yes.

THE CHAIR: Then the land development agency—

Mrs Tully: The LDA approached Jamie.

THE CHAIR: approached Jamie after the sale.

Mrs Tully: After the auction.

MS CHEYNE: They had made no approach. They were not even aware that you were

interested in selling?

Mrs Tully: They were at the auction and they walked around and told people that if they bought it— isn't this true?—that if they bought it, it was worth nothing. They could take it at any time.

Mr Tully: You will get valuation—

Mrs Tully: They said, “You will get valuation and nothing else. It is pointless your buying it.” There were a number of people. Please do not think this is a racist thing. I studied Mandarin at university, at ANU, years ago because I am so interested in history, particularly Asian history. One of the public servants, who shall remain nameless, told me that they wanted to do that because the top bidder was Chinese. They had infinite money and they did not want them to develop it.

Mr Tully: Now, let's be—

Mrs Tully: I do not know how true that is. That is hearsay. I am just giving—

Mr Tully: Let us be realistic about this—

THE CHAIR: What you are saying is that, from your point of view, the LDA was present at the auction—

Mrs Tully: Yes, and spoke to bidders.

THE CHAIR: and made it difficult for—

Mrs Tully: For a sale.

THE CHAIR: bidders.

Mr Tully: The property was valued at transfer at \$3.75 million.

Mrs Tully: That was their value.

Mr Tully: That was the valuation then, when it transferred to Jamie's name. The auction was spun out; it must have been like a sore toe. We were not invited, by the way; we were not allowed in. During the auction someone from the LDA cruised around and told people, “You can bid more if you like, but what's going to happen is that if we decide to take it from you, you will only get valuation.”

Mrs Tully: “Within 14 days you will get this.”

Mr Tully: And the bidding stopped. Of course the bidding stopped.

Mrs Tully: No-one would buy it.

Mr Tully: I firmly believe that all of these land grabs down the bloody valley were to keep the Chinese out.

Mrs Tully: That is just an opinion.

Mr Tully: We know that.

Mrs Tully: You know that; I do not know that.

Mr Tully: I am telling you.

Mrs Tully: You can think that.

THE CHAIR: Can we just—

MS CHEYNE: We take the point; we are very tight on time.

Mr Tully: Okay; that is my comment.

Mrs Tully: Leave it; you have made your comment.

Mr Tully: Then Jamie negotiated with the LDA and got it up to four—something around that.

Mrs Tully: And with a 10-year—

Mr Tully: Yes, the bribe, or the blackmail, was, “Your folks can stay there for another 10 years.” Of course, he grabbed it. Why wouldn’t you?

Mrs Tully: He thought he had taken care of us, but with every day that goes past I am planting. I am killing myself in the garden. It is beautiful. You should see Round Hill Station; it is the most beautiful place you will ever visit in Canberra. It is stunning. I am killing myself in the garden and I am thinking, “It’s not mine.” I look at a plant and think, “Is it worth paying for this plant? This is not mine.” Do you understand?

THE CHAIR: Yes. After the sale you acquired a 10-year lease?

Mrs Tully: Yes.

THE CHAIR: Under what terms?

Mrs Tully: I was not allowed to be on it. I am not on the lease.

THE CHAIR: Who is the lessee?

Mrs Tully: I am on the lease of my house—the big farmhouse. I am on that; so is Maurice. On Maurice’s house that he was born in, they put our daughter Sarah, which is fine with me, as a tenant.

THE CHAIR: Who is “they”?

Mrs Tully: The LDA. On the transportable that we built, because we were going in

two years, in 1979, they put my other daughter, because Kate is off the scene.

THE CHAIR: But for the land itself—

Mrs Tully: For the land itself they put Maurice, Anna and Sarah, and I am not on it. This is 50 years of my life; why am I not on it? They said—

Mr Tully: Maureen is on the house block—

Mrs Tully: But not the farm. I am the only other person who could run the farm now.

Mr Tully: We did not negotiate that.

Mrs Tully: The girls did not want that.

THE CHAIR: How is it that, if you were unwilling to have that sort of lease, you ended up with a lease like that, and that you were not jointly lessees?

Mrs Tully: We had to sign it.

Mr Tully: No frigging choice.

Mrs Tully: No choice. This is Hobson's choice. We had to sign it. I was saying, "I'm not signing anything I'm not on." The person there, about whom they had said, "These people can help you by being your lawyer," said, "That's the most appalling thing I've ever heard. Why aren't you on it?" She rang someone up and came back and said, "It'll be fine; you can be added later." I said, "I know these ACT people and it can be added later!" I am not on the lease of my own farm. Maurice and two of the daughters are on the farm. They are great; I love them. They are totally loyal. They will help with anything.

Mr Tully: It is an insult.

Mrs Tully: I need to be on it.

Mr Tully: It is an insult to me.

Mrs Tully: I think it is, to you and to me.

THE CHAIR: What are the terms of the lease?

Mrs Tully: For 10 years.

THE CHAIR: It is for 10 years. What can you do on the property?

Mrs Tully: What we did before. The managers are thrilled with us because we have been organic for years—for my whole time there, nearly 50 years.

THE CHAIR: Do the terms of the lease cover blocks 1491, 1492 and 1587?

Mr Tully: Is that three?

THE CHAIR: That is three.

Mr Tully: I do not know the numbers.

Mrs Tully: We do not know the numbers.

Mr Tully: We never learned them.

Mrs Tully: To us it is block 180.

Mr Tully: I do not even know.

THE CHAIR: Okay. But could you perhaps get back to the committee secretary, Dr Lloyd, with what the land area is and what the lease covers?

Mrs Tully: I am sure you are correct. The numbers sound right.

THE CHAIR: Just to confirm that that is—

Mr Tully: The total was 257 that was offered for sale.

THE CHAIR: 257 acres?

Mr Tully: Acres, yes.

THE CHAIR: So is that 104 hectares?

Mrs Tully: Whatever.

THE CHAIR: Something like that—without doing the maths.

Mrs Tully: I like acres. I am metric in most things, but people's height and acres are in—

Mr Tully: You are interested in the terms of the lease?

THE CHAIR: I would be interested in the terms of lease, thank you.

Mr Tully: Okay. We can get that to you if you want it.

Mrs Tully: I will get you a copy. But I have not told you the most important part. We were told that the LDA said that if it was not signed that day we would lose the 10 years.

Mr Tully: We were blackmailed into it.

Mrs Tully: We were blackmailed into signing it. Without my name on it, without really even knowing. I read through it, but it was ridiculous. Tenancy A, our house;

Tenancy B, this house; Tenancy C; and then there was a circle in the middle, which is over where the 100-year-old stable tack shed I have restored is, the “common area”. I said, “Well, that is pretty common inside my historic building. What does that mean?” I do not know who drew this up. We were told, and this has happened to me over and over again in the ACT, and you know about these things, that if it was not signed today the 10-year—and we had nowhere to go. We had no money. We still have no money. We have nowhere to go at the end of it. I am not going. So that is it. That is where I am at. I found out they did not even sign it, the LDA. So I do not know what—

Mr Tully: I think it is open-ended, and we are the ones who get shagged over.

Mrs Tully: Well, we do not know; that is opinion.

Mr Tully: Take a guess.

Mrs Tully: All I know is that we were told later that that was a pressure, that there was no need for it to be signed that day, and that they did not even reciprocally sign it. We are in the position we were in when the 50-year lease came out before the 99-year lease. I just feel we are once again in limbo. How many generations do you have to be here? I am sorry, I am—

THE CHAIR: I understand.

Mr Tully: Why are you interested in—

THE CHAIR: The Auditor-General has reported on the sale. The Auditor-General has reported on a range of things around it and for the most part, not in the case of your lease, that the LDA did not make provision for future management of the thing. Do you pay rent on that lease?

Mrs Tully: No, it is a peppercorn rent. We were told no rent or rates, that it now belonged to the government. But then the ranger said, “You haven’t been paying your rates.” I said, “No, I don’t pay rates.” And they said, “Yes, you do. You haven’t been paying them.” I said, “What? How much are the rates? It is a drought. What do you mean rates?” He said, “You signed it. You should know what you’re signing.” I said, “I could have signed for anything that day. I just wanted to stay in my house.”

MS CHEYNE: Are you supposed to pay rates?

Mrs Tully: I have no idea. I did not even look at it.

Mr Tully: A dollar a year or something was—

Mrs Tully: No, that was the rent.

Mr Tully: That was the rent.

Mrs Tully: Who knows?

MS CHEYNE: But you have not paid rates, whether you were required to—

Mrs Tully: No. I said if it was reasonable I would pay it at some point.

THE CHAIR: But have you received—

Mr Tully: We are unpaid caretakers.

Mrs Tully: But years ago—I think I said this to you years ago—over blocks 4 and 5 that Whitlam is going to be built on, when we went in to see them about that, they offered us \$70,000. I said, “Are you kidding? \$70,000!” And they said, “\$70,000.” I said, “That isn’t the deposit on one block in Whitlam.” We’re not allowed to develop it but they seize it from us and they develop it and we are back to the \$1.50 a house block in Cook. So we have not taken that money. We saw some surveyors somewhere, I think in LDA before it changed again—I call them all Weeds and Seeds—and they said, “I’m pleased to tell you, Mrs Tully, we still have the \$70,000 for you.” I said, “So you ought, but that is not the point. The point is, in all this shemozzle, you tell me why I get \$1.50 a house block on 4 and 5 and my son gets this money over here, and I am not even on the lease.”

Mr Tully: Here is some quick maths for you: \$70,000 for 110 acres. You can work out what that is, about \$7,000 per acre.

Mrs Tully: Whatever. It is a poke in the eye.

Mr Tully: We have got William Hovell now splitting the property in half. After it was split by William Hovell, both sides were block 180. When we signed the 99, they conned us into having a 20-year lease, which obviously had some other conditions in it.

Mrs Tully: But they said, “That won’t matter, because it’s all the same farm and we’ve built underpasses for you.”

Mr Tully: Look at the money difference, though. That is what you are interested in. Fifteen thousand—

THE CHAIR: So the bits that were on the southern side of William Hovell Drive—

Mrs Tully: Blocks 4 and 5 now.

THE CHAIR: which are now part of Whitlam were subject to a 20-year lease, not a 99-year lease?

Mrs Tully: Yes.

THE CHAIR: Even back in 2001-02 when those changes happened.

Mrs Tully: They said, “In about a quarter of a century, this will go first. Yours will never go, because it’s actually commonwealth land; it’s not—

Mr Tully: No, it is not commonwealth.

Mrs Tully: Not commonwealth—what is it? It is National Capital.

THE CHAIR: The National Capital Authority has an interest in it.

Mrs Tully: They said that they will never take it. In fact, Dr Brian—

Mr Tully: It is Burley Griffin's plan.

Mrs Tully: What was his name—Dr Brian—

Mr Tully: Pratt.

Mrs Tully: Dr Brian Pratt said to us, "Never, never, let them push you. Stay here. This is your place." He used to come and visit us now and again and give me advice on trees and stuff. He was wonderful. He said, "Look, they will take this earlier because this is the way it is going. But do not worry. I am going to make sure you get compensation. Never let them. Anyway, they cannot because it is National Capital land. Do not worry about it." He was so encouraging. There have been great people—

THE CHAIR: It is National Capital Authority designated land.

Mrs Tully: Yes.

Mr Tully: But you can imagine how I felt when one side of the place gets \$15,500 an acre and they offer \$70,000 for the other—same country.

Mrs Tully: Same block.

Mr Tully: Okay, I know it is a different lease and there must have been some tricks in the bloody lease. Obviously there was—

THE CHAIR: You were offered \$70,000 for 100 acres.

Mr Tully: 110 about—

THE CHAIR: 110 acres.

Mrs Tully: Yes, and can I say this? Tara was asking me about income and whether it was arable. It was beautiful land. Even Round Hill is arable because it is underlying rock. It depends on your underlying rock. That is why Round Hill grows all sorts of stuff and why Black Mountain grows grizzled little trees.

Mr Tully: Different rock type.

Mrs Tully: One is on shale and one is on—it is actually called Round Hill porphyry, I think.

Mr Tully: it is called Mount Painter porphyry.

Mrs Tully: Mount Painter; by the way, it is called Round Hill and a surveyor named it after himself. It was Mr Painter. But do you know that Maurice is the only living person who knows the names of all these? If there are Aboriginal names, good; let's call them Aboriginal names. There aren't. But there are pioneer names. In fact, one of the nice fellows—a manager—from the LDA looked into why they were changed. He said, "There is a committee of some lovely ladies. They make them up." He said, "I am going to get you on the committee so that you can tell them the story of Netley next door." But they would take our land and give it to ex-rangers. They would take our farming land and give it to other rural pursuits. That is outrageous.

Mr Tully: That is the greatest insult that you can give—

Mrs Tully: That is the greatest insult you can give to graziers like us.

Mr Tully: To anyone, not only farmers—to take my land and give it to some other bastard.

THE CHAIR: Okay.

Mr Tully: Ex-rangers, most of them.

Mrs Tully: And Round Hill itself.

Mr Tully: Ex-bloody-government rangers.

Mrs Tully: Ex-government people; livestock transporters. They went out of their way not to mention them—

Mr Tully: And earthmovers; don't forget the earthmovers.

Mrs Tully: in case someone said, "They were on it before." Brian Pratt promised us that South Kama, Edlingtons and Deep Creek that we had agisted, because they belonged to our family members—

THE CHAIR: But Kama has been a nature reserve for some time.

Mrs Tully: Yes, but—

THE CHAIR: Sorry, I distracted you.

Mr Tully: Hang on, hang on.

Mrs Tully: No, I have to—

THE CHAIR: No. Ms Lawder, do you have any questions?

Mr Tully: Let's clean up the financial stuff that you obviously want to know about first and then we will have a good whinge.

Mrs Tully: No, they can't; they haven't got time.

THE CHAIR: We are going to run out of time.

MS LAWDER: You just touched on it again. You talked about the fact that it was hard to make a living from it because you had land taken away from you many times.

Mrs Tully: Yes.

MS LAWDER: How much or what proportion?

Mrs Tully: With Round Hill, it was taken away in the 60s—the hill itself—for a year. There was the most almighty rain that year. Thistles sprung up. Maurice's dad, the old-fashioned type, went walking around with a mattock digging them up. It was organic. It was 40 years of management. They took it away from us and every thistle seed that had ever existed since the ark sprouted. They said, "We want you to have it back. We cannot manage it." Maurice's dad said, "You get those thistles up. You have undone 40 years of my work. You will get them out." They said, "Sure." They never showed up; they never got one out. He said, "I am not taking them out. They ruined my bit of land. It is not mine anymore. I will graze it, but I am not killing myself digging out those thistles."

Do you know that they held a secret meeting at Cook school where they told the public and Friends of Mount Painter that we were derelict farmers who had let it run to ruin, never cleared up the weeds and just grazed it to death? Then they held a politicians walk with the First Assembly. So there we are in the middle of a terrible drought. Do you remember that drought in the 80s? It was how this will be like in a year. It was a shocker.

They take the pollies up there for a walk and point out how these land-raping farmers have destroyed this place with grazing. They said, "Look at all the thistles." Then they hold a secret meeting that we were not informed about at Cook school with the group calling themselves the Friends of Mount Painter who had organised the pollies walk. At Cook school they talked about these disgusting, land-raping farmers—we are graziers, anyway, but I will accept the term "farmer"—who had ruined the hill and they were going to take it back.

They planted thousands of trees. They knocked themselves out. They tried to dig them out. Every tree died in every iteration; thousands of them. They put them in and it was a drought. Just like Red Hill with Charlie, who had the grazing taken off. You probably remember Charlie on Red Hill?

THE CHAIR: Yes.

Mr Tully: Charlie Russell.

Mrs Tully: Charlie Russell. The hills that are grazing hills need to be grazed. So there's us with stock in terrible condition. You have to give them away at the sale yard. You get no money for them because they have got this 10-foot-high—do you know Maurice saved Belconnen from the fires? I was in Kmart buying candles.

There's the Chief Minister having lunch. I said to my daughter-in-law—the one who eventually stole my money, but that is a different problem—I said to her, “Look, darling, he does not know Canberra is going to be burned.” I said—

THE CHAIR: Can you just get on to the issues?

Mrs Tully: It is true, though.

THE CHAIR: Yes, but go back to Ms Lawder's question.

MS LAWDER: I am not as familiar with this area as perhaps Ms Cheyne and Mrs Dunne are. If I am coming up from the Glenloch Interchange and I am coming up William Hovell, I turn right—

Mrs Tully: We used to be all four sides of the intersection until recently.

Mr Tully: Onto Coulter.

MS LAWDER: So you are no longer both sides. So on the left there is horse agistment?

Mrs Tully: We are on the north, not the south.

Mr Tully: Yes.

Mrs Tully: A little bit; we have only got half a dozen.

Mr Tully: That is on the left.

MS LAWDER: And so you now have the area on the right?

Mrs Tully: Right and left.

Mr Tully: Both sides.

MS LAWDER: Is Mount Painter—

Mrs Tully: Round Hill, yes.

MS LAWDER: Is that the same thing?

Mrs Tully: A surveyor named it after himself.

MS CHEYNE: So you are adjacent to Mount Painter?

Mrs Tully: Yes.

MS CHEYNE: And across the road as well?

Mrs Tully: Yes.

THE CHAIR: Do you run all the way down to William Hovell Drive on both sides?

Mrs Tully: Yes, both sides.

THE CHAIR: Could you provide us with a map of what the lease looked like when you got a 99-year lease?

Mrs Tully: Gladly, sure.

THE CHAIR: You said you got a 99-year lease on the stuff which is north of William Hovell?

Mrs Tully: Yes.

THE CHAIR: But the stuff that was south was a 25-year lease; is that right?

Mrs Tully: Yes.

THE CHAIR: Could you tell us what the terms of the lease were?

Mrs Tully: On the south side?

THE CHAIR: On both sides.

Mrs Tully: It is the same as it is now.

Mr Tully: We will get you a copy of the lease.

THE CHAIR: That would be useful.

Mrs Tully: What it means to us is, "Go ahead and farm it. Go ahead and graze it."

THE CHAIR: But also in terms of what the withdrawal clauses looked like. If you had the 25-year lease—

Mrs Tully: All withdrawal clauses are the same. A man comes with a clipboard and tells you, "You're out in a fortnight."

THE CHAIR: No, the committee would like to know what the lease says.

Mrs Tully: Sure, but I am saying that is what happens. And they wonder why we are scared of clipboards.

MS LAWDER: So you graze sheep and cattle?

Mrs Tully: Yes.

MS LAWDER: You used to have the southern side of William Hovell as well?

Mrs Tully: Yes, until very recently.

MS LAWDER: To 2016?

Mrs Tully: I do not know. It is so painful, I have glossed it over. You would know.

Mr Tully: It was before the place was sold.

Mrs Tully: And after.

THE CHAIR: So the southern side was gone out of the lease at the time of the auction?

Mrs Tully: No.

Mr Tully: I think it was.

Mrs Tully: No, I do not think so. We will check that.

MS LAWDER: That is what I am trying to get at. So that is all going to be developed as Whitlam, or is that part of Kama Nature Reserve?

Mrs Tully: No, Kama is further down.

THE CHAIR: It is further west of—

Mr Tully: Do not worry, Kama will not be touched.

THE CHAIR: Kama is a reserve.

Mrs Tully: Yes, it got taken from us. No-one came near us for 25 years. He restored the whole thing and the government took credit.

THE CHAIR: It is further west along William Hovell Drive towards Drake Brockman Drive.

Mrs Tully: No-one had been near it. They said it was an environmental gem. They flew people over it in aeroplanes. No mention of him. Lucy Horodny was on the first council. She came to see it and she said, “Don’t tell them about it; they’ll take it.”

MS LAWDER: Your three residences are on the right-hand side of the road?

Mrs Tully: Yes.

MS LAWDER: Do you have a land management plan for the property?

Mrs Tully: Yes.

Mr Tully: Me.

Mrs Tully: Him. Organic.

THE CHAIR: Have you got a signed land management plan?

MS LAWDER: Has it been lodged with the government?

Mrs Tully: I have no idea.

Mr Tully: I do not think we—

Mrs Tully: We just get a bit insulted. The places are environmental gems. They brought people in from overseas to see the regeneration, with grazing. They brought them all in. Do you know that they took down the link showing the Chief Minister taking credit for it? Do you know how you can check where a link was?

Mr Tully: This is 1419, the South Kama block. In the early 80s. I had it for 23 years. When I got it, it had been completely flogged out by the previous cocky, who really took advantage of everything. There was no William Hovell Drive, so—

Mrs Tully: The one in a hundred bad farmer.

Mr Tully: He was out of sight—no William Hovell Drive, and nobody could see what he was doing, because he was over the hill. He bought the place from my uncle. We used to own that all the way to the river, at one stage. I got it; it was a barren wasteland. I looked at what the grasses were. They were all Australian natives. I worked out a plan. Within two years we had little suckers coming up. They have to be managed. Sheep will not eat them and cattle will not eat them, but once they are up, they are underway. How I did it will go to the grave with me.

Mrs Tully: After they took it, they asked him how he did it, because it was astonishing.

Mr Tully: They tried. They tried to do it on another bloke's place, but it did not work. That will go to the grave with me. But there are trees there now that are probably 20 years old, regrowth, all over it. The native grasses are in good order. The blue star thistle is there, which I protected in a particular way. I will not tell you how I did that, either. There is a carnivorous plant there as well, a honeydew.

Mrs Tully: The little finches and stuff.

Mr Tully: It is there. It was not there before.

Mrs Tully: It was not seen before, but you don't know, do you?

Mr Tully: I heard from a mate of mine that there was a ceremony where they went in to 1419 to pat themselves on the back and give it a AAA bloody rating. I did not know about it. We were not invited. We were not even mentioned.

Mrs Tully: This was only a year later.

Mr Tully: A friend of mine who is a farmer out near Hall said, “Well, I was invited.” He said, “I thought Tully had this.” He started asking around, and no-one from the officials, the ones with the collars on, would tell him.

THE CHAIR: When did you lose control of Kama?

Mrs Tully: They took it away.

Mr Tully: 2005 or something.

Mrs Tully: We have not had it for 15 years or so.

Mr Tully: Whenever they had the ceremony, just before that.

Mrs Tully: Lucy Horodny, the Greens woman, tried to keep it for us. She fought it.

Mr Tully: But the best thing—

Mrs Tully: Often the Greens are against graziers, but she was a very well-balanced woman. About Round Hill, she said, “They’re organic gardeners. They’re not farmers. They haven’t got a clue. I’ll try and keep them out. They’re just gardeners.” She was great.

Mr Tully: To add to the injustice of losing it, they turned around and offered it to my neighbour on the other side—take it from one grazier and give it to another.

Mrs Tully: He said, “I’m not doing it.” Do you know what he did? He got our stock on there and he paid for it, and we paid him, because we were desperate and he was not. It was still a hobby for—

Mr Tully: Then they realised; they had 50,000 rangers and stockmen, and they kicked my cattle off.

Mrs Tully: They said they were going to arrest us and they got a stockman in to remove them.

Mr Tully: Do you know how much of an insult that is to a farmer, to have it taken?

Mrs Tully: Also, to take our land and give land to a pony club. Do you know the Cook horse paddocks? They were ours. They took them away from a farmer and had them for pets. Here we were, desperate. The whole country was desperate. We are desperate. With Glenloch being this high in feed, for a start, there was some ex-ranger on it; then they were going to turn it into horse agistment for pets. I like horses. I used to round the sheep up with him on horseback. You do not need a pet when there is—

Mr Tully: Anyway.

Mrs Tully: Anyway.

THE CHAIR: Do members have any other questions for Mr and Mrs Tully?

MS CHEYNE: I have one.

Mr Tully: Only one?

MS CHEYNE: Just one.

Mrs Tully: She wants to go home tonight. She does have a family.

MS CHEYNE: We do have other people that we need to hear from. When the LDA—and I appreciate that this was a very trying time for you and your memory is not clear—did make that purchase, were there any discussions with you or, to your knowledge, with Jamie about what their intention for the land was?

Mrs Tully: No, not with Jamie, because he was out of it. He just said, “Thank God.” When you are young, 10 years seems like a long time.

MS CHEYNE: I know, but—

Mrs Tully: No.

MS CHEYNE: Did the LDA ever say, “We want to use the land for this”?

Mrs Tully: No.

MS CHEYNE: Okay; that is all.

Mrs Tully: With us, it was just about signing it, 10 years, and it would more than likely be renewed. Our understanding is that, despite the two years in 1979, we will probably be found dead in our boots, which is every grazier’s dream—to die in the paddock with your boots on. You might notice my lovely boots. It is just, “No, just keep doing what you’re doing. It’s great.” Ronald Reagan said there is no limit to what you can achieve if you let someone else take the credit. We have obviously achieved international AAA ratings with what we do.

We are proud of what we do. We do well. No little animals are killed. Our sheep are wool sheep. Our calves are never killed, and never have been. They have a life. Everything has a life. They are Angus cattle; they are for eating. You eat the boys, but not as babies. They have a life. We try to be good about all of that.

I have a question. Can I give you my notes? Can we send in our notes to you so that you know the background, if you wish to look into any of these things?

THE CHAIR: We would welcome any contribution that you can make to the inquiry.

Mrs Tully: Good, because I was told I could not bring it in. Anyway, it has typos in it.

THE CHAIR: There are a range of things that we have asked you for. We have asked for a map.

Mrs Tully: The map? I have a map of 180—how it was.

THE CHAIR: And the terms of the lease.

Mrs Tully: And the leases.

THE CHAIR: If there is anything else, what will happen is—

MS LAWDER: Just out of interest, are we able to get a copy of the handwritten water lease that you talked about?

Mrs Tully: Yes. I cannot find it but I had taken a photo of it and—

Mr Tully: Well, that is history.

Mrs Tully: it went into the—

Mr Tully: It is part of the history, but there is no relevance to what is going on today, is there?

Mrs Tully: They said they had struck off \$35,000 or something and said, “You only owe 10,” or some amount. I said, “We don’t.” So we all left. Since then Jamie found out they were in easements, anyway.

THE CHAIR: There will be a transcript of the hearing. You will get a copy of the transcript. If there is stuff that you feel you need to clarify or whatever, you can get in touch with Dr Lloyd and we can deal with it through that.

Mrs Tully: Sure. I am just passionate. I am passionate about the history. I am passionate about the soil. I am passionate about all of it. That goes into tears; I am sorry. I am passionate. All of his relatives fill up that cemetery up there.

THE CHAIR: Thank you for your appearance here today. When you have read the transcript, if there is something that you want to add or clarify, please feel free to do so. Thank you very much.

Mrs Tully: I told Senator Reid what was happening. There was a big ceremony for the handover at the hill, and we did a demonstration. The local Aboriginal community supported us and said, “You’re just next, love, but we’re with you, not them.”

Mr Tully: White men still stealing land!

Mrs Tully: My kids carried banners saying “White men still stealing land”. Senator Reid, when I told her what had happened, said, “I’m not going up there with Gary.” We sat in the car and had a wonderful time at the bottom of the hill. I have had wonderful support over the years, but it does not affect the LDA. To take your land and give it to another rural pursuit is wrong.

THE CHAIR: Thank you very much.

FLANNERY, MR STEVEN, Knight Frank Valuation & Advisory

THE CHAIR: Welcome. Have you read and understood the privilege statement?

Mr Flannery: I have, thank you.

THE CHAIR: As you know, the committee is inquiring into Auditor-General's report No 8 of 2018, on the assembly of rural land west of Canberra. You were the valuer who acted for various parties at various times. Could you tell the committee how you came to acquire a lease over part of the property known as Fairvale?

Mr Flannery: Sure. I was interested in what capacity I was going to be asked questions, whether as a director of Knight Frank valuations or in my personal—

MS CHEYNE: All capacities.

Mr Flannery: We may need to clear that up on the way through, if we could define that.

MS CHEYNE: Yes. Be as clear as you need to.

Mr Flannery: My involvement in the Fairvale purchase stemmed from a valuation, after a valuation I had undertaken on behalf of the vendor. I was invited by the vendor on 29 July 2015 to undertake a valuation. She at the time had had a number of opinions and was a little confused as to where they thought the property market was and what the value might be. So I undertook a valuation. I inspected the property on 31 July.

THE CHAIR: 31 July when?

Mr Flannery: In 2015—the morning thereof. I did a valuation report that day and the following days. On the Monday afternoon, which was 3 August, I went and met with the vendor and her husband and put the valuation on the table, and we discussed the values in the market and the evidence and whatnot that was relevant at the time.

THE CHAIR: What was the valuation that you came up with?

Mr Flannery: The valuation I put on it was four and a half million, plus and minus around \$250,000. It ended up being \$4.2 million to \$4.75 million for the whole of the—

THE CHAIR: For the whole of the block, which was how much—do you recall? The LDA eventually acquired 320 hectares, but—

Mr Flannery: 470.8 hectares.

THE CHAIR: Why was there was a scale from this to this, not a definitive point? How does that work?

Mr Flannery: Knowing that the vendor wanted the valuation, we discussed what the purpose was. Valuation, as everyone in the room probably accepts, is not an exact science, and there is very little transactional evidence in the marketplace, for rural leases in particular. They are probably our least traded asset class in the territory. So I had a midpoint of \$4.5 million but chose to put a range on it, just because there are different influences and people may view it differently, even if they are looking at it. That was on the basis that it was “as is, where is” on the day.

THE CHAIR: What was the nature of the lease?

Mr Flannery: The lease was a 99-year crown lease.

THE CHAIR: So it was one of the new—

Mr Flannery: It was a full tenant right lease, yes. My involvement with rural leases has been over quite a long period.

THE CHAIR: That was my next question. You did say they are not very traded, so I was wondering what your experiences were with rural leases.

Mr Flannery: Prior to my work at McCann Property and Planning, which I commenced in, I will say, 1995, I worked at Jones Lang Wootton, as they were then, from 1985, I think, to 1993. Even during that period, although they were commercial property agents, we did rural valuations, some of which were ACT rural matters, properties at Kowen and places like that.

THE CHAIR: By way of interest, if Fairvale were over the border in New South Wales, would it attract a different value, or does the ACT rural lease make a difference in the value?

Mr Flannery: Yes, it does. There are certain nuances and obviously certain legislation applies in one state versus the territory itself, so they are very different, even though they can be across the road from each other. So, yes, they are different.

THE CHAIR: You said that in early August you spoke to the lessees about your valuation. Did the lessees have any particular plans for the block in July 2015 that you were aware of?

Mr Flannery: No, they had operated it as a single rural lease for an extended period, 15 years plus, I understood.

THE CHAIR: It was one block?

Mr Flannery: It was one block. It was held as one block and they had operated it for a long time. They had endured the fires in 2003 and had replaced a lot of the infrastructure. They had managed to salvage things like the old cottage and the woolshed and whatnot, but a lot of the fencing and pastures and other improvements, shedding and things, were all destroyed. It was particularly well set up when I visited the property in 2015 in terms of it all being only 10 or 12 years old from rebuild.

THE CHAIR: You were acting on behalf of the landowners?

Mr Flannery: The vendor, yes—the landowner.

THE CHAIR: Were they at that stage in negotiation with the government?

Mr Flannery: Not to my knowledge. At the end of discussing the valuation on the afternoon of 3 August I said—and I had said this on the way round in the inspection in the week before—“I don’t understand why you would sell the property, because you are doing a fantastic job with it. It’s in immaculate condition. It’s all refurbished in terms of the pastures and the fencing and the improvements et cetera. Given its proximity, I just don’t understand why you would want to sell it.” The vendor obviously had their own personal reasons as to why they wanted to move on. I literally thought to myself, “I’ll do my job,” which was to do the valuation. I put that on the table. We discussed it at length around what the evidence was. She then at that point disclosed that she had had a number of other valuations and other people give price ranges and price points to her, which I was not privy to before, and that this kind of fitted within the range of what others thought.

THE CHAIR: But at that stage was the property on the market, or were they just testing what they thought they could get in the market?

Mr Flannery: After having discussed the valuation, I said, “Can I also disclose that I would be interested in purchasing in my own capacity a portion of the property? I can’t afford the whole property. I don’t know whether that’s possible.” As part of that discussion, in that same conversation, I said firstly, “Have the government approached you?” because I was aware at the time that they had negotiated on a property called Milapuru in Kambah. Her direct answer was no, that the government had not approached her. I said, “That being the case, I am happy to—because I know who I am working to, I can ask the question. I can’t tell you whether they’ll be interested, but they may or they may not be.”

THE CHAIR: So you became an intermediary between the vendor and the LDA?

Mr Flannery: That is right.

THE CHAIR: So you knew who to go to?

Mr Flannery: Yes, because I was instructed in the Kambah incidents and I also did one at Belconnen.

THE CHAIR: So you did a valuation of Milapuru?

Mr Flannery: I did.

THE CHAIR: And one in Belconnen?

Mr Flannery: That is right.

THE CHAIR: Which was?

Mr Flannery: Lands End.

THE CHAIR: So you were the valuer?

Mr Flannery: One of the valuers. I think they had multiples.

THE CHAIR: They had two, I think.

Mr Flannery: I am not sure.

THE CHAIR: I think they said in evidence they had two valuations on Lands End. You did not do any valuations on any of the properties?

Mr Flannery: I did over time.

THE CHAIR: Yes, but not in the time period we are talking about?

Mr Flannery: No. I did work at Huntly as well. I have not met the owner, but I did do some work there. I knew who the people were I could talk to, like I said. Then at that very point upon disclosing my interest she said, “Well, I have got an agent. I’ve signed up an agent and we have to talk to them.” I said, “Absolutely fine. I want to have all the cards on the table. I am not hiding anything.”

THE CHAIR: You expressed at the very outset an interest in buying part of the property.

Mr Flannery: Yes.

THE CHAIR: And the property was subdivided and new block numbers were—

Mr Flannery: Technically the term is a surrender and re-grant.

THE CHAIR: Because it was one block and it was eventually divided into two, did you express an interest for which bit you were interested in to the vendor?

Mr Flannery: I did. I think the way it was put was that they are interested in land; they are not necessarily interested in improvements. As I said, because so much of the property had been re-established in terms of buildings and fencing and yards and things of that nature, that appealed to me a lot because I know what is involved with establishing a rural property to that degree.

THE CHAIR: So you were interested in the bit that had the major improvements on it?

Mr Flannery: Essentially, yes.

THE CHAIR: In terms of the buildings and whatnot.

Mr Flannery: Yes.

MS CHEYNE: In terms of the time frame, you were obviously involved in a lot of these rural land sales?

Mr Flannery: Sorry, valuations.

MS CHEYNE: Valuations that went on to be sales. Where in the process was Fairvale in terms of these valuations?

Mr Flannery: I would have to check the dates, but I know that Milapuru was done early 2015. Fairvale, I cannot recall when that was.

MS CHEYNE: Had you been quite involved in a lot of the other valuations before you were engaged in Fairvale?

Mr Flannery: A couple. Two or three, potentially. I have done valuations of rural leases for the last 20-odd years, so in this context at least two I can think of immediately—Lands End and Kambah-Milapuru.

MS CHEYNE: What was the particularly attraction of Fairvale for you?

Mr Flannery: I come from a rural background; both my parents and grandparents on both sides are all from rural backgrounds. My family is still on a property. One of the potential possibilities for me was that I could relocate my parents who are ageing—they are about an hour and a half from here—off a rural property onto a rural property. I knew I could not put them into an urban environment because of their nature. So that was one appeal. Having a property so close to town, having it away from things like the airport, major roadways and all those sorts of things, because I wanted just to do the farming part. So all of that.

THE CHAIR: Were you actively looking around for a rural property at the time?

Mr Flannery: I sort of had an eye out since I moved back. I moved to Boorowa for a couple of years managing my grandparents' property, which was a mixed farming property of a couple of thousand acres. That was between 1993 and 1995, between Jones Lang Wootton and my time at McCann's. Sure, I was actively looking; the first year I was back I looked at properties at Hall. I have always had an interest in it. I have always considered it, and the opportunity does not always arise.

I looked at the property adjoining, a property called Riverview, to the west of Fairvale. I went out there and had an inspection of that, because it was formally on the market. I had been there some 20 years earlier, but it had just too much work to do: the fencing, the pastures, the river corridor work. There were a lot of weeds and things, so to me it was just too much work. The house also needed a lot of work so I chose not to participate.

THE CHAIR: So the block you finally acquired at Fairvale, which I think is block 517, after the surrender and re-grant of the lease, that has a house on it?

Mr Flannery: It has, yes. It actually has two houses, one of which is modern and one

of which is older.

MS LAWDER: You mentioned earlier there is very little in the marketplace for rural land, it is not very traded. Do you mean the number of properties or the frequency or both?

Mr Flannery: How long have I got? As I said, I started working on rural leases in the early 1990s. The rural lease policy evolved over that period because they were all due to expire on 31 December 2005, I think it was, so no-one was investing in the rural leases. They needed to give some tenure to the lessees. There was a whole evolution through the late 1990s to get to a rural lease situation where they could better manage the tenure of the rural leases.

So circa 2000 there was a 10-year moratorium essentially on sales. There was a windfall gain provision in the event you sold within the first 10 years of a lease being issued. So between, say, 2000 and 2010 there were next to no transactions because nobody was willing to give up essentially 50 per cent of any increase in rise in value. That led to a dearth in sales or transactions. Following that there was a bit of a flurry in 2010 through to 2012 and then again in the 2015 period. But outside of that they are not highly traded.

MS LAWDER: In your professional capacity with Knight Frank did you ever have any discussion with any minister, David Dawes or anyone from the LDA board about rural leases, not necessarily the one you purchased but any rural leases?

Mr Flannery: No, I was simply a contractor to do a valuation job. I know they have strategies and policies and things they go about doing, but I am not privy to that. In fact, they had a 2012 strategy and even the Auditor-General's report says, "Six years on, they still haven't done anything with it". They supposedly had a strategy. It talks also in the Auditor-General's report about a strategy in late 2014, but nothing happened until mid and late 2015. I am not privy to that information; I do not get provided with that. I get an email or a phone call with an instruction to do a valuation.

MS LAWDER: In your dealings with the LDA did you ever see any instances of maladministration or areas that could have been better administered?

Mr Flannery: Where to start? The instruction for valuations is an important area. Whether it be a valuation of rural properties or any other properties I think instruction is important. That has probably ultimately led to some of the downfall in the LDA. I would be a recipient of some one-line emails saying, "Here, please value this." But over a period of 30 years in the industry you build up trust and respect in the marketplace, and the same happens even for financiers. We deal with this daily as valuers, which I know about because that is my role; I do not know about other professions. I think that instruction becomes an issue or can be an issue.

MS LAWDER: Anything that would be more than poor administration or maladministration? Anything more towards illegal or corrupt behaviour?

Mr Flannery: No, I have not been privy to anything that has been outside of sloppy administration; not intentional deceit that I am aware of.

MS LAWDER: In your personal capacity in respect of your land at Fairvale, do you have a land management plan for your property lodged with the government?

Mr Flannery: I do.

MS LAWDER: How is the management of that done? Is it easy, simple to administer?

Mr Flannery: No, I think in the three years I have been there, in terms of the practicalities of managing it, the land management is good. It kind of reflects what you intend to do. If you do what you say you are going to do, then it works. I am not sure what happens if you do something that you are not saying you are going to do, where that stops and starts. In terms of the physicality on the ground, it is not easy. I think in the 3½ years I have been there I have had the wettest winter, the driest winter, the hottest summer and now a drought. So it is challenging.

MS LAWDER: Finally, you mentioned earlier Riverview, that you sort of looked at Riverview.

Mr Flannery: I did look at Riverview. That, I think, was in late 2014.

MS LAWDER: Has that been sold?

Mr Flannery: It was sold—it was a marketing campaign—

MS LAWDER: To the government?

Mr Flannery: No.

MS LAWDER: Private sale?

Mr Flannery: Yes.

MS LAWDER: Through your dealings with the LDA, did you ever have any discussions or get any sense of what the government may be planning for these properties that they purchased?

Mr Flannery: No. Like I said, I was a contractor to do a job. I pride myself on being professional in terms of my instruction and being honest and up-front, but not openly talking about what my role is. I get asked a lot of questions by a lot of people. I do need to be discreet with people because people are putting their trust in me. I need to honour that. Can I say that I think that is probably one of the things that irks me the most in this whole process? It is some of the language, particularly in the media, around transparency and probity. I pride myself on being really very diligent. I do not see that I am a risk.

MS CHEYNE: Did you think that there was a conflict of interest with the negotiation, particularly of Fairvale—you got a pretty nice block of land—given all your other dealings in your contracting role?

Mr Flannery: Sure, look, I was contracted in that instance by the vendor.

MS CHEYNE: Yes.

Mr Flannery: I went about my job professionally and did what I had to do. I put it on the table, so I did my job as best as I could; put it on the table. That was that role as far as I was concerned. If I wanted to do the next role I had to fully disclose what it was that I was intending to bring up. So I said, “Look, this is me personally now. I do not understand why you are selling it. I am interested in purchasing it. I cannot afford all of it. Maybe the government would be interested; maybe they would not; maybe I could buy a piece; maybe I could not.” So I felt like I had done my duty of care in my profession after I issued the report. We talked about it at length. Then I moved on to the next phase, which was in that sort of intermediate stage.

The agent that the lady appointed was an agent from Yass. So he is not going to be familiar with the nuances of a rural lease. It was as simple as that, unless he had done a lot of them and I knew he had not. So I said, “Look, I am happy to help in this situation.” So we went about it.

In terms of the conflict, I felt like I disclosed everything. I put all the cards on the table. I felt an obligation to the vendor because they were my instructing party just in the evaluation process. So I was very cognisant of that.

I was the one who took it to the government. I had a conversation with the then CEO of the land development agency. I think she said, “Well, you need to be very quick because it is on the market. The agent has been appointed and we are about to go.” I think it could have even been the next morning, from memory, I went to him. He then rang Paul Powderly, who was his valuer/agent in that capacity. That is what happened there. So they went on from there—

MS CHEYNE: So who was he? “He” rang Paul Powderly. Who was “he”?

Mr Flannery: David Dawes.

MS CHEYNE: David Dawes did.

Mr Flannery: Yes.

MS CHEYNE: And to instruct Paul Powderly to do what?

Mr Flannery: To act on our behalf in the negotiation and valuation—

THE CHAIR: To act on the LDA’s behalf—

Mr Flannery: That is right.

THE CHAIR: What discussions were had between you as a possible buyer of part of the property? What discussion did you have with the LDA and the LDA’s agents about acquiring part of the property? When did that happen?

Mr Flannery: Okay, again, on that very next morning, the seventh, I disclosed what I was there to meet him about. I disclosed that I had had a discussion. I had done a valuation and I had a discussion with the vendor and that I had offered to buy part of the property. I was coming to see whether they were interested in maybe buying the balance of the land.

THE CHAIR: When you said that you had offered to buy part of the property, you already had a view about which bit that you wanted.

Mr Flannery: Yes.

THE CHAIR: And did you have a view about the price?

Mr Flannery: I did. Obviously I had come off the back of doing a valuation just then. So I had a view about the price. My view of the price for that portion—the lines were far from defined at that point—was that the interest of that proportion would be circa \$2 million.

THE CHAIR: Out of the 4½. So it is a smaller parcel of land but it has got more improvements on it?

Mr Flannery: Sorry, I should clarify. So the 4½ was my valuation. I did ask the vendor, “If you are going to go down this path, what do you want to satisfy yourself that you walk away happy and you have got what you need?” Basically, the figure put was \$5.5 million, because she had had other advice, as I mentioned—some higher, some lower—

MS CHEYNE: Five and a half for the whole—

Mr Flannery: For the whole property.

MS CHEYNE: Not for the two bits.

Mr Flannery: Yes. She had other advice that she talked about after my disclosing my valuation. Some was higher than me, some was lower. So she said, “Well, if I got 5½ I would be happy.” So that was the basis—

MS CHEYNE: So yours was 4.2 to 4.75—

Mr Flannery: That is right.

MS CHEYNE: And then she had since got 5½—

Mr Flannery: That is right.

MS CHEYNE: and that is where she was landing?

Mr Flannery: That is right.

MS CHEYNE: Okay.

Mr Flannery: So to that end, that is what I took to the government. I said, “The whole price is 5½. My view of my portion, depending on where the boundaries stop and start, is circa two.”

THE CHAIR: What did you finally pay for block 517?

Mr Flannery: \$2.35 million. So if 4½ was the mid-point in my valuations, in respect of 5½—the extra \$1 million—I purchased approximately one-third of the property. I paid \$350,000; so approximately a third of that uplift, of the premium that she got over and above my own valuation.

THE CHAIR: As a professional valuer, do you think that is—

Mr Flannery: Well, I mean, these opportunities do not come up often. I knew I was paying over what I thought it might have been. But it was just a judgement and I could not say on the one hand, “Sure, we will go and get you an extra million dollars, but I do not want to pay any of it.” I thought, “Well, I have committed to this as well. So if I am committed, I am committed.”

THE CHAIR: But also that was the area with the major improvements on it. It has got the buildings—

Mr Flannery: That is right, yes.

THE CHAIR: Presumably outbuildings, dams—

Mr Flannery: Yes. Look, there are a lot dams. The shedding is very good. The cattle yards are very good—

THE CHAIR: Cattle yards?

Mr Flannery: An old woolshed but still functional. I used it last weekend. I will use it this weekend. Yes, functional improvements; the buildings are in good condition.

THE CHAIR: When you met with David Dawes in early August—8 August or whenever—you sort of said—

Mr Flannery: Seventh, yes.

THE CHAIR: “I’m here for the owner of Fairvale. She wants to sell. Are you interested? And, by the way, I’m interested in buying part of that property.” If the government had a plan to acquire land in the western part of Canberra for future urban development, it seems to me that it would not be in their interest to allow or to facilitate the sale of part of the land which was in their strategic acquisition to somebody else.

Mr Flannery: It is fair to say they were not necessarily looking for the part with the improvements on it. I think we heard, even from the previous witnesses, that there

were some issues around improvements. It was still quite a large tract of land that they were going to acquire. The portion that I have retained is on the west side of the land that they have acquired.

THE CHAIR: It abuts Riverview, which is still in private hands.

Mr Flannery: That is right.

MS CHEYNE: It also abuts a significant portion of Cotter Road, though?

Mr Flannery: It does have a frontage to the road, yes.

THE CHAIR: It has a big Cotter Road frontage.

MS CHEYNE: In terms of what the government has forgone strategically—

Mr Flannery: I do not know what their strategy is, so I do not know what they have forgone.

MS CHEYNE: The thing is that we do, because there was a draft Stromlo district master plan.

Mr Flannery: I have not seen that.

MS CHEYNE: Okay.

Mr Flannery: I would like a copy but I have not seen it. Is that a publicly available document?

MS CHEYNE: Can I assume that Mr Dawes did not raise that document with you?

Mr Flannery: No. Is that a publicly available document?

MS CHEYNE: My understanding is that it is.

THE CHAIR: Yes.

MS CHEYNE: I assume Mr Dawes did not raise that with you?

Mr Flannery: No. I can honestly say that I have not seen that document.

THE CHAIR: You said that you had a conversation with Mr Dawes; then Mr Powderly acted on behalf of the territory for the purchase of a block of land at Fairvale?

Mr Flannery: I had an 8 o'clock meeting with Mr Dawes. Thereafter, he made a phone call to Mr Powderly to tell him about the situation. During the conversation with Mr Dawes, it was, "This could be a win for all parties. The vendor gets to sell the block, you get to acquire a block and we get to acquire land. That works for us." That is where the win for all parties potentially came from.

THE CHAIR: Who did you negotiate with and who was doing what negotiation? There was a vendor; there were two buyers.

Mr Flannery: We had a long conversation. Immediately after I had raised it with the vendor, on the afternoon of the 6th, she said, “I need to tell my agent.” I said, “Happy to do that. Let’s ring him and put him in the picture about what is potentially transpiring.” I said, “He will still get paid whatever he is going to get. In fact, he will probably get paid more and he will do less work, so he should be comfortable.” I wanted to keep him in the picture because he was acting on her behalf.

We go through those motions. Mr Dawes and Mr Powderly would deal for the government’s interest, as they do. After having a conversation with Mr Dawes, I rang the vendor again and explained what had happened at the meeting. Not long after that, Mr Powderly and I had a conversation. We were then—

THE CHAIR: When you say, “not long after that”, was it the same day or a couple of days—

Mr Flannery: The same morning. In terms of who negotiated what, they were to take advice from Mr Powderly. We had some negotiations and meetings in the ensuing weeks.

THE CHAIR: Presumably the block had to be surveyed.

Mr Flannery: Yes, the block needed to be surveyed. It needed to be fenced, depending on where the lines were. I was heading off overseas on about 25 August. The vendor’s agent was overseas earlier in that period as well. I dealt with it while he was away. It is probably fair to say that, with Mr Powderly particularly, it seemed to then change its spots. All of a sudden the LDA were looking to buy; they were saying, “We’ll buy it all and then we’ll deal with you on some sort of delayed settlement.” I was not comfortable with that, but that is the way it ran. You will see correspondence and letters in the course of that middle-of-August period, where that is what was unfolding.

There were letters coming that were not addressed to the correct people and not in the correct terms. The vendor was getting nervous; I was getting nervous. She needed to take some advice from her accountant. I went with her and met with her accountant to help her through that as well. We then came back and, after some negotiation—it was a three-way negotiation, so it took a while—we went back to what was plan A, which was us each getting a separate contract for our separate portions, subject to agreeing the boundary alignments, the survey and other legal-type matters.

You will note in the Auditor-General’s report that there is reference to the Government Solicitor on 24 August, I think—not too long afterwards. They were at the table as well, so they understood clearly. The LDA board understood clearly who it was and what was happening. Again, it was all in the spirit of open transaction, because I did not need anyone coming back to us later about the whole transaction. Yet look where we are; best endeavours!

THE CHAIR: When were the boundaries decided upon?

Mr Flannery: Mr Dawes put his assistant, Tom Gordon, in to try to help with the finer negotiations around the boundaries and the practical solutions. The vendor and I drew up plans; Mr Gordon drew up plans. We played tick-tack from overseas on potential boundary alignments. The vendor helped me to work out, from a farm management and practical perspective, where that boundary may best be.

THE CHAIR: Did the boundary align with existing fences?

Mr Flannery: They did in part, but new fences were needed. Also, there is a creek corridor that needed to be addressed. There are a number of things. Some of the land gets quite wet. With some of the infrastructure, there are laneways, troughs and dams. All of those things needed to be factored in. Probably for the next three or four weeks, particularly while I was away overseas, there was a continual back and forward about where the boundary should be. All of that rolled into the negotiation about—

THE CHAIR: The thing is that on the map, apart from the Cotter Road and the boundary with Riverview, the boundaries are two straight lines. It was about discussing where they would align?

Mr Flannery: Yes. I did not want the boundary line to be too close to the dwellings because I did not know what they intended to do with the land. I wanted the infrastructure to be central for laneways, paddocks and things. I did not want the fence lines to get too interrupted in the paddocks because they had all just been fixed. For multiple reasons, we settled on what we did. It was not my preferred plan. It probably was not their preferred plan, in the end. It was a compromise on both parts.

THE CHAIR: You were dealing with the vendor, the vendor's agent, the LDA through Mr Dawes, and there was—

Mr Flannery: And Tom Gordon.

THE CHAIR: Tom Gordon, yes; and with Mr Powderly, who was essentially the LDA's agent. Is that right?

Mr Flannery: That is right.

THE CHAIR: They are the main players?

Mr Flannery: That is right.

THE CHAIR: Presumably, the vendor had a solicitor, you had a solicitor—

Mr Flannery: That is correct.

THE CHAIR: and the Government Solicitor acted for the territory.

Mr Flannery: Yes.

THE CHAIR: When was the whole thing concluded?

Mr Flannery: From memory, exchange of contracts did not take place until November.

THE CHAIR: It says here that the government acquired their bit, block 518, on 24 November for \$3.1 million.

Mr Flannery: This was very stressful for the vendor, not knowing where this was going to land, where the boundaries were. The price was pretty much agreed, but with the finer matters—the issue of a new lease, getting a surveyor out there—all of those things were still moving parts, and that was quite distressing. It was quite distressing for me.

THE CHAIR: All of those things had to happen at the same time? The sales were simultaneous; the surrender and reissue were simultaneous.

Mr Flannery: That is right, yes.

THE CHAIR: There had to be a surrender and reissue. You acquired 517 and the government acquired 518.

Mr Flannery: That is correct.

THE CHAIR: Everything had to land together, at the same time?

Mr Flannery: Yes, with three parties and three lawyers.

THE CHAIR: You currently farm the land.

Mr Flannery: I do.

THE CHAIR: Do you live there?

Mr Flannery: I am not living there at the moment, no.

THE CHAIR: Is it your intention to continue to farm the land?

Mr Flannery: Yes. I have a land management plan.

MS CHEYNE: With Wintergarden, what did they say it is actually called?

THE CHAIR: Round Hill.

MS CHEYNE: Round Hill Station. Were you the valuer for that?

Mr Flannery: For Round Hill?

MS CHEYNE: For Wintergarden.

Mr Flannery: I did some work on Wintergarden, yes, for the LDA.

MS CHEYNE: Is it possible to ask some quick questions about that?

THE CHAIR: Yes, sure.

MS CHEYNE: So at pages 71 and 72 of the Auditor-General's report, you—Knight Frank—initially valued Wintergarden at \$2.75 million to \$3.25 million based on the highest and best use of land. But later Knight Frank identified a value of \$5.05 million based on market value after the property passed in at auction. The LDA had sought additional advice on six alternative uses of the property. Is it a fair or a usual approach on the LDA's part to seek to have the property revalued post auction?

Mr Flannery: Sorry, I did not come prepared for questions on Wintergarden. I am happy to take them on notice.

MS CHEYNE: Yes, that is fine.

Mr Flannery: I just have not got across the dates and the values and whatnot.

MS CHEYNE: Just generally—

Mr Flannery: I recall doing a valuation there on rural premise initially, which is the interest the people had.

THE CHAIR: So that was before it went to auction?

Mr Flannery: That was before it went to auction. Then I gave some advice afterwards about different scenarios.

MS CHEYNE: So the alternative uses?

Mr Flannery: Yes, there were all these different potential uses. The timing of that I would have to check.

MS CHEYNE: Was it a bit strange to do that? Was it kind of like if it is not going to be rural then you might as well think about the value of the other one?

Mr Flannery: The alternative use thing does happen on occasion. I gave a quote just before I left the office on an alternative-use premises on the basis for a commercial property. So it does happen.

THE CHAIR: When you gave the original valuation for Wintergarden, you were acting for the vendors?

Mr Flannery: No.

THE CHAIR: No?

Mr Flannery: No, for the LDA.

THE CHAIR: Because they were interested—

Mr Flannery: Sorry, I need to check that.

MS CHEYNE: So we do not think the LDA was involved until the auction.

THE CHAIR: But they must have gone to the auction.

MS CHEYNE: They did go to the auction. We know they went the auction, but we do not think that they—

Mr Flannery: I will take it on notice; I just do not have the detail.

MS CHEYNE: It would be helpful to get that chronology.

THE CHAIR: Presumably if the LDA went to the auction they must have had some idea what they were going to bid at.

MS LAWDER: Back to Fairvale, who paid for the new fencing?

Mr Flannery: Part of the negotiation was that the LDA or the territory—I do not know whose coffers it comes out of—would pay for the boundary fencing and a new back boundary fence or partial back boundary fence was put in.

THE CHAIR: How much fencing?

Mr Flannery: At a guess, a kilometre. I am not sure.

THE CHAIR: But that is not consistent with the Common Boundaries Act. That act would envisage that the owners on both sides would share the cost.

Mr Flannery: Yes, that was just part of negotiation: they would do the surveying and they would do the fencing. My memory is stretched here but after the fires there was some transfer of ownership of fencing, boundary fencing, to the lessees.

THE CHAIR: That rings a bell, because my recollection at the time was that there was some controversy between the territory and the lessees.

Mr Flannery: Yes, it was 15 years ago and I cannot recall. But part of the negotiation here was that the fencing would be done by the LDA.

MS LAWDER: Did we say it was blocks 517 and 518?

Mr Flannery: Yes.

MS LAWDER: Do you know if anyone is living on the other block?

Mr Flannery: No.

THE CHAIR: There is no house on the other block?

Mr Flannery: There is no development on the block.

THE CHAIR: But is it being managed? Is there stock on it and stuff like that?

Mr Flannery: Yes. I have a licence.

THE CHAIR: So you agist on 518?

Mr Flannery: Yes, I do.

THE CHAIR: Does that mean you have a property management plan?

Mr Flannery: No, I have a licence agreement. I think it is called a 303 licence.

THE CHAIR: But there would be some requirement for you to maintain the land?

Mr Flannery: That is right. There are 20 pages of—

MS LAWDER: Environmental values—

THE CHAIR: Because there is a large river corridor?

Mr Flannery: There is a large component of river corridor.

THE CHAIR: Does that mean that you have to maintain the river corridor and keep it weed free?

Mr Flannery: Yes, there are certain obligations around weeds, fencing, maintenance, dams. We have cleaned our dams, we have done fencing and we have done a lot of weed spraying. I am just trying to think. There are certain dates; I cannot recall what they are exactly. On 15 September, for example, I had to move any stock out of the river corridor. It is essentially fenced now so the stock can be moved off the river corridor from 15 September until I think 15 December. That is part of the environmental considerations.

MS LAWDER: Is there a walking trail along the river?

Mr Flannery: It is outside the boundary.

MS LAWDER: And you do not have to do anything to maintain that?

Mr Flannery: I do not have to maintain it.

THE CHAIR: So that is part of the river corridor?

Mr Flannery: Yes, I think it is TAMS, or whoever owns that land.

THE CHAIR: So your boundary actually does not go down to the river?

Mr Flannery: It does not adjoin, no. The river is fenced out.

THE CHAIR: The boundary of 518 does not go down to—

Mr Flannery: Yes, the river is fenced out.

THE CHAIR: But you said you think that the bit which is river corridor is also fenced. So there is the river, your boundary, and then within your boundary there is a river corridor that is also fenced.

Mr Flannery: Yes, so there is another fence. I had the LDA put in another fence. Essentially there were four paddocks along the corridor, three of which had fencing to allow us to move the stock up. One did not, so we have put in another fence to allow me to move stock up out of the corridor. The water is at the top section, so it still functions as a paddock but it allows me to seasonally or as per the licence arrangement move stock up and down out of the corridor and back in. I will say that the management through the LDA and now SLA and the management people on the ground have been very helpful and cooperative in that process.

THE CHAIR: What sort of stock do you run? You are grazing?

Mr Flannery: Cattle—breeding cows. I think there are, including young adult cows, something like 75 to 80 cattle, plus their offspring, plus some sheep across both places.

THE CHAIR: Are they wool sheep or meat sheep?

Mr Flannery: Wool and crossbred. I grow first-cross lambs and sell—

THE CHAIR: You run that across the two blocks?

Mr Flannery: I do.

THE CHAIR: Block 518 is 320 hectares. What is 517, your block?

Mr Flannery: One hundred and fifty. It is approximately a third.

MS CHEYNE: One of the issues that the Auditor-General has raised is the lack of rural valuers in the ACT. I am sure that you do not mind. But has this changed much over time? Or has it always been, for the past 20 or 30 years—

THE CHAIR: A bit of a niche market.

Mr Flannery: Probably not. As I said, coming from a rural background, I have always had that interest as well. I worked at, as I said, Jones Lang Wootton in the day. I left, went to the farm and came back to McCann. They were a local valuation practice here in town. Norm McCann was one of the old-time valuers there. Denis Lovell was there as well for a period, then I joined in 1995. Having that interest, I have sort of followed those lines through. In terms of other firms, Egan used to do

rural valuations, but they have not been so strong in that in the past 15 years or so.

THE CHAIR: But you did also make the point that in the ACT there were 10 years when there were just no rural sales.

Mr Flannery: Yes, no rural sales. That history is something that takes my interest, so that is why I sort of got stuck with it. I helped, I think, Noel on the resumption matter that was Fassifern, which is now where Dunlop is. I did work at Kowen in the early nineties on Murryong. I did work on the ACT pine forest land back in the 1990s before it was burnt. I did some of the acquisition work on behalf of the territory for what is now Coombs-Wright et cetera.

THE CHAIR: That was some of the acquisitions down on Cotter Road?

Mr Flannery: No, not on Cotter Road. On the Coppins Crossing Road, I guess they are.

THE CHAIR: Sorry—Coppins Crossing. So the Coonans and—

Mr Flannery: Tully.

THE CHAIR: And there was another block up near the university block.

Mr Flannery: Kama.

THE CHAIR: Thank you. I have been trying to remember that for three days. Thank you very much, Mr Flannery, for your attendance here today. There are some things that you said you would take on notice. You will also receive a proof transcript. If there is anything in that that you think needs to be clarified or corrected, you can take that up in the first instance with Dr Lloyd.

Mr Flannery: As I said, I would probably like to retract anything that was said around Wintergarden, because I need to take that on notice.

THE CHAIR: Sure; we understand that.

Hearing suspended from 1.00 to 1.51 pm.

DOWNING, MR TIM, former owner of Huntly

THE CHAIR: Welcome, Mr Downing. Have you had an opportunity to read the pink privilege statement? I understand you had a copy sent to you. Do you understand the implications of the privilege statement?

Mr Downing: Yes.

THE CHAIR: You were the managing director of a company that previously owned Huntly. How did you come to acquire Huntly?

Mr Downing: I became managing director of Consolo in November 2014. Consolo itself was formed in 1930. It was sometime after that—between 1930 and October 2014—that they acquired Huntly. Consolo is essentially a private company owned by a number of families. John Gale lived on Huntly until his passing a couple of years ago. It was his family that started Consolo, as I understand it. So it is a long time ago. I cannot tell you exactly when.

THE CHAIR: Do you have family connections?

Mr Downing: No, I am not a member of any of the families.

THE CHAIR: So you were hired as the manager.

Mr Downing: I am a hired hand.

THE CHAIR: Before you became aware of the option to sell to the territory, what plans did you have for Huntly?

Mr Downing: When I came on board in October 2014, I had with me two consultants who were, in a sense, property experts. They had done a lot of work in property, not rural property but properties generally, commercial and residential, principally in Sydney. We, principally my two consultants, came down to Canberra and met with various people in the government to try to determine what the opportunities were for that property, whether they would continue to be rural or whether there was any subdivision opportunity or residential opportunity. We were not quite sure. So we were really on a fact-finding mission. It was during those discussions that I believe we were told that we should go and talk to the land development agency. That is how that interaction occurred.

THE CHAIR: It is a very large property—it is 1,600 hectares or something like that—so you were looking at what was the best future for that property?

Mr Downing: Exactly. We knew that whilst John Gale was alive the property would not be sold. That was the case when I arrived. He passed away a couple years after that. But we were in an evaluation process, evaluating the assets of Consolo, one of which was Huntly.

THE CHAIR: How was Huntly being managed at the time? Mr Gale was quite elderly.

Mr Downing: Yes. He had a professional manager running the place who had been an employee of Mr Gale, in effect, on the property for many years. When Mr Gale became fragile, this fellow took over the running of it.

THE CHAIR: Was it run solely as a grazing property?

Mr Downing: Yes. It was national trust classified as well and I—

THE CHAIR: The residence or the whole property?

Mr Downing: Actually, I think the whole property; certainly the residence. But I was told, if not the whole property, certainly certain sections of it. John was very involved in the arts community down here and had numerous arts functions down there on the property. But that was purely a social thing. It was run as a proper property, with a manager. They were breeding Angus cattle and some sheep.

THE CHAIR: As a grazing property, was it a going concern?

Mr Downing: Yes, it was. It used to make a small profit each year. But we determined that the return on the value of the investment was insufficient. That is the reason we eventually sold the lease back.

THE CHAIR: What did you determine was the return on investment at that time? What was it valued at and what was it returning?

Mr Downing: We were earning, I think at the time, around about \$100,000 per annum. You had an investment there that was worth \$10 million. We did not think that was an adequate return.

THE CHAIR: That is pretty low, even for rural properties, yes.

Mr Downing: It is very low, yes. To cut a long story short, 90 days after I arrived I went back to the shareholders with a proposal for what we should do with the various assets. I said, "As far as Huntly is concerned, I think we can redeploy that money to an area where we can get a higher return and we therefore should sell it." That is ultimately what we did.

THE CHAIR: You had decided fairly early in the piece that you should divest yourself of Huntly.

Mr Downing: Yes, and that is why we—

THE CHAIR: Sorry, so you brought consultants there. Was that part of the process of deciding—

Mr Downing: Yes.

THE CHAIR: whether or not to keep it?

Mr Downing: That was part of the process. That is right. That was part of the process. They came down I think in about November, about the same time as I came on board.

THE CHAIR: 2014?

Mr Downing: 2014. I gave my report on 31 March 2015 to the shareholders. In respect of that asset, the recommendation was to sell.

MS CHEYNE: Since the sale of Huntly, have you been engaged in any form of agreement with the LDA or subsequent entities, such as having a licence, a sublease or a grazing licence on that property?

Mr Downing: Sorry, I did not quite understand the question, to be quite honest.

MS CHEYNE: So the property was sold.

Mr Downing: Yes.

MS CHEYNE: For the \$10 million.

Mr Downing: Yes.

MS CHEYNE: Which was largely agreed to be a fair price.

Mr Downing: Yes.

MS CHEYNE: Since then, has anyone from your consortium been involved with the subsequent management of that land?

Mr Downing: No, no. No, once it was sold we had a clearing sale and sold a lot of stuff that was in the house and out of the house. Members of the family came and retrieved some stuff. Once we cleaned that, we left. We sold the stock as well.

THE CHAIR: Did you sell the plant and equipment?

Mr Downing: As much of it as we could, yes. A lot of it was fixed—sheds and the like. They obviously stayed, but everything else was sold.

THE CHAIR: Farm machinery and stuff like that was sold?

Mr Downing: Yes; there was a clearing sale.

THE CHAIR: Ms Cheyne, could you just take over the chair? I need to step out for a moment.

THE ACTING CHAIR (Ms Cheyne): The Auditor-General's report noted that there were no heritage places registered on the property. But I think there is an Allhomes article that suggested the homestead is heritage listed.

Mr Downing: Yes.

THE ACTING CHAIR: Can you shine some light on whether there are some heritage elements to that?

Mr Downing: We did not do a thorough investigation on that. But certainly, with the homestead, the understanding was that it was listed. I was of the understanding that parts of the property, if not all of it, were also listed. We did not ever investigate that. It was not really necessary for us to do that.

THE ACTING CHAIR: No, it was in your interest to—

MS LAWDER: More buyer beware, I guess.

Mr Downing: Yes. When we were making investigations we did not have a buyer. We were just sort of investigating to see what the situation was.

THE ACTING CHAIR: With the time line about Mr Gale living there and then his death, you ended up managing it while he was still alive and living there but frail?

Mr Downing: We kept on the manager that was already there.

THE ACTING CHAIR: Did Mr Gale end up moving into a nursing home before he—

Mr Downing: He did, in Canberra.

THE ACTING CHAIR: But there was still an agreement that it would not be sold until he died.

Mr Downing: It was a mark of respect by the shareholders, who basically were all related to Mr Gale in some way or another. It was quite an unusual situation, I have to admit. As a mark of respect, they chose not to sell it whilst he was still alive.

THE ACTING CHAIR: So the manager was kept on there even after he moved into the nursing home, so the property continued to run and get that tiny yield.

Mr Downing: Yes, and I used to come down probably on a monthly basis and visit with the manager and talk about what was going on. He would send reports back through on a regular basis as to what was happening, and recommendations as to what to do.

THE ACTING CHAIR: Did the LDA give you any instructions about what could or could not be sold on the property in terms of the equipment?

Mr Downing: No.

THE ACTING CHAIR: The reason we are asking—I do not expect you have listened to the hearings all day—is that with another of the properties that was sold to the LDA, when one of the former owners went to sell some of the equipment the LDA said no. So I am just curious about it. It is not something for you to answer, but I am

just interested in different people's experience.

Mr Downing: No, we had a clear run, I would have to say.

MS LAWDER: You mentioned earlier that when you came down with your two people "during these discussions it was suggested we go and talk to the LDA".

Mr Downing: Yes.

MS LAWDER: Who suggested that?

Mr Downing: That was a discussion that the two consultants were at. It was one of the earlier discussions where they were trying to evaluate what the options were.

MS LAWDER: One of those consultants suggested it?

Mr Downing: No, it was one of the people I met with in the ACT government. They had suggested, in their line of inquiry, "You should go and talk to the LDA."

MS LAWDER: Do you know which area they were meeting with at that time? Was that to ask about other possible uses?

Mr Downing: Off the top of my head, I cannot tell you that. I could find out, if it is of help to you, but I cannot tell you right now.

THE ACTING CHAIR: It is probably of interest. Don't break your back over it, but if it is easy—

Mr Downing: Yes.

MS LAWDER: Did they perhaps provide you or your consultants with particular contact details—a particular area in the LDA to go to?

Mr Downing: They were given contact details, and they ended up talking to those people.

MS LAWDER: As part of that process, did you get valuations or did the LDA get valuations?

Mr Downing: We understood that the LDA got a valuation. We had a valuation which was done earlier in 2014. We—when I saw "we", my consultants—met with that particular valuer when they were down here on one of their trips, and that valuer basically reconfirmed the value that she had ascribed to the property earlier in 2014.

MS LAWDER: Your understanding is that there was one valuation, probably, at the LDA?

Mr Downing: Knight Frank did a valuation for the LDA, from memory.

MS LAWDER: You must have been happy with that valuation, in that you did not go

and ask for three, for example.

Mr Downing: Yes, we were happy with it.

MS LAWDER: It was congruent with your previous valuation?

Mr Downing: It was a bit more than the previous valuation. We did not have a lot of knowledge about what these leases were worth. We had 94 years to go on the 99-year lease, so it was a considerable amount of time. We were quite happy with that price.

MS LAWDER: In the dealings with the LDA, did you have any issues or concerns, or any points of contention?

Mr Downing: None whatsoever.

MS LAWDER: It went very smoothly?

Mr Downing: They were professional and timely—very easy to deal with. I am sure the ACT government is very easy to deal with.

MS LAWDER: Sometimes. Your previous property is on both sides of the river?

Mr Downing: Both sides of Uriarra Road, and we are at the confluence of the Murrumbidgee and the Molonglo.

MS LAWDER: There was no suggestion of splitting it up into smaller parcels of land to sell?

Mr Downing: My understanding is that, in that line of investigation, there was no opportunity for subdivision. That was made reasonably clear early on in those investigations, so it really became a situation of selling the lease to someone.

THE CHAIR: After you sold the block of land, do you know what has happened to its management since then?"

Mr Downing: The management we had is no longer there. That particular fellow moved on. Apart from that, no; I do not know what happened.

THE CHAIR: The LDA did not keep on the manager or anything like that?

Mr Downing: I think they did for a small period of time. There was a bit of a changeover. I am not quite sure whether he was there until someone else came in or whatever, but he did stay there for a period of time; I know that.

THE CHAIR: You contracted with the government to sell the land in 2016—

Mr Downing: Sell the lease.

THE CHAIR: Sell the lease in 2016?

Mr Downing: Yes, in April.

THE CHAIR: That was after Mr Gale had died?

Mr Downing: That is right.

THE CHAIR: As part of the winding up, there was a sale for a lot of the contents of the house?

Mr Downing: Yes.

THE CHAIR: You destocked, and you had a clearance sale of—

Mr Downing: That is right, the farm equipment.

THE CHAIR: the farm machinery and stuff like that?

Mr Downing: Yes.

THE CHAIR: There was no impediment to you selling the—

Mr Downing: Machinery or farm equipment? No.

THE CHAIR: What was the nature of the lease at the time that you sold it?

Mr Downing: It had 94 years to go.

THE CHAIR: So it was a 99-year lease?

Mr Downing: Yes. It had been renewed prior to my arrival.

THE CHAIR: But it had 94 years to go?

Mr Downing: Yes.

THE CHAIR: The original 99-year leases that were instituted in about 2000 had a 10-year profit-share arrangement between the government and the owner, so that if it was sold in the first 10 years for more than the value of the lease plus inflation, the government and the leaseholder would share the profit equally. Were you not subject to that?

Mr Downing: I do not believe so. It is the first I have ever heard of it.

THE CHAIR: You said it only had six years to run, so that lease had been—

Mr Downing: We sold in 2016, so we were outside the 10 years.

THE CHAIR: It was outside the 10 years. When did Huntly become a 99-year lease?

Mr Downing: It was five years before. Because it was a 99-year lease that was issued,

it had 94 years to go.

THE CHAIR: Okay. It is interesting that, although it was outside the 10-year period—

Mr Downing: Yes, that was way before my time.

THE CHAIR: Do you know what the value of the lease was, at the time of it?

Mr Downing: No, I do not.

THE CHAIR: I think it is in the Auditor-General's report somewhere.

Mr Downing: I might have read it in this report—

THE CHAIR: I think I did read it in the Auditor-General's report.

Mr Downing: There was an amount of 200-and-something thousand paid for the renewal of the lease.

THE CHAIR: Yes, \$204,240. That was in 2011?

Mr Downing: 2011?

THE CHAIR: Sorry, 2010. The block was sold in 2016—

Mr Downing: Yes.

THE CHAIR: with six years to run on a 99-year lease, or five years to run on a 99-year lease.

Mr Downing: Yes, that had already passed. So 94 years to go.

MS CHEYNE: Going back to Ms Lawder's questioning, I know you did just go over this but I want to get the chronology right in my head. There were consultants who were involved who were having a chat to someone in the ACT government.

Mr Downing: Yes.

MS CHEYNE: That person in the ACT government suggested, "If you're looking to sell the land, maybe you should have a chat to the LDA."

Mr Downing: Yes.

MS CHEYNE: And the consultants then went and spoke to the LDA—

Mr Downing: They had numerous discussions, yes.

MS CHEYNE: and were reporting back to you and the other shareholder managers.

Mr Downing: Just to me, primarily. Obviously reporting to the board but primarily it was to me.

MS CHEYNE: And the consultants were brought on board to start asking questions about selling the land? I know you do not know the name off the top of your head about who it was in the ACT government, but what were they talking to them about?

Mr Downing: The consultants, as I mentioned, were people who had done a lot of medium-density commercial and residential property development in Sydney. They were not familiar with the ACT leasing laws or even any rural properties. So they basically came down to see what the alternatives were, if there were any, for the block. Subdivision would have been one, for example, and it was made pretty clear that there would be no change in the lease arrangements there. That was really what they were trying to find out.

MS CHEYNE: So these were consultants that you were familiar with? Is that why they had been engaged, given that they did not really have an understanding of the ACT system?

Mr Downing: Yes, and that is why they came down here: to try to learn, to find out from the government what—

MS CHEYNE: And in learning, they were meeting with the ACT government to get an understanding of whether there were alternative uses for the land. Essentially they were told no but that an option they could explore was speaking with the LDA?

Mr Downing: Exactly.

THE CHAIR: Presumably they were dealing with the planning authority in the first instance?

Mr Downing: I cannot remember the titles.

THE CHAIR: Coming back to my question about the lease, do you have a copy of the lease that was issued in 2011?

Mr Downing: We might have one back in the office. I do not have it with me.

THE CHAIR: Could I ask on notice whether you could provide us with a copy of the lease or, if you do not have it, to let us know that?

Mr Downing: Okay.

MS LAWDER: Was there any discussion, to your knowledge, with the LDA of what they might do with the land, given that they had told you that you had no alternative use of the land?

Mr Downing: We understood vaguely that the area where the property was was considered to be a growth corridor for Canberra going forward. Over what period of time, I do not recall, but that is all we knew.

MS LAWDER: You say it was vaguely understood, so someone must have mentioned that at some point, I guess, in passing if nothing else.

Mr Downing: Yes, in one of those meetings.

THE CHAIR: But it was clear to you that it was not open to the owners of Huntly to redevelop the land as residential?

Mr Downing: Yes, very clear. We could leave it as is and that was it.

MS CHEYNE: So it was rural or nothing.

Mr Downing: Yes. That was the zoning.

MS LAWDER: In these discussions about possible alternative use, did you specifically ask whether it was possible to have the land rezoned and pay a lease purpose clause—

Mr Downing: Yes, and the answer was no.

THE CHAIR: I do not know whether I asked this question before. If I have, I apologise. Before it was a 99-year lease, what sort of lease was there over Huntly?

Mr Downing: I do not know. I presume it was a rolling—no, it would not have been that, would it?

THE CHAIR: No.

Mr Downing: I do not know what it was prior to that.

THE CHAIR: It might have been a 1956 lease which was a 50-year lease that—

Mr Downing: It could have been. I do not know for sure what sorts of leases you have had.

THE CHAIR: There were some properties in that area around Uriarra Road that had 50-year leases that expired in, I think, 2006.

Mr Downing: It might well have been one of those, I would imagine.

THE CHAIR: Presumably some of the other properties that you manage in this portfolio are rural. Are there other rural properties?

Mr Downing: No, this was the only one.

THE CHAIR: This was the only rural property.

Mr Downing: Yes. The company is a general investment company and just had this property that had been in its ownership for many years.

THE CHAIR: Thank you very much for your attendance here today, Mr Downing. There are a couple of things in relation to the lease that you have taken on notice.

Mr Downing: I will see if I can get a copy of the lease to you.

MS LAWDER: We also asked—you said you may be able to find it but we said we did not want you to kill yourself finding it—who you have spoken to that recommended—

MS CHEYNE: Or who the consultants spoke with.

Mr Downing: Actually, I have some names, if that is—

THE CHAIR: Names are always good.

MS CHEYNE: Yes, we love names.

Mr Downing: There was a Tom Gordon and a David Richardson. They were the people that—

MS LAWDER: At LDA or at the department of—

Mr Downing: Yes, at the LDA. I think they were project directors or something like that, from memory.

THE CHAIR: Thanks. You will receive a copy of the proof transcript of the *Hansard* of this. If there is anything in it that you wish to clarify, correct or amplify, could you take it up with Dr Lloyd in the first instance. You will receive that in two or three days time. Thanks very much for your attendance here today.

The committee adjourned at 2.14 pm.