



**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, 9 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.

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## **Privilege statement**

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*Amended 20 May 2013*

**The committee met at 9.31 am.**

**CAMPBELL, MS JENNY**, former owner of Pine Ridge

**THE CHAIR:** Good morning and welcome to the second public hearing of the inquiry by the Standing Committee on Public Accounts—that is us—into the Auditor-General’s report No 8 on the assembly of rural land west of Canberra. Today we will hear from Ms Jenny Campbell, the former owner of Pine Ridge; Mr Simon Katz, the former owner of Milapuru; Mr David Dawes, the former director-general of the economic development directorate and CEO of the land development agency; Mr Dan Stewart, the former deputy director-general of the economic development directorate and deputy CEO of the land development agency; Ms Anita Hargreaves, the former chief financial officer of the land development agency; and Mr Samuel Calabro, the former financial controller of the land development agency.

Today’s hearings will be recorded and transcribed and a proof will be provided to each witness for comment before the transcript is published. I will start by asking each witness whether they have read and understood the pink privilege statement in front of them on the table.

I welcome now Ms Jenny Campbell, former owner of Pine Ridge, to the hearing. Have you read and understood the pink privilege statement?

**Ms Campbell:** Yes, I have.

**THE CHAIR:** Do you want to start with a statement about your dealings with the land development agency and the sale of Pine Ridge or do you just want to go to questions? How about we just go to questions? Could you tell us whether you approached the land development agency or you were approached by the land development agency about—

**Ms Campbell:** I approached the land development agency.

**THE CHAIR:** You were looking to sell your property?

**Ms Campbell:** Potentially.

**THE CHAIR:** Were you planning your future and whether or not that would include remaining on Pine Ridge?

**Ms Campbell:** Yes. A couple of months before I contacted the land development agency I had a serious accident which caused me to reassess my life, basically.

**THE CHAIR:** And you were starting to think about whether you should continue managing—

**Ms Campbell:** No, it was much larger than that. It potentially could have been a fatal accident, and nothing like that had ever happened to me before. I had post-traumatic stress around my horses, from the accident, and basically I was in a bit of a mess.

**THE CHAIR:** Can you tell me: before this accident and before you approached the land development agency what activities were you conducting on the property Pine Ridge?

**Ms Campbell:** Yes. I breed Angus beef cattle, have done for 20 years, and I have a horse agistment. When I bought the place it had a horse agistment, a small horse agistment business going on it, and I have had a life with horses; so I enlarged that.

**THE CHAIR:** How big is Pine Ridge?

**Ms Campbell:** Acres or hectares?

**THE CHAIR:** It does not matter.

**Ms Campbell:** It is 406 acres or 164.24 hectares.

**THE CHAIR:** Was it a going concern as a property?

**Ms Campbell:** When I bought it?

**THE CHAIR:** When you were running it? Was it showing a return?

**Ms Campbell:** Absolutely.

**THE CHAIR:** How many head of cattle were you running? You had breeders? You were mainly breeding?

**Ms Campbell:** Most years I sold all the babies. A couple of years I kept the females and put them into the herd. I cannot be exact—it is in my stock returns—because it varies a little but probably around 55 females at that time and one bull. And then obviously you get progeny, and then they go, and you are back down to—

**THE CHAIR:** How long had you been running Pine Ridge?

**Ms Campbell:** I moved there in 2000.

**THE CHAIR:** You acquired it in 2000? You bought it?

**Ms Campbell:** I bought it and then I applied for a 99-year lease.

**THE CHAIR:** What sort of a lease was it when you bought it?

**Ms Campbell:** Short-term lease.

**THE CHAIR:** Just a three-month—

**Ms Campbell:** Three years, I think. But I knew that the—

**THE CHAIR:** Rural policy was coming in?

**Ms Campbell:** Yes, or the bank would have never given me the money otherwise. They thought I was mad anyway.

**THE CHAIR:** You approached the land development agency about the purchase of the land?

**Ms Campbell:** They were one of the people I approached.

**THE CHAIR:** You sort of went out to market?

**Ms Campbell:** A little.

**THE CHAIR:** In a formal or informal way?

**Ms Campbell:** Informally.

**THE CHAIR:** Was there any other particular interest in purchasing the property?

**Ms Campbell:** Yes. I am not sure if you know where it is but there is a large—

**THE CHAIR:** Yes, at the end of Stockdill Drive.

**Ms Campbell:** Yes. There is a very large new development across the road, and then part of the property, when I bought the 99-year lease, was divided into four pieces in the end. Hardy's Wines bought two sections and put vineyards on them. And 700 acres down the back was bought by the Trevaskises, and I bought the other bit. I have put my heart and soul into it for 18 years, and it is now a really beautiful piece of land in between two now-disused vineyards.

One of the visions that I had was for a horse precinct, like something in the Southern Highlands where you have got houses on some sort of acreage and then sharing a common village green-type area in the middle, which would be all the horse facilities that I have got. I had a bit of an idea.

**THE CHAIR:** Like a community title over the stabling areas?

**Ms Campbell:** Yes, and I thought that something like that might be clever, because if you managed to make the title a little complicated it would then mean that it would not be able to be developed easily because you would have to get everybody to agree to sell. I had a bit of an idea and, given that I was aware that the vineyards to the west of me, which are the ones between me and Ginninderry, and knowing that there was already an electricity duplication project going through there—and I heard rumours, fairly strong rumours, that the government was looking to purchase that—I figured that potentially something was going to happen to my place and I might not have a lot of choice.

**THE CHAIR:** The land to the west of you, which is called The Vines, is that the Hardy Brothers?

**Ms Campbell:** They were both—the west and the east—were both originally Hardys. I cannot remember how long ago it was now—it was probably about 10 years or so ago—that it was bought by the Elvin Group, both of them. Through Pine Ridge there is an easement where there are underground utilities, because they had water, electricity, solar and stuff on both properties. So I have been through all of that with the—I forget all the new—

**THE CHAIR:** ActewAGL?

**Ms Campbell:** No, no the new SLA or PCL people.

**THE CHAIR:** Yes.

**Ms Campbell:** Anyway, they explained physically where it all is. Elvin has sold that western one. I know it has now gone through; so that is ACT land.

**THE CHAIR:** What is the topography like?

**Ms Campbell:** Of my bit?

**THE CHAIR:** Yes.

**Ms Campbell:** Pretty nice.

**THE CHAIR:** Is it sort of flat at the top near Drake-Brockman Drive-Stockdill Drive?

**Ms Campbell:** Yes.

**THE CHAIR:** Does it fall away towards the south?

**Ms Campbell:** No, not really. The whole thing is actually just gently rolling flat. It has absolutely magnificent views, especially down the back part. There is just an old erosion of what was originally Belconnen Creek, probably in the back third of it. That erosion was pretty horrific when I went there. The Hardys put in a large dam on the block to the east. They put in a huge dam, at which point Belconnen Creek no longer ever flowed, because whatever was coming into it just went into this dam. That, plus the fact that I had already been working with some of the government agronomists and destocking, compared to what the previous guy had had, because he had sheep and stuff that had eaten it to dirt. That eroded part is now—I mean, if you wanted to build on it you would probably have to fill in a little bit of it but it is nothing like it was.

**THE CHAIR:** Okay.

**Ms Campbell:** Yes, it is really nice. The vineyards, funnily enough, picked all the hilly bits because vines like each row to have sun. If you look at it on a map, the boundaries look really weird because they are going around—

**THE CHAIR:** They have chosen the hills.

**Ms Campbell:** hills; so they picked all of the bits that are raised and I have kind of got all of the nice bit in the middle—

**THE CHAIR:** Right, okay.

**Ms Campbell:** if that makes sense.

**THE CHAIR:** Yes, sure.

**Ms Campbell:** When the subdivision was going through, they said, “We like rectangles.”

**THE CHAIR:** Yes, and it is not very rectangular, is it?

**Ms Campbell:** Anyway, they came out and they said, “Now it all makes sense.”

**MS CHEYNE:** Yes, that is a very helpful description, thank you.

**Ms Campbell:** Yes, because the vineyards were not really interested in any of the flat bit, which was great for me.

**MS CHEYNE:** That is actually quite easy to picture because I remember going out there. Thank you very much for appearing.

**Ms Campbell:** That is okay.

**MS CHEYNE:** I go back to what you said before about approaching the government after your accident.

**Ms Campbell:** Yes.

**MS CHEYNE:** Incident, accident.

**Ms Campbell:** I was attacked by somebody’s horse.

**MS CHEYNE:** Okay, that sounds—

**Ms Campbell:** Seriously.

**MS CHEYNE:** like a horrific incident. The Auditor-General’s report that we have in front of us says that Pine Ridge was actually one of the properties where the government approached you first. But that does not seem to be the recollection that you have from what you have said so far.

**Ms Campbell:** Yes, over 20 years I have had a fairly interconnected relationship with quite a few people in the government. I had not farmed before. Most things that I do I try to make a success of. I have met quite a lot of people in the government relating to rural aspects. I am also on the rural landholders, rural lessees—I cannot remember what it is called now—group. I am just—

**THE CHAIR:** So you were in constant conversation with the government agencies?

**Ms Campbell:** Yes. There were some blocks of land and things that were being sold. At the time when all this stuff happened to me, I was really in a bit of a—basically, this horse charged at me. I saw the teeth coming. Fortunately, I did about a 90-degree turn. It double-barrelled me, at point blank range, in the back. I was airlifted up the paddock and landed on my head. But my back copped the full—I mean, I had my own horses, including a baby horse at the time. Basically, I was a bit of a mess.

**MS CHEYNE:** Yes.

**Ms Campbell:** Literally, everything for me went up in the air, big time. Simon Katz is on the witness list today. He was one of the people that I was talking to about what he was up to. I had known him in a number of capacities because he used to work for the government. There was a meeting with David Daws and somebody else. I cannot remember who the other person was, which is awful because they sat in my dining room. I am pretty sure that I asked them to come. But I can remember clearly that I was told that it did not matter what I wanted to do or what I thought. Unless it was a property that the government were interested in from their own side, it did not matter what I did. Basically, there was no way that I was going to be able to convince people. That was told to me by about two or three different people.

**MS CHEYNE:** So the government had to have an interest—

**Ms Campbell:** Correct.

**MS CHEYNE:** for them to—

**Ms Campbell:** Correct.

**MS CHEYNE:** want to sit down with you.

**Ms Campbell:** And one of them—

**MS CHEYNE:** Even if you begged them to sit down, if they did not have an interest, they would not have turned up.

**Ms Campbell:** Exactly. But on the flip side of that, I have also always been aware that, pretty much, it did not really matter. I already went through this some years ago before there was a change of government. It did not really matter how much I wanted to stay there. If they wanted to acquire it for whatever reason, I knew I was going to get money and there was basically nothing I could do about it. That has been my understanding, sort of, since I got the 99-year lease.

**THE CHAIR:** Yes, but there are withdrawal clauses in the 99-year lease that ensure that you are properly compensated.

**Ms Campbell:** Sure, but when you live somewhere where your heart is, it is not really about the money. So at that point, years ago, I bought another property because I

thought I was losing it. Then something happened. There was a change of chief minister—Stanhope, I think—

**MS CHEYNE:** Okay.

**Ms Campbell:** When that came in, it all changed. Then I sold that and the global financial crisis happened. So basically I knew that I could have a conversation with them—

**MS CHEYNE:** So you already had that kind of good relationship with them that was quite open. You were in regular conversation.

**Ms Campbell:** Yes. So that was another reason why I put the feelers out. If I was going to do something, what were the other possibilities? A few people were interested and seemed to have the wherewithal. I said that if I was going to do it, this is the sort of development I would do, because it is completely different. There were people around with the sort of money that would come and buy a few hectares here and a few hectares there. They could have their horse with their paddock and then, you know, here is my indoor arena and all this stuff just down the road. So I sort of had a few ideas and basically I had very little mobility; so I had lots of time to just—

**THE CHAIR:** Develop your ideas.

**Ms Campbell:** develop my ideas and then sit and talk to people. I am potentially pretty sure that I picked up the phone and made the appointment. The other thing is that, and maybe how this is happening, there were so many people that I talked to, that by the time a conversation actually happened, or an appointment was being made, they might have already heard on the grapevine.

**THE CHAIR:** So you did not make it a secret that you were looking at options for the future of your property?

**Ms Campbell:** No.

**MS CHEYNE:** And it is a tight-knit community, government and rural; so people would have known what had happened to you and, kind of, the space that you were in?

**Ms Campbell:** Yes; and also, some of these people over the years have worn a number of hats.

**THE CHAIR:** You said you met with Mr Dawes and another officer from the land development agency?

**Ms Campbell:** Yes.

**THE CHAIR:** They came to you because you were not well?

**Ms Campbell:** And this was before there was any comment or connection. When they came I had no idea whether or not it was on the government's potential list of

properties they were interested in, but obviously they wanted to have a look. If you look at it on a flat map and you look at it in reality, apart from the topography, if you are looking at it for developing something you want to look at the aspect and the views.

**THE CHAIR:** Roughly when did you have that first conversation with the LDA and Mr Dawes?

**Ms Campbell:** I think it was in March.

**THE CHAIR:** Of 2017?

**Ms Campbell:** 2017, I think—or 2016.

**THE CHAIR:** Could you check that and come back to the secretary on that.

**Ms Campbell:** Did the sale go through in 2017?

**THE CHAIR:** According to the Auditor-General's report it went through in September.

**Ms Campbell:** Then it was early in that year.

**THE CHAIR:** So you think it was about March 2017?

**Ms Campbell:** February or March. My accident was almost the beginning of February and I know I was able to sit up in a chair by the time they came. I reckon it was March. I went away at the beginning of May; I took myself on holidays by myself for four weeks to get my head sorted out.

**THE CHAIR:** Have you ridden since then?

**Ms Campbell:** Yes, I am riding. I made a full recovery.

**THE CHAIR:** But it took a while.

**Ms Campbell:** It was not good. A lot better than the alternative; if I had not turned my back I would have copped it in the stomach.

**THE CHAIR:** How often did you have discussions with the LDA between that first meeting in February or March and the settlement in September?

**Ms Campbell:** I heard that it was on their radar so that potentially something could be organised. There was another consortium that was really keen. I am trying to think what happened next. I did not have that many conversations with them.

**THE CHAIR:** When did they make you an offer and what was the offer?

**Ms Campbell:** I was dealing with them when I was in eastern Europe because I can remember sitting in this weird little room which had really thick walls. I kept sitting

there looking at the thickness of the walls when I was looking out the window and I was talking on the phone.

**THE CHAIR:** This is when you were on holiday in May?

**Ms Campbell:** Yes.

**THE CHAIR:** What was the original offer they made you?

**Ms Campbell:** I am pretty sure the offer I got—

**THE CHAIR:** Was the—

**Ms Campbell:** No, maybe I might have cranked them up a tiny bit; I think I got them up 100,000.

**THE CHAIR:** But it was pretty much in the ballpark of what you eventually received.

**Ms Campbell:** Yes.

**THE CHAIR:** Did the other consortium—

**Ms Campbell:** Theirs was a bit more.

**THE CHAIR:** So why did you—

**Ms Campbell:** The difference for me ended up being that I was confident about my ability to confidently manage the place. I had turned it from 40 per cent ground coverage up into the 90s. I had put all the facilities and things on it and I had fixed up 40-something kilometres of fencing and stuff. I thought my ability to manage it, even if I was not physically doing the work, was such that I would prefer to lease it back. So that side of it was the part that made it more attractive.

**THE CHAIR:** So you were given the option of a lease back.

**Ms Campbell:** I think I asked for it.

**THE CHAIR:** So you are the current lessee of that land?

**Ms Campbell:** Sublessee, and they come and do inspections.

**THE CHAIR:** What is the arrangement for that sublease?

**Ms Campbell:** I have more things to adhere to than when I was just the owner. I think there is a new land management agreement. I cannot say for sure that it has gone through but a replacement land management agreement has been done. There are about 60 pages.

**THE CHAIR:** You would have had a land management agreement under the old lease?

**Ms Campbell:** Correct.

**THE CHAIR:** But it is different?

**Ms Campbell:** It is pretty similar.

**THE CHAIR:** You pay land rent as a sublessee to the Suburban Land Agency or whomever it is these days?

**Ms Campbell:** I think it is called a peppercorn lease, but I have full responsibility for all the expenses, which are significant. Basically I do not make anything from it. With the few horses and the cows that are on there, it pretty much just pays its way.

**THE CHAIR:** You are still breeding cattle?

**Ms Campbell:** Yes. Part of the sublease conditions was that I have to farm it exactly the same. They were very happy with the quality of the way I had it. The words “magnificent spread” were the words I remember feeling very pleased to hear from one of the government people who had a look. That made me feel good because I was pretty proud of it as well. But I had to farm it and run it in exactly the same way. I have got more conditions and things that I have to meet.

**THE CHAIR:** Could you come back to us with what are the extra conditions that you have to meet?

**Ms Campbell:** Sure, yes, okay.

**THE CHAIR:** If you think when you look at it that it is pretty much the same, can you get back to Dr Lloyd with that advice as well?

**Ms Campbell:** Yes.

**THE CHAIR:** You do not live on the property anymore?

**Ms Campbell:** I did and I moved not two years yet. My daughter has just had a baby, so she got married. And all my kids are in Sydney so I ended up having to decide. I am not giving up the horses, but I had to give up something. So I have given up my acre-and-a-half garden and moved, but I am still there every day.

**THE CHAIR:** Does anyone live on the property?

**Ms Campbell:** Yes, a young couple is living in the house.

**THE CHAIR:** Are they subletting on the sublease? How does that work?

**Ms Campbell:** They are just living in the house. I am not allowed to have a tenant, and they do maintenance and things around the place, keep the grass down and stuff.

**MS CHEYNE:** What is your relationship with this young couple? Where did they

come from?

**Ms Campbell:** With respect to one of them, her horse is in a paddock with my horses.

**MS CHEYNE:** Is that a known relationship that you have with the SLA in terms of how that land is managed, that those people are living there?

**Ms Campbell:** I did ask them. I have to adhere to all of the conditions, so I am pretty sure I did ask them whether I had to live there. As long as I met all of the conditions, I did not have to live there. My insurance broker said, "You can't move and leave it."

**THE CHAIR:** To summarise, at the time that you sold the land to the LDA, you were a willing seller?

**Ms Campbell:** Yes.

**THE CHAIR:** You were very happy with the price; you could have got a better price but you would have had to divest yourself of your stock and so on?

**Ms Campbell:** I would have had to do so in a shorter time frame, potentially. It sounds awful to say you do not trust people, but if somebody is putting in a lot of their own money, you are not 100 per cent sure what you will get back. I already knew there were people who had managed to lease. Ochie, up the road, had Lands End; he had a lease on his place, and other people had leases. I had no doubt about my ability to meet any inspections regarding the lease. I figured that if I failed the sublease, that was not going to happen unless I did the wrong thing, whereas with the other people, you are just not sure. There is a nice house there and you think, "Maybe they want to come and live there," and you just—

**THE CHAIR:** In a sense you had the best of both worlds.

**Ms Campbell:** A little bit.

**THE CHAIR:** You managed not only to sell the property at a good price but also to remain in contact with the property and to continue to work the property at the same time.

**Ms Campbell:** Yes, which is still important to me. I am now in a position where it does not need to make any funds for me, so that, with all the money that I get, I can put it back into having somebody maintain it. The place looks better now than it ever has because I have a guy there who I have been teaching all of the different aspects—

**THE CHAIR:** You are not actually straining the fences and doing that sort of thing.

**Ms Campbell:** I used to put most of my wage into building it up; it is what I wanted to do because it made it nice for me with the horses. Now I have a bit more wherewithal to do it. I have also managed to drop the numbers down, so I have fewer horses, because we have drought coming again.

**THE CHAIR:** You are going to have to destock, to some extent.

**Ms Campbell:** I have destocked already, about 20 per cent, because there is absolutely no way that I want anything like that to mean that, when they come, they are not thrilled to bits with each inspection. I do not want to get booted out.

**THE CHAIR:** In the sale price, that was the price overall, but was it cut down into so much for the land and so much for the improvements or was it just a blanket price?

**Ms Campbell:** I had the place valued almost every year I was there. If it ever came to the fact that it was acquired and I was going to lose it, I felt that it was important for me to have that, in case there was some conflict about the money. They had a value for—I think it is called curtilage, the house and the curtilage around it. I knew what I have spent on the place. If I have put a cover on my arena, and I know how much I have spent, clearly, you expect that it will be worth whatever it is worth.

**THE CHAIR:** When you settled on the price, was the price broken down by—

**Ms Campbell:** No.

**THE CHAIR:** It was just a blanket price?

**Ms Campbell:** No, because there were two valuations done.

**MS CHEYNE:** How long is your lease for?

**Ms Campbell:** This one?

**MS CHEYNE:** Yes.

**Ms Campbell:** Ten years.

**MS CHEYNE:** So you are three years in?

**Ms Campbell:** Two.

**THE CHAIR:** Two and a bit.

**Ms Campbell:** But it is not insignificant, the amount of effort and cost it takes to keep it nice.

**MS CHEYNE:** And particularly given the improvements you had already made to it, once you have—

**Ms Campbell:** Just managing to keep the weeds down and rotate, so that you do not have bushfires and—

**MS CHEYNE:** I appreciate that “improvements” probably has a different meaning for you than for me.

**THE CHAIR:** I meant things like yards, fences and—

**MS CHEYNE:** Given you had put so much effort into making the condition of the whole property something that people were proud of and impressed with, that necessitates, in order to keep it that way—

**Ms Campbell:** You can only keep it that way if you keep long-term paddock health as your primary goal. Unfortunately, when I look at a lot of the other properties, I think they are just in it for the money; they trash the land. If there are one or two wrong seasons, it will take 10 years to recover.

**THE CHAIR:** You said you have been breeding cattle for 20 years. What did you do before that?

**Ms Campbell:** Lots of things. Which hat do you want me to put on?

**THE CHAIR:** You indicated that this was not a lifelong—

**Ms Campbell:** No, it was new. I started off going into cattle in partnership with somebody who knew what they were doing; then I learnt for the first 10 years while I was busy walking around with him. Did you know Kerron Stiles, who worked for the government?

**THE CHAIR:** Yes.

**Ms Campbell:** He used to come out four times a year and we used to walk around my paddocks. I was his sponge; I used to suck up information and I learnt. I loved it. I had always been a keen gardener and I had bred animals.

**THE CHAIR:** You were just doing it on a larger canvas?

**Ms Campbell:** That is it.

**THE CHAIR:** Thank you very much for your attendance here today, Ms Campbell. You will receive a copy of the transcript. There are a couple of things that you took on notice about the land management agreement and the differences between the two land management agreements.

**Ms Campbell:** Yes.

**THE CHAIR:** You were also going to check your memory about when the first meetings took place.

**Ms Campbell:** Yes.

**THE CHAIR:** If any issues arise when you read the transcript that you think need clarification, please address those to Dr Lloyd, the committee secretary, in the first instance. Thank you very much for your attendance here today.

**Ms Campbell:** I hope it was a bit helpful.

**THE CHAIR:** Yes.

**MS CHEYNE:** Very.

**Hearing suspended from 10.06 to 10.16 am.**

**KATZ, MR SIMON**, former owner of Milapuru

**THE CHAIR:** We welcome Mr Simon Katz, the former owner of Milapuru. Mr Katz, have you had a chance to read the privilege statement?

**Mr Katz:** Yes, I had a good look at that before. It is okay with me.

**THE CHAIR:** Do you understand the privilege implications of the statement?

**Mr Katz:** Yes.

**THE CHAIR:** You were the former owner of Milapuru, which is one of the blocks of land dealt with in the Auditor-General's report. At the time you first had conversations with the land development agency about the land what were your plans? Were you thinking of developing or were you looking to divest yourself of the property?

**Mr Katz:** I had made some private inquiries with a potential buyer. I was aware that the property next door to me had been purchased by a gentleman.

**THE CHAIR:** Had been purchased by?

**Mr Katz:** By a gentleman, by a person.

**THE CHAIR:** Is that the Canberra Equestrian Centre?

**Mr Katz:** I am not sure what it is called now.

**THE CHAIR:** It is the one to the north of you?

**Mr Katz:** Yes, basically immediately to my north. I was not looking to sell prior to that. There was certainly no intention; I had not listed the property or anything. I was going through some personal issues at the time so I made some inquiries with him to see if he might be interested in purchasing my property as well. That led to several meetings and conversations.

**THE CHAIR:** You had meetings with the owner of the property north of you, which is block 433?

**Mr Katz:** Yes.

**THE CHAIR:** That did not come to anything?

**Mr Katz:** No, he actually made an offer. But, from memory, he was a bit concerned that there may be some issues with the government allowing him to buy it, so he said he was going to have a discussion with somebody in the government—I have got no idea who—just to confirm that the sale would be approved, because all these sales have to be approved.

To the best of my understanding, as a result of the conversation he had I was contacted by the government, by the then land development agency, who expressed interest in purchasing the property. They said, “Well, we’d like to have first option on it.” Obviously he then took a backward step. That was through him actually: he told me that they would be interested in pursuing it, that they wanted to have first option on it.

I did not hear anything for a couple of weeks. I was aware that the land development agency had gone through a similar process with another landholder and I knew that that did not come to anything. They mucked him around for quite a long time; actually it was for a few months. So I contacted the land development agency and said, “Look, can you just confirm if you are interested or not? If you’re not, I don’t want to be mucked around; I want to go back and pursue this with the other potential buyer.” As a result of my contacting them the response was, “We are interested and we would like to talk to you.” So it went from there.

**THE CHAIR:** When did you have a conversation with your neighbour?

**Mr Katz:** I have not got dates in front of me.

**THE CHAIR:** Roughly speaking?

**Mr Katz:** It was probably—ballpark—about 12 months prior to the property changing hands.

**THE CHAIR:** Could you check your records and come back to the committee secretary?

**Mr Katz:** Yes. I gave all that the information to Maxine Cooper when she was—

**MS CHEYNE:** Yes, we are a different process.

**Mr Katz:** I realise that, but I am just saying that I have.

**THE CHAIR:** So if you could let the committee know through Dr Lloyd when you became aware that the LDA was interested and when you had your first discussion with the LDA.

**Mr Katz:** Yes, I will take that down that for you.

**THE CHAIR:** What did you use Milapuru for?

**Mr Katz:** Primarily I grazed cattle on it and there was a little bit of horse agistment on it. The horse agistment had been reduced a fair bit over the last couple of years prior to me.

**THE CHAIR:** Why was that?

**Mr Katz:** Basically management issues. Post the fire in 2003 the property was fairly severely impacted by that. I was a bit under-insured, so it was taking me a lot longer

than I wanted to do fencing and pasture improvement and so forth. Having numbers of horses on the property and trying to manage not only the horses but the horses' owners was just too challenging so I basically reduced the number of horses on the place. Just a personal decision based on—

**THE CHAIR:** But the horses were tough on the land after the fire?

**Mr Katz:** Yes, the horses are tough on the land but it was more the issue of trying to manage the people. It was not a personal thing, but it was just trying to move horses around quickly and as I needed to.

**THE CHAIR:** And they are not your horses.

**Mr Katz:** And they are not my horses, so it was just difficult.

**THE CHAIR:** What was the zoning on the land, do you recall?

**Mr Katz:** Rural. I am not sure of the technicalities, but it was all zoned rural. There was a bit of river corridor in it as well down towards the river. There was a little piece on the river corridor.

**THE CHAIR:** When you had a conversation with the LDA, you were essentially a willing seller or an interested seller?

**Mr Katz:** I was interested. As I said, I had no intention of selling prior. Basically there was a conversation and I became aware of the other property selling and I thought, "Well, I'll make some inquiries." But I had never at any stage prior intended to sell. I had never spoken to agents or anything like that.

**THE CHAIR:** When did you acquire Milapuru?

**Mr Katz:** My parents acquired their lease originally in the late 70s, then I acquired the lease off my parents in about 2001 I think.

**THE CHAIR:** Did you convert it to a 99-year lease or did your parents?

**Mr Katz:** No, I converted it. It was a 30-year lease that I got off my parents and then down the track a couple of years later I converted it to a 99-year lease.

**THE CHAIR:** Do you recall when it was converted to a 99-year lease?

**Mr Katz:** Once again, I would have to check the dates. It was probably about—yes, I will have to check.

**THE CHAIR:** Okay. The 30-year lease was ongoing at the time?

**Mr Katz:** Yes.

**THE CHAIR:** It had not expired?

**Mr Katz:** No. The original lease my parents had was due to expire in the early 2000s and they renewed it to a 30-year lease prior to that happening. So it was only about five years or something into the 30-year lease.

**THE CHAIR:** Then under the new rural policy you converted it to a 99-year lease.

**Mr Katz:** They got the 30-year lease under that new policy.

**THE CHAIR:** Did they?

**Mr Katz:** Basically the history of me converting it to a 99-year lease—I do not know if it is relevant—was the situation that I found myself in. I went through a divorce and I had to borrow a substantial amount of money to pay my ex-wife. I had a 30-year lease with 25 years or whatever was left on it. That was not sufficient for them to lend me the money so I increased it to a 99-year lease. Basically I borrowed enough money to buy the lease, increase the lease. So that is the main reason that I converted it to 99.

**MS CHEYNE:** I appreciate that a lot of stuff was going on for you personally. It was not initially your intention to sell but then, with people nearby getting a decent price, it became a live option for you?

**Mr Katz:** Yes.

**MS CHEYNE:** The Auditor-General's report suggests that, after the initial chats with the government, throughout there had been a counteroffer for the property. Are you able to talk us through that? It seemed to have directly influenced the price that the LDA ultimately paid.

**Mr Katz:** Yes, that would have been the offer. As I mentioned earlier, the gentleman who bought the place next door did make an offer. But then he said, "This is what I will offer you," and then there were some other benefits attached to that. Should the zoning of the land change and whatever down the track he was going to factor in a few other potential payments.

Then he came back a couple of weeks later, or a week later or whatever it was, and wanted to confirm with the government that they would allow him to purchase it before he would pursue the matter any further. That was when the LDA said no, they would like to have first option. He made an offer. It was a fairly informal process. It was just him and me having a conversation. But yes, he did make quite a substantial offer.

**MS CHEYNE:** And presumably substantial because, by owning a property next door and then consolidating, it would be worth quite a bit to him?

**Mr Katz:** Yes. You would be aware of who he is—he is a land developer—and I know he had some plans. That was what he was looking at it for, the long-term future. It was an investment. He did not expect to be able to develop it in any short term. This is the conversation I had with him. I do not know what he knew—

**MS CHEYNE:** No, this is super helpful.

**Mr Katz:** But the conversation that I had with him was that he thought it would be good for him to buy it, he could add it to the property that he already had. Long term he did anticipate that he may be able to develop it.

**MS CHEYNE:** He had put forward a decent figure to you?

**Mr Katz:** Yes.

**MS CHEYNE:** After he had had further conversations with the LDA and the LDA had said no, you were at least able to use that figure in your negotiations with the LDA about what would be a reasonable price at which you be willing to sell?

**Mr Katz:** Yes. The gentleman whom I was talking to had said to me that if it did not work with the LDA he would still like to purchase the property. Basically, yes. The LDA wanted first option. I went and spoke to them and there was a bit of to-ing and fro-ing there. If that had fallen through, for whatever reason, then he said he was still interested. Whether he was or not, I have no idea but, as far as I was concerned, that was where the market value of that property was, based on what somebody was willing to pay, which was more than I would have expected it to have made if it had gone to a public auction or whatever.

**MS CHEYNE:** And that was the \$7 million?

**Mr Katz:** No, he did not offer \$7 million. He offered, from memory, just under six but then he also said in a conversation if the land was rezoned within a set period of time—and there were a couple of time frames—if it was rezoned within five years or if it was rezoned within 10 years—

**THE CHAIR:** A sort of profit-sharing arrangement?

**Mr Katz:** Yes. As I said, his long-term plan was to develop it. If the opportunity arose sooner than he had anticipated by the government rezoning it then he would compensate me extra dollars to make up for it. That was a conversation. I do not think there was ever anything written down on that.

**THE CHAIR:** But you had discussed a future profit-sharing arrangement?

**Mr Katz:** We had discussions. We had a figure that would have been to purchase the lease, which was at 5.8 or something, and then on top of that—and that would have been obviously written up—had we gone ahead with it, was another payment if the land became a lot more valuable in the short term.

**THE CHAIR:** You had contact with the LDA, you think, about a year before you eventually settled?

**Mr Katz:** I am only guessing. I would have to check that. But yes, it was a fair while beforehand.

**THE CHAIR:** There was a fair amount of time between initial contact and

settlement? Did you have many meetings with the LDA over that time?

**Mr Katz:** There were a couple of emails. There was an initial meeting. There were probably about three or four meetings face to face.

**THE CHAIR:** Regular, close together or—

**Mr Katz:** There were probably a couple within the first month. There were probably only about three.

**THE CHAIR:** Valuations were done?

**Mr Katz:** I know the LDA did a valuation. I did not do a valuation. I never—

**THE CHAIR:** Only one valuation?

**Mr Katz:** To the best of my knowledge, there was only one valuation.

**THE CHAIR:** What was that valuation? Do you recall?

**Mr Katz:** I have got a copy of that at home but it was under \$4 million. It was three point something, which was probably what I thought it was worth if it had gone to auction.

**THE CHAIR:** How did you get from under four to seven?

**Mr Katz:** Purely based on the fact that I had the other offer of nearly six, plus that other potential, and then the LDA came back with the offer to me. There was no negotiating with the LDA. They said, “This is what we will give you if you are interested”—take it or leave it sort of thing. I did not push the envelope when they did it. There were no conversations like that. I had a meeting with Mr David Dawes and he said, “This is what we are willing to offer you.” They were aware of the potential for us to negotiate a higher figure. They had a conversation with him.

They said, “We are obviously not in a position to do that. The government being government, we cannot do that. We cannot have any deals on the side like that. But because we are aware that you have this other potential windfall”—or whatever you want to call it—“we will offer you X amount of dollars.”

**THE CHAIR:** Can you tell me about the topography of the land? I am not familiar with the block. Can you tell me about the block itself? What is it like?

**Mr Katz:** It is basically all cleared. There is a creek line that runs basically through the middle of it, which is not a permanent creek. It is a spring-fed creek. When it rains, it runs. When it does not rain, it does not run. There are a couple of fairly steep rocky outcrops on it. There is a large area of it that I suppose, from a developer’s point of view, would have had potential, basically for housing or whatever.

**THE CHAIR:** And it backs onto the back of Kambah and—

**Mr Katz:** Yes, it runs up to the horse paddocks, which are all already owned by the government. That is all ACT government-managed land up behind Kambah and Chapman. There is a small boundary on the river corridor itself and then rural leases to the north, northwest, and what was agistment land on the other side. I am not sure what the long-term tenure of that is now.

**THE CHAIR:** It actually is that bit of Kambah that is west of the Kambah pool?

**Mr Katz:** Yes. The access to it was off Allchin Circuit, which was Kambah.

**THE CHAIR:** The access was off Allchin Circuit?

**Mr Katz:** Allchin Circuit, the Kambah pool road area, yes.

**THE CHAIR:** Where is the steep bit?

**Mr Katz:** Have you got a map in front of you?

**THE CHAIR:** I have got an ACTmapi map but it does not have topography on it.

**Mr Katz:** I can show you. I can just show you off the map. Basically there is a creek line that I mentioned that more or less runs right through the guts of it. This green bit here is part of the lease even though it was—

**THE CHAIR:** Because that is river corridor?

**Mr Katz:** Yes, but there is no fence line there or anything and it is river corridor. It would have to be managed differently. Basically there is a creek line that runs through the middle of it, which you probably can see vaguely. These couple of drainage lines are not permanent but this one here is. There is a large hilly area—not particularly steep—along here and it joins on more or less along here. This is all quite flat, where it joins block 433, which had a fair bit of attraction for the gentleman who bought that because it is all quite a flat paddock.

There is a bit of a hill here—a couple of steep bits where it ran down to the creek itself—but the rest of it was all arable and was all flat here. It is quite a big flat paddock and reasonably gently undulating.

**THE CHAIR:** That is useful, to get a feel for what the property looked like. In your discussions with the land development agency was there discussion about the possibility of it being future residential land?

**Mr Katz:** There was never really any conversation. I did not really ask them. I obviously assumed that, being the development agency, they had long-term plans for it. But in my initial conversations there was not anything. And it was before there was a lot of publicity about what was happening in that area. It was one of the—

**THE CHAIR:** That was fairly early in the piece?

**Mr Katz:** It was fairly early.

**THE CHAIR:** It was 2016?

**Mr Katz:** Yes.

**MS CHEYNE:** I think you touched on this before, but in terms of your agreement for the sale of the land, what are the leasing arrangements? Are there any?

**Mr Katz:** Yes, I had a 99-year lease, on which there was still 90-something-years left, although that does not mean anything. The government can resume it if they want to. I have to admit that it surprised me why they wanted to buy it because I would have thought if they needed it, they would have just resumed—

**THE CHAIR:** Because there were withdrawal clauses in the lease.

**Mr Katz:** Yes, there is a withdrawal clause. There is lands acquisition and all that sort of thing. But, anyway, I had a 99-year lease over the whole block.

**MS CHEYNE:** What happened after the LDA bought it in terms of leasing?

**Mr Katz:** To the best of my knowledge, they just transferred that lease to the LDA.

**THE CHAIR:** So you sold your lease and you moved on?

**Mr Katz:** I sold my lease, yes.

**THE CHAIR:** You did not investigate sort of leasing it back or anything like that? You were ready to move on.

**Mr Katz:** I made an inquiry. My partner—unfortunately that did not work out, either—was interested in investigating the possibility of us actually subdividing it and keeping a small portion of it. My understanding was that there was no way they could do that, that they could not subdivide rural land in the ACT. But I did ask that question. I sort of said, “Is there any possibility of us, basically, staying and getting a small lease that we could stay on?” The response was, as I expected, “No, sorry, we cannot do that.” So I did not pursue it.

**THE CHAIR:** Did you have a particular parcel of land that you thought of excising for yourself?

**Mr Katz:** Yes. But if they said yes, I would have. But what would have made it difficult would be access. If we did that, I would have liked to have had my own access without having to come through. So that sort of restricted where I could have done it.

**THE CHAIR:** Does it have a house on it?

**Mr Katz:** Yes, there are two houses on it. Yes, so I had a ballpark. If they said, “Yes, we could probably think about that,” then I would have said, “What about that block up there, that paddock?” But it was never—

**MS CHEYNE:** So you were told that leasing was not a possibility?

**Mr Katz:** I was told that they cannot subdivide.

**THE CHAIR:** Subdividing the land is not permissible under the rural—

**MS CHEYNE:** Yes.

**Mr Katz:** I worked for the ACT government. I worked for parks and cons for a while. I worked in the rural programs area, which was an area that had a lot to do with the leasing. It used to work quite closely with ACTPLA, as it was at the time. So I was fairly up to date or fairly aware of the basics of the rules and regulations. It was always understood that you could not subdivide the land in the ACT.

**MS CHEYNE:** Okay, so definitely no subdividing. As a result, you did not look into leasing.

**Mr Katz:** I did not pursue that, apart from the initial inquiry. I thought that under the circumstances it was worth asking the question. They said no, and I did not pursue it. As it turned out, down the track I believe that they did that for somebody else but that is another story. We did have a conversation about agisting the land back, having a grazing licence over it and basically staying on, which I was keen to do. But that turned into a complete nightmare. It just did not work. Trying to sort out licences and—from my perspective—I do not think it was well managed by the government. The communication was very poor.

**MS CHEYNE:** Can you talk us through that? To give you some context of why I am interested, we have heard different experiences from different landowners. Some have leased it back or have a licence and are super happy. Some have that and have some concerns about the process but are happy. Some did not have that option or it was not managed well.

**Mr Katz:** I was basically one of the first people to do it. There was an informal conversation: we will go ahead and do that and we will organise all of that down the track and it will be fine. The biggest mistake I made was that I did not have that in place prior to—

**THE CHAIR:** The sale.

**Mr Katz:** the signing, because, more or less, the process—

**MS CHEYNE:** Right.

**Mr Katz:** Yes, the wills. I have to admit that I actually spoke to at least one person, possibly two but definitely one, who was interested. Now, this is a fair way after I sold and more or less moved on, but they were interested in seeing if there was any possibility that the LDA may be interested in purchasing their property. The key advice, the main thing I said to them, was just to have an agreement in place before you finalise it.

I had several meetings with people from the LDA. I had meetings with people from the property group. They did not seem to be talking to each other. But my personal opinion was that the property group had no idea what they were trying to do. They did not have any experience in rural land or the management of rural land. They were good at managing houses or buildings or whatever.

Basically, the LDA just looked at the property group and said, “Go organise some sort of rental agreement over the house and grazing licences over the properties.” There was to-ing and fro-ing and it did not work. We would negotiate it; I went back to the LDA sometime after, with the process just not going anywhere. I went back to the land development agency. Once the property was sold, the big wigs, so to speak—I was not communicating with them anymore; I was just talking to people in the office. They said, “Look, forget about the property group. We will do it ourselves. It is not working.” They acknowledged that it was not happening. They said, “We will organise it ourselves.” So we waited around for another few months and in the end I said, “This is just ridiculous.”

**THE CHAIR:** Nothing happened.

**Mr Katz:** Yes, there was no security. I would have been quite keen to stay on but that was not going to happen. It could have happened, but I was sick of waiting for it. At the same time, there was personal crap going on as well, so—

**MS CHEYNE:** You describe that as—you said it was a nightmare.

**Mr Katz:** Yes, it was really badly managed, I feel; and it was like I was not doing anything. It was just a very bad period.

**THE CHAIR:** Can I wind that back? Before you were having a conversation about selling land and you were just the lessee of Milapuru, who were you dealing with in relation to land management issues? Was it the property group, or was it—

**Mr Katz:** No, it was—

**THE CHAIR:** more in the environment department?

**Mr Katz:** It was environment or ACTPLA. Any leasing issues or any conversations like that went through ACTPLA.

**THE CHAIR:** But the land management stuff came out of environment?

**Mr Katz:** A lot of the land management stuff came out of environment. The land management agreements and that sort of thing were basically drafted and came out of environment.

**THE CHAIR:** In your experience of being a rural lessee, how often did you have meetings, discussions or inspections that related to your operation of the land management agreement on your lease?

**Mr Katz:** There were conversations on occasion. There was not a lot.

**THE CHAIR:** You did not get rangers, agronomists or anyone coming out to see whether you were—

**Mr Katz:** They used to come through occasionally; very occasionally you might have—

**THE CHAIR:** Once a year?

**Mr Katz:** A few years earlier, well, 10 years ago, they were quite regular. You would have a ranger basically driving through. If there was an issue identified, there would be people checking up on it. But if there were not issues identified, in the past few years you very rarely saw anybody. I think that was just a sign of a lack of—

**THE CHAIR:** Say, for instance, after the bushfires and there were a lot of weed problems and stuff like that, did you get assistance, advice et cetera from the rural leasing area?

**Mr Katz:** Yes, they were pretty good. There was advice; there was some support there.

**THE CHAIR:** What about fencing at the time?

**Mr Katz:** They certainly helped out and contributed to the river corridor fence. That is on the reserve right down the bottom section.

**THE CHAIR:** Yes, that is the one where you have to keep the cattle out of the—

**Mr Katz:** Out of the river corridor, yes.

**THE CHAIR:** Yes.

**Mr Katz:** But the rest of the fencing was my problem. That was possibly, from memory—we are talking 15 years ago or something—along the whole river corridor. But I think that was over and above what they probably had to do—legally what they were required to do. I think it was quite reasonable—

**THE CHAIR:** But you had some assistance with fencing and you would have had agronomists giving you advice on restoring your paddocks and—

**Mr Katz:** Yes, there was plenty of advice. You could talk to people. There were regular meetings, not with me personally but with the rural lessees, with the senior people within that; like there were the agronomists at the time and the manager of that area. I cannot remember what it was called, but there was basically a meeting probably once a quarter or something. You could go and—

**THE CHAIR:** Did you get assistance with things like weed control or was that stuff that was—

**Mr Katz:** Advice; there was no financial assistance.

**THE CHAIR:** Advice; for example, Paterson's curse became a big issue after the fires. Was there discussion about how to deal with Paterson's curse post the fires and those sorts of things?

**Mr Katz:** There was plenty of advice offered. If you had questions, they were very forthcoming and tried to assist.

**THE CHAIR:** Was it your experience that that regular contact had dropped off by the time you got to 2015?

**Mr Katz:** Yes, but whether it was different with me—as I say, at that time I was employed by the ACT government. So I had more of a personal connection. I was with parks and conservation and then I was with the rural fire service. So I had personal connections with a lot of those people.

**THE CHAIR:** Okay.

**Mr Katz:** Whether there was more for other people who did not have that first-name type of relationship, I am not sure. But, in my case, there were not a lot of inspections or a lot of formal contact, because I just saw them at work a lot of the time.

**THE CHAIR:** Winding it back to 2015, when you sold the land, because the lease became an ACT government asset, you ceased to deal with ACTPLA and it became an issue for the property group, who were floundering in terms of land management?

**Mr Katz:** I was no longer the lessee. To my understanding, the lessee was the land development agency, and they handed the immediate management on the ground to the property group. When I was there, I never saw any LDA people on the property.

**THE CHAIR:** Did you see anyone from the property group?

**Mr Katz:** We had a couple of meetings with them, trying to work out arrangements on the rental agreements and those sorts of things. All that they were really looking at was the houses; they did not look at the property, even though they had to draft up some sort of a grazing licence. As they would do with any other house in town, they came out and ticked off whatever you tick off. That was the case with those meetings.

**THE CHAIR:** Your feeling, and given your background in ACT government in rural areas, was that they were a bit out of their depth when it came to rural property?

**Mr Katz:** At that stage, yes. The property group did not have any experience with that type of arrangement, with managing that type of arrangement, and they were struggling a bit.

**THE CHAIR:** In those days was the property group in TAMS?

**Mr Katz:** I think they were in TAMS. They were based in Fyshwick.

**MS CHEYNE:** The Auditor-General's report found that more than \$90,000 in rent for the property up to 31 December 2017 has been forgone.

**Mr Katz:** Yes.

**MS CHEYNE:** Has anyone approached you?

**Mr Katz:** Yes. A couple of years ago, probably, out of the blue I received an email from the ACT Government Solicitor, a letter of demand. My response to that was that there was never any agreement signed. I never had a lease. I never had a rental agreement. I never had a grazing licence. I responded to that letter in writing, and only about three months ago I got a response from the ACT Government Solicitor, saying that it has been withdrawn. They were happy with what I—

**THE CHAIR:** For how long did you stay on the property after the sale?

**Mr Katz:** Probably a year.

**THE CHAIR:** This was in the expectation that you would get a sublease?

**Mr Katz:** Yes, some sort of grazing licence.

**THE CHAIR:** You had permission to stay there?

**Mr Katz:** Yes, we had permission to stay there and basically continue to manage it under the existing land management agreement that I had.

**THE CHAIR:** You had a land management agreement under the 99-year lease?

**Mr Katz:** I had a land management agreement, yes.

**THE CHAIR:** The interim arrangement was that you would continue with that?

**Mr Katz:** Yes.

**THE CHAIR:** Did the property group see the land management agreement?

**Mr Katz:** They would have been—

**THE CHAIR:** You did not show them a copy, but it is—

**Mr Katz:** Yes, they would have had it, because the way it worked was that once they purchased it, they would manage it under the existing land management agreement for a period of time until they had the opportunity to do their own, to redo it. From memory, legally, they could run it for up to three months under the existing land management agreement. That was what was given to the property group.

**THE CHAIR:** You stayed there for about a year. In that time—

**Mr Katz:** I am only guessing, yes.

**THE CHAIR:** In that time it became clear to you that it was not going to come together as a—

**Mr Katz:** No.

**THE CHAIR:** What made you draw a line and pull up stumps?

**Mr Katz:** There were personal issues going on at the time, and it was incredibly frustrating. In the conversations that we had—this was in the informal discussion with the LDA prior to everything going through—they had no intention of doing anything in the short-term future, and we would probably get a grazing licence for potentially around a 10-year period.

Because I had a fair bit of cash, obviously, after selling the property, I thought this was a good opportunity to do a lot of work on the place, as far as pasture improvement was concerned. I thought that it was a worthwhile investment; if I had a 10-year licence then it was probably worth while doing it. Because I was still very connected with it, it was stuff that I was quite keen to do. But I did not do anything, because I was not sure whether I was there for a week or for 10 years. It went backwards and forwards, and it just did not work.

I should probably clarify that, as I said, my partner—my partner at the time of the sale—and I split up, but she remained on the property in what was my house. She came to a rental agreement with the property group for that house.

**THE CHAIR:** Over the house?

**Mr Katz:** She rented that house; there was rent paid over that house for a year or so.

**THE CHAIR:** Yes, but not the land?

**Mr Katz:** Not the land.

**THE CHAIR:** Just the house?

**Mr Katz:** Just one of the houses; she had a rental agreement over the house.

**THE CHAIR:** Before 2015, when you went to sell this, it was a large property. Was it a going concern?

**Mr Katz:** Yes.

**THE CHAIR:** It was making a reasonable rural return?

**Mr Katz:** It was making a reasonable rural return, yes. After the fire, it certainly impacted on that a fair bit, and that resulted in reducing the horse numbers substantially, which reduced the income. From the cattle side of things, and the horse agistment—there were still a few horses there—it was making a reasonable turnover. You were not going to get rich on it.

**THE CHAIR:** It was a reasonable—

**Mr Katz:** It was paying for itself.

**THE CHAIR:** When you eventually decided to pull the pin, did you have a clearance sale?

**Mr Katz:** No.

**THE CHAIR:** What did you—

**Mr Katz:** In the meantime I purchased another small property down at the coast, where I live now. I moved a bit of equipment down there, but not a lot. Anything that I wanted and needed, I took down to the coast. But as a result of the issues with my partner, and when she rented the house, it became very difficult. I did not have a clearance sale. I basically walked away.

**THE CHAIR:** What about the stock?

**Mr Katz:** I sold the stock when we pulled the pin—the cattle. I took some cattle with me down to the other property and I sold the rest.

**THE CHAIR:** They went to the saleyards?

**Mr Katz:** Yes, because the government was then going to do whatever they were going to do. Once I said, “I’m leaving here,” on whatever the date was, I had all of the stock off the property.

**THE CHAIR:** Was there farm equipment that was left there?

**Mr Katz:** Bits and pieces, yes. This sort of added to the whole thing. I was told by the LDA, “You have X amount of time to get rid of it,” then the property group said, “You’ve got to get everything gone within a week,” or whatever it was. That included everything that was in my parents’ old house. There was misinformation, miscommunication or whatever it was.

**THE CHAIR:** Thank you very much, Mr Katz, for your attendance here today. You will receive a proof transcript of today’s proceedings. There are a few things that you took on notice. Could you get that information back to the committee secretary, Dr Lloyd? If there are any issues in the transcript that you think need to be clarified, you can take those up with the committee via Dr Lloyd in the first instance. Thank you very much for your time today.

**Hearing suspended from 10.58 to 11.15 am.**

**DAWES, MR DAVID**, former Director-General, Economic Development Directorate and CEO, Land Development Agency

**THE CHAIR:** The committee welcomes Mr David Dawes, former Director-General of the then Economic Development Directorate and former CEO of the then land development agency. I know you are aware of the privilege statement, Mr Dawes, but could you acknowledge that you have read and understood the statement?

**Mr Dawes:** I have read and understood.

**THE CHAIR:** The committee is inquiring into the Auditor-General's report about the assembly of rural land to the west of Canberra. Could you begin by giving the committee a run-down on how the policy was developed to kick off the beginning of the acquisition of land in the west of Canberra?

You and I have worn various hats over a long period. Work was done by the rural task force with the conversion of many leases to 99-year leases at the turn of the millennium and then under planning minister Mr Corbell changes were made to the planning legislation and the land development agency was formed. At the same time work was done on the spatial plan which indicated the government's policy for future development.

It seems to me that although the spatial plan envisaged expansion to the west of Canberra the first step-off point was essentially to the east and to Kowen, so I am a little surprised why a policy was developed to acquire land to the west of Canberra. I would like to get some feeling for how that policy developed.

**Mr Dawes:** It goes back, I think, to a planning day the LDA board had. One of the things that came out of that particular meeting was land supply; a number of things were discussed.

**THE CHAIR:** When was this planning day?

**Mr Dawes:** It would have been probably 2013 to 2014, something in that time frame. Probably in 2014 we started to examine the land supply in the territory. If you look at what had occurred in Gungahlin, for example, Throsby was originally going to be 4,400 dwellings and it is now something in the order of 1,100 because of Mulligan's Flat and other things you are giving up. In Gungahlin about 10,000 dwelling sites were lost through some of the environmental issues. I am not saying that is bad; that is a good thing. Preserving Mulligan's Flat and a lot of those sorts of things is very good, but when you have a long term—

**THE CHAIR:** But they are trade-offs because you then need to find 10,000 housing blocks somewhere else?

**Mr Dawes:** Exactly. So we started looking at other development opportunities and where we should develop. We went back and had a look at the early-2000s spatial plan and we then looked at the revamped plan back in 2012—something in that time frame—that ACTPLA had done at the time.

We also did an audit of how much land we have to supply. Government policies change, obviously and, as we were doing these things, things were changing: they were talking about light rail and intensifying that corridor. But if we had maintained a fifty-fifty policy at the time when we started looking at that view we were running out of land by 2031. As you know, it takes 10 years to get an estate ready, so what do we do?

Obviously there was talk of Kowen, but logical sense would make you question why you would go to Kowen when you have all this infrastructure going in in Molonglo. There is a lot of money being spent in the core infrastructure there: trunk infrastructure, electrical infrastructure, road networks and all of that. We looked at what some of the other options may be. To get to Kowen, unless you dodge the training field from defence and all of those sorts of things, the cost was very expensive. We did not have inside information at the time.

I think it is fair to say the LDA was treated like any other developer in town. EPSDD, as they are now, or ACTPLA, would be doing their planning. We knew that had to be revamped. One of the catalysts that triggered this was a few rural properties started to come up for sale. We were approached by one of Canberra's leading real estate and valuation firms to say we should start thinking about futureproofing the territory. As you would be aware, this is not—

**MS CHEYNE:** Which firm was this? Knight Frank?

**Mr Dawes:** No, Colliers; they had some thinking. It really led from when we bought the Glenloch property. I remember there was a lot of conversation. Valuations were done and not everyone agreed on those valuations. We had it peer-reviewed to make sure we were paying the right price; there was a rural price and then a bit of a speculative price. One of the things with Glenloch was that ACTPLA had produced plans with an overlay of a subdivision on it and private sector developers were looking at doing a development there. I think it is fair to say that the territory felt that we needed to get in and control that.

The yield on that was 1,200 dwellings with all of the revenue coming into the territory. It was quite a profitable estate. That probably led further to the strategic acquisition policy, and there has been some discussion about what is strategic and what is development. That was certainly driven a little bit by the LDA and the board to make sure we had an adequate supply of land. We wanted to get in and control that rather than the private sector getting control. We missed out on the first one that came up for sale in that Cotter precinct; a private sector party bought that for circa \$12 million.

**THE CHAIR:** Was that the equestrian park, block 433?

**Mr Dawes:** Yes. So that triggered that. We looked at that but we came in very late in the piece when it was pretty well down the path of being executed. Another one there came up at a similar time but we chose not to buy that one because that was very much in the river corridor. It is the one to the river at Camp Cottermouth.

**THE CHAIR:** Riverview?

**Mr Dawes:** Yes. We looked at that and discussed it at the board level, but because it was in the river corridor in the fire abatement zone we felt that there was probably no development opportunity on that particular parcel so we did not buy that one. We did not buy everything; we were quite strategic in what we could develop and where we could plug all of that into infrastructure.

**THE CHAIR:** Can I take you back a little bit so we can get some chronology around this. You said the LDA or the LDA board had a planning day.

**Mr Dawes:** The LDA board had a planning day; we used to have a planning day each year. Obviously that is when we would be looking at the next year and starting to formulate the statement of intent and other activities.

We were also trying to have a bit more influence in the land supply. Quite often the LDA was tasked to deliver land that, say, did not have a territory plan variation to start with so sometimes you were starting on the back foot. We wanted to make sure that especially for the first two years of our four-year program we would be able to deliver on that.

**THE CHAIR:** You said this was 2013?

**Mr Dawes:** Yes, 2013 or 2014. It might have been the back end of 2013, so leading into 2014.

**MS CHEYNE:** Was the planning day before or after the equestrian site was purchased?

**Mr Dawes:** It would have been before or after—one of them. I cannot remember the exact date.

**MS CHEYNE:** You said before that the purchase of that site was almost a trigger for you.

**Mr Dawes:** That was not the trigger. Probably the trigger that led to our strategic acquisition paper and policy was the Glenloch interchange one, which occurred much earlier.

**THE CHAIR:** When did Glenloch change hands? You can take that on notice.

**Mr Dawes:** Yes. I must admit, I have not looked at any of these papers—I have not got any files or anything like that—for over two years. So that was one of the triggers. As I said, we did an audit of land as well and that is where we thought about where we go and our future planning.

**THE CHAIR:** When you say you did an audit of land, what did the LDA do?

**Mr Dawes:** We then started examining what was going to be developable, knowing, as I mentioned to you, what land we had given up in Gungahlin for environmental constraints. We needed to make sure that you can provide choice for the community.

If you are running out of land in 2030 to 2031, what can you do from there? Hence that is why we started looking at where we could possibly develop. At the worst, the board always felt that if, for example, there was never rezoning, we could always take it back and sell it for rural land, anyway. But at least we had first dibs on and control over what might occur.

I know that the land that we ended up acquiring took our land supply out to the 2050s. That actually added another 20 or 25 years land supply for the territory. Depending on the levers—and the government’s policy is more infill—again, down the track, Canberra is growing. Whether we like it or not, we are growing, which is fantastic, and we are becoming a true capital. Potentially, we will grow as well.

It is about what it gives to future governments, and I think I said that in an article in the *Canberra Times*. It was no secret that we were buying this land, either. If you recall, Tom McIlroy from the *Canberra Times* did an article on this in January or February of 2016. We talked about what properties we were buying and it was all about ensuring that we had adequate potential land that we could subdivide and provide a revenue stream to the territory. The territory is still quite dependent on a large slice of its income coming from land revenue. It provided that option. Not everyone wants to live on Northbourne Avenue.

As a consequence of buying some of this land, I forget the dates, but there was a complete business case design for budgets. If you look at some of that, with us acquiring some of these properties, the total revenue in 2016 dollars was about \$9.2 billion in total revenue for redeveloping that land. That was fairly conservative, but there was a net gain to the territory, taking into account all of the trunk infrastructure, all of the social infrastructure. We even built light rail into it; that was \$2.1 billion. That was what we were looking at doing as well, to ensure that there was an adequate supply of land and future revenue streams for the territory.

**THE CHAIR:** I seem to recollect that the rural land strategy from the late 1990s indicated that the government should convert basically all of the leases in the ACT, with the exception of those in tenant, to 99-year leases. One of the reasons they gave was that, with a lot of the rural land, although it was considered to be a land bank, it was unsuitable for residential development because of its topography and the like.

**Mr Dawes:** That is what we were very conscious of. We did not buy every block of land. As I explained we did not buy that Riverview property because of the nature of that land. With other land we did. The undulating land was perfect for land development.

**MS CHEYNE:** Sometimes you were not necessarily buying land for residential development but for infrastructure?

**Mr Dawes:** No, it would be for offsets as well. Some of it would be for grasslands or red box, yellow box—

**THE CHAIR:** Yellow box-red gum grassy woodland.

**Mr Dawes:** It is a while since I have used this term. We would be buying those for offsets. Even with some of the rural properties that we bought, some of it is suitable for land development; some of it is also suitable for offsets. We always had that in mind.

**MS CHEYNE:** With what is known as Wintergarden—we have been corrected and told that it is Round Hill Station—that was bought more for infrastructure, things under the ground?

**Mr Dawes:** Obviously, as you look at Whitlam being developed, one of the reasons why it was attractive for us to buy that is that there will potentially be an overpass. We would have cloverleaves coming off it down into estates, and road connections. We would need some of that land for that infrastructure: to have water running through the property, electrical easements running through the property. You are quite correct; that was part and parcel of it.

The other reason we looked at buying it, from a strategic perspective, is that in hills, ridges and buffers, you can put in community facilities. You can put in ovals and other sorts of things. That meant we were looking at, say, potentially 25 hectares of community land in Whitlam. You could put it there; then, as an offset, develop that and inject another \$60 million worth of net revenue into a Whitlam business case.

We were always looking at those sorts of opportunities. With some of the other properties that we bought, say, in Belconnen, which were close to Ginninderry, part of that could be used for housing but some of that could be used for community and other social infrastructure, which then allows you to develop more housing lots and other commercial spaces. Again, where you have land that is probably not quite as useful for residential or commercial purposes, you have that for your social infrastructure, and get more money. We thought of all these sorts of things at the time.

**THE CHAIR:** Could I go back to 2013-14? The LDA board had its planning day. What was the LDA tasked with doing as a result of the planning day in relation to future land acquisition?

**Mr Dawes:** I might be a bit out with the dates, too, Madam Chair.

**THE CHAIR:** Yes, I understand that.

**Mr Dawes:** It has been a while since I have looked at all of this. What triggered that was an audit of what land we had available.

**THE CHAIR:** When you say an audit, it is an accounting of—

**Mr Dawes:** Of what blocks we had, based on—

**THE CHAIR:** That the LDA had?

**Mr Dawes:** Yes; also, what was in the future pipeline for residential. That is when we undertook a bit of that work, which showed that, at the fifty-fifty policy, we would run out of land in about 2031.

**THE CHAIR:** Did that piece of information inform the planning day or did it come out of—

**Mr Dawes:** That came out of the planning day. A task that came out of the planning day was to do that, and we developed that.

**THE CHAIR:** As to what was the lifetime of the pipeline; okay.

**Mr Dawes:** In that paper that was done, once that was produced, that also went to inform government. It turned out to be a joint paper between LDA and ACTPLA at the time. I do not know whether ACTPLA agreed with it 100 per cent, because they had their own policies and time frames in which they wanted to do things, but we certainly shared that paper and it did go to government for review.

It was not adopted. It was not agreed by government at the time. Obviously, the policy was starting to change because of the light rail project, and there was an intensification on the corridor, which we understood. We felt that, again, we needed to have options; hence that is why we ended up buying some of the rural properties. As I said we did not buy all of them, and we bought them for different purposes, whether it was an offset or whether it was for other future development.

**THE CHAIR:** What was the policy underpinning of your decision, even though government was moving away from fifty-fifty to more infill, to go out and spend money on land?

**Mr Dawes:** If we had not, the private sector would have. We can look at one of the properties that I was negotiating on. This is an interesting exercise, because there is a lot of speculation out there, and we were trying to get in ahead of all of this speculation. A property that I was looking at trying to buy for \$15 million at the time, with a leaseback, is now on the market, or may have even been sold, for circa \$28 million or \$30 million.

**MS CHEYNE:** Which property?

**Mr Dawes:** It is a property on Cotter Road. It is right next to the equestrian park.

**THE CHAIR:** The National Equestrian Centre?

**Mr Dawes:** Yes.

**THE CHAIR:** Block 418?

**Mr Dawes:** Yes.

**THE CHAIR:** It is on the market; or is it sold?

**Mr Dawes:** Yes, it has been marketed by a real estate agent in Queanbeyan for circa \$28 million or \$30 million. Whether it is sold or not, already there is a speculative thing. One of the things that triggered us to buy Milapuru was because the property

owner who bought the equestrian park for \$12 million had started negotiating or had had some discussions with the gentleman you heard from previously. That triggered our conversation.

**THE CHAIR:** But going back to my question, you wrote a paper for government, you and ACTPLA—the LDA and ACTPLA. Was it the LDA or was it EPDD? Or was it all three of you?

**Mr Dawes:** It would have been LDA. I wore a couple of hats as well.

**THE CHAIR:** This I why I am asking that question.

**Mr Dawes:** It would have come from the LDA board. Again, this came back and if you looked at our statements of intent over the years we always had some funding in there for strategic acquisition. It was a well-known policy as well. We always had around \$20 million in our statement of intent for strategic acquisitions and that was aimed at certain rural properties.

**THE CHAIR:** But you wrote this paper. What was the paper called?

**Mr Dawes:** I am not sure now what it was. But it was to do with the land audit and—

**THE CHAIR:** You wrote a paper. It went to government and government did not agree with it?

**Mr Dawes:** I am not saying they did not agree with it. Certainly our statement of intent each year was signed off by government and we always had a strategic acquisition policy in mind.

**THE CHAIR:** But when you put up the specific paper, was it advocating the acquisition of land in the west?

**Mr Dawes:** It was not advocating any of that. All it was, simply, was that at our current rate of sales we will run out of land in 2031. We did not ask for a policy decision.

**THE CHAIR:** You did not put forward options to address that issue?

**Mr Dawes:** To be quite honest, I cannot—

**THE CHAIR:** We will get a copy of the paper.

**Mr Dawes:** You need to get a copy of it.

**MS CHEYNE:** Just going back to what you said before though, Mr Dawes, you said that there was something put to government that government rejected?

**Mr Dawes:** I am not saying they rejected it either.

**THE CHAIR:** They did not agree with it?

**MS CHEYNE:** That they did not adopt?

**Mr Dawes:** Yes.

**MS CHEYNE:** What was that? What did they not adopt?

**Mr Dawes:** It was cabinet-in-confidence. You might find it in another eight years.

**THE CHAIR:** You are saying that this paper that came from you about the future—when I say “you”, the LDA and ACTPLA—went to cabinet?

**Mr Dawes:** What we have got to be careful about, this particular paper—

**THE CHAIR:** I am trying to be very careful.

**Mr Dawes:** It was not actually a policy paper in that sense. It was just an information paper that went to cabinet saying that at our current rate of growth we will run out of land. And we needed to look at other options.

**THE CHAIR:** We need to look at other options—

**Mr Dawes:** And as a result of that—

**THE CHAIR:** Hang on, Mr Dawes.

**Mr Dawes:** Sorry.

**THE CHAIR:** You said we had to look at other options. Were there other options in the paper?

**Mr Dawes:** It is so long ago as well. I am very good on numbers.

**THE CHAIR:** You said that there was a paper; it probably went to cabinet; there was no tick off or rejection, presumably cabinet was neutral or did not have a view or something on this; but at the time the government was changing its policy towards more infill because of the tram. What prompted you to devise a policy to acquire land west of Canberra?

**Mr Dawes:** One of the things that we just need to remember in all this is that we acted in a way of ensuring and trying to bulletproof the territory for future land. Probably with my hat on today, I would be doing the reverse. I would be buying all that land for the private sector. But, in saying that, we were trying to ensure that we had options for the government to make in the future; whether we resold it as rural land or develop the land, have it as offsets as well for other land.

If you go back to Gungahlin, we gave up 10,000 dwelling sites there because of environmental constraints. We might not have had to have given up 10,000 dwelling sites if we had had more land that we could have used as an offset. These are the sorts of things that were going through our minds at the time as well. We wanted to

ensure—

**THE CHAIR:** I understand all the theory. I am actually looking at the permission structure that was involved. I understand the rationale—

**Mr Dawes:** The permission was there in our statement of intent. The government was well aware that we had bought these properties. If you remember, the board could sign off on anything under \$5 million. If anything was purchased over \$5 million to \$10 million we had to have treasury sign off. And then anything more than \$20 million went to cabinet. All the land we bought—

**THE CHAIR:** And if you bought more than \$20 million in a year then you had to go to cabinet because—

**Mr Dawes:** I think again that sometimes the Auditor-General makes a bit of a thing about that. Sometimes timing was the issue as well, from time to time, because if you look at some of the years where we did not buy we had massive underspend and then there was one year that we had more than \$20 million. It was just a matter of when they landed from when we purchased them. There was always a discussion around—

**THE CHAIR:** But there was an instrument that underpinned this purchase and who could purchase what and by what means. But I am actually not so much interested in the individual blocks of land at this stage. You put a paper up to the government. You did not get a response from government that directly said, “Go west, young man, and acquire land.” But you did anyhow and I am trying to work out what prompted it. I understand that you are saying that the pipeline had 20 years to run as it presently was, but what was the impetus for you to say, “Even though the government has not given us instruction in this space,” and you devised a policy and went out and acquired in accordance with that policy?

**Mr Dawes:** Our ruling document was a statement of intent and in that statement of intent, if you look back through it, we always had strategic acquisitions in there of \$20 million each year. That was signed off by government and it was part of the budget papers. It was well aware of what we were doing and we kept the government totally informed. There was no opposition to us buying these rural properties.

**THE CHAIR:** There was no opposition from your minister at the time?

**Mr Dawes:** No.

**THE CHAIR:** Was your minister regularly informed?

**Mr Dawes:** Yes, because obviously anything over \$5 million went to treasury. He would be getting a brief from not only us but from treasury.

**THE CHAIR:** From that strategic acquisition, there are only two individual properties that were over \$3 million. What about the others?

**Mr Dawes:** They were all signed off by the board.

**THE CHAIR:** They were signed off by the board under the disallowable instrument, the acquisition policy framework?

**Mr Dawes:** Correct.

**THE CHAIR:** Was there a written policy that informed the acquisition of this land to the west of Canberra? You touched lightly before on that. You said Colliers had done some thinking in this space. Can you elaborate on that?

**Mr Dawes:** Colliers had done some thinking on this but it started because some of the properties started to come up for sale. There was the Riverview one and the equestrian one that the private sector bought. Out of that was developed a framework for us to buy the properties at Stromlo.

**THE CHAIR:** What was the process? You said that Colliers had done some thinking. Did they share their thinking?

**Mr Dawes:** They shared that thinking with us and can I say that then we actually reviewed the document as well. And we discussed that at the board, because it came back into some of the board's thinking.

**THE CHAIR:** The board discussed it? When would that have been? Ballpark figure?

**Mr Dawes:** 2014 or probably 2015.

**MS CHEYNE:** Is this the same thing as the district of Stromlo acquisitions strategy paper that Colliers—

**Mr Dawes:** Yes.

**MS CHEYNE:** had prepared and presented to the board?

**Mr Dawes:** I think that was the back end of 2014 as well. Our first acquisition, even though we bought some other ones in that area, was Milapuru, which was in, probably, 2015. So that was informing that. It would have been the back end of 2014-15.

**THE CHAIR:** In respect of that paper, which was Colliers' paper, did you develop it at all or did you just top and tail it?

**Mr Dawes:** No, that was obviously fed into a board paper. Then we went off and did our own due diligence as well and looked at some of the constraints, some of the land that could and could not be developed. Again, we did our own assessment of the environmental constraints, which then developed into a budget paper, which I alluded to, that went to treasury. It was developed by us and obviously went to treasury as a result of that.

**THE CHAIR:** That budget paper pointed to: if we acquire this land, this is what the net profit would be over a period of time.

**Mr Dawes:** Time, yes.

**THE CHAIR:** When was that?

**Mr Dawes:** Again, 2015 or 2016 or something of that nature.

**THE CHAIR:** Going back to the Colliers paper, you said it fed into a board paper. Was it an attachment to the board paper or did it inform a board paper?

**Mr Dawes:** It would have informed a board paper, I think, as well. I am not sure if it was attached. Quite often we did attach papers as well, but I cannot recall.

**THE CHAIR:** As a result of that, you said that you then went out and did due diligence about which properties were more suitable for residential development. Did you essentially acquire a shopping list?

**Mr Dawes:** In the recommendations that came from Colliers, it had a list of properties that might be of interest to us.

**THE CHAIR:** The Colliers paper had that in it?

**Mr Dawes:** Yes.

**THE CHAIR:** Did you modify that shopping list?

**Mr Dawes:** Not really, no. That was just for one part of Canberra. We were also looking at Belconnen and other sorts of things as well. But we never—

**THE CHAIR:** So the Colliers paper was about Stromlo—

**Mr Dawes:** really pursued. We were approached quite often by landowners as well. Some we bought, some we did not.

**THE CHAIR:** This is something that I have been thinking about a lot. If you were interested in acquiring it for the long term, and this has been done before in other jurisdictions where government has a long-term plan for a particular area. As an example, in the 1970s, the New South Wales government decided that it would build a dam on the Shoalhaven, which has never been built. The minister at the time basically said, “We do not want your land now, but if you want to sell your land, come to us first.” Did you ever contemplate that discussion with rural lessees: “We do not need it now, but if you are selling, come to us first”?

**Mr Dawes:** I do not believe we did there. Again, one of the things with compulsory acquisitions as well is always that sort of method. But compulsory acquisitions, as you well know, are for a public purpose; land development is not for a public purpose.

**THE CHAIR:** But there are also all of those leases; I think all of the leases were 99-year leases in this—

**Mr Dawes:** Correct. In hindsight, we should not have had 99-year leases, perhaps. Anyway, that’s a story for another day.

**THE CHAIR:** Yes, but it was the policy at the time. They all had withdrawal clauses in them; so there was capacity to acquire the—

**Mr Dawes:** A lot of the leases do not have withdrawal clauses on them. You need to go back and just check that.

**THE CHAIR:** My understanding is that all of them did but I am open to correction on that. What I am sort of trying to get to is this: you did not actually have to acquire the land. One of the possibilities would be to make it known that you were interested in being consulted first when the land became available. Now, it may be that all of these people suddenly decided that they wanted to divest themselves for whatever reason. For example, they may have been long-term leaseholders and it became financially advantageous to sell because the profit-sharing period was over and there was a period when no blocks of land sold because of the profit-sharing arrangements. Of these blocks of land, how many did you go and knock on the door of as the first approach?

**Mr Dawes:** I do not believe we knocked on any doors.

**THE CHAIR:** Everyone who was selling blocks of land came to you directly or indirectly?

**Mr Dawes:** Yes, look, I was not the only one; well, I was not always the first point of call. You would probably have to just check. But the ones that I certainly was involved in—probably the only one I knocked on the door of—I went out to see the people who did not sell. There was a bit of interest but we could not agree on terms. That is the one next to—

**THE CHAIR:** The National Equestrian Centre.

**Mr Dawes:** Yes, the National Equestrian Centre, block 433, is it?

**THE CHAIR:** So you knocked on their door? It is 418.

**Mr Dawes:** 418; 433 is the one next door, sorry.

**THE CHAIR:** Yes, 418 is the National Equestrian Centre. It enters off the Cotter Road near the Rivers fire shed.

**Mr Dawes:** Yes, that is correct. That is right.

**THE CHAIR:** Okay.

**Mr Dawes:** No, I did go out to talk to those people as well, because we were in the process of—we thought that—

**THE CHAIR:** They are the original lessees. They acquired a 99-year lease about the time of—

**Mr Dawes:** Yes, they had, yes. They lost their houses and that in the bushfires.

**THE CHAIR:** Yes, we are talking about the same family. They acquired a 99-year lease after the fires?

**Mr Dawes:** I am not sure when they got theirs.

**MS CHEYNE:** Ms Campbell said that you spoke with her as well.

**Mr Dawes:** After she rang me. She actually phoned me—Mrs Campbell—as well.

**MS CHEYNE:** Right.

**Mr Dawes:** I facilitated the meeting. I went out and met with her with one of the officers from the LDA. Then after the initial meetings—that is what I quite often did; I met with Simon Katz from Milapuru as well in that first meeting—I handed that on to another officer to look after.

**MS CHEYNE:** Who would you usually hand it to?

**Mr Dawes:** It would have been Tom Gordon, who is still working with the LDA. I think that no doubt he will appear at some stage and he will be able to—because he has lived and breathed all of this and that—give you more accurate information.

**MS CHEYNE:** He did not hand it to Dan Stewart?

**Mr Dawes:** Dan was the deputy but Dan had left as well. He developed the paper and—

**THE CHAIR:** He developed the paper?

**Mr Dawes:** He did the audit—

**THE CHAIR:** Alright.

**Mr Dawes:** as well as the recommendation to the board. So Dan was still there at that point in time, because Dan was at that particular planning meeting. But after that he had gone as well. So he was not directly involved in a lot of the purchases and that. It was probably me, in some cases, with initial meetings. There are some that I never met; when we bought Huntly, I did not meet the people who had Huntly. But I was aware of it, because Tom Gordon was looking after that particular transaction. There were a couple of others that had approached. But, again, all of these things came back to the board for approval and the sign-off by the board.

**THE CHAIR:** All of them? Every one of them went to the board, even the \$1.6 million for Wagtail Park, which I think is the lowest price?

**Mr Dawes:** I am sure it did go to the board. But all of them were signed off by the board.

**THE CHAIR:** Under the land acquisition policy framework, did you have powers to approve purchases to a particular level?

**Mr Dawes:** It is interesting. Sometimes my powers are greater as the director-general of economic development than for the LDA because obviously the board had to be kept informed, which is appropriate. But on strategic acquisitions, that was always signed off by the board. Development acquisitions I would sign off on.

**THE CHAIR:** What is the difference? What would you see that characterised the difference between the strategic acquisition and the development acquisition?

**Mr Dawes:** Where we had a business case, where we were doing some land development as well and there was an acquisition that was required, that would be a development one. But, again, the board would be informed as well. There is one, for example—I am not sure if it has concluded—that we were working on. As you know, ActewAGL, along with TransGrid, were developing a new substation out in Belconnen. So we were acquiring land for that. But the board would have even been kept up to date with that.

**THE CHAIR:** Was that a strategic acquisition or a development acquisition?

**Mr Dawes:** It would have been a development and a strategic but more development. But the board would have kept abreast of that particular one.

**THE CHAIR:** Perhaps the blocks in Acton would have been development acquisitions?

**Mr Dawes:** Correct, and they are the ones that—

**THE CHAIR:** And the block in Glebe Park, was that a strategic—

**Mr Dawes:** That was a development—

**THE CHAIR:** That was a development acquisition?

**Mr Dawes:** It was, because it was to do with the city to the lake project at the time.

**THE CHAIR:** I want to go into particular aspects. Can I start with the acquisition of Fairvale, and I am not so much concerned about the acquisition of Fairvale. I understand that the owner approached the LDA, amongst other people, at the time. They were putting the—

**Mr Dawes:** The owner did not approach me about Fairvale.

**THE CHAIR:** No, there was an approach made on behalf of the owner—

**Mr Dawes:** Yes, that is correct.

**THE CHAIR:** To be absolutely precise, yes.

**Mr Dawes:** Yes.

**THE CHAIR:** On behalf of the owner to the LDA. But there was an active marketing of that property at the time, or it was about to become active?

**Mr Dawes:** Yes, I think it was about to go to the market.

**THE CHAIR:** Were you aware that the property was for sale before an approach was made to the LDA?

**Mr Dawes:** No. This comes back to the paper that went to the board, as we were about to start looking at doing that and looking at some strategy of whether we approach. But—

**THE CHAIR:** Was Fairvale on your shopping list?

**Mr Dawes:** Yes, it was mentioned. It was on our shopping list, yes.

**THE CHAIR:** The thing that I am interested most in is the decision to subdivide Fairvale and for the LDA to acquire some of it and allow somebody else to purchase the other part of it. How did you come to the conclusion that you could subdivide the lease? My understanding—and it was re-enforced here today by, I think, Mr Katz—is that it is not possible to subdivide a rural lease.

**Mr Dawes:** At the time when we acquired that I would have preferred to have bought the whole property as well because that was part of our strategic acquisitions as well. But when we were approached, the particular person who approached us there, I think, had been engaged by the owner of that property to do an evaluation. Obviously, he had some interest in the property—

**THE CHAIR:** Sorry, he did not have a financial interest, he was interested in acquiring?

**Mr Dawes:** In acquiring it, yes, certainly interested in acquiring it. He rang me and said, “Is this property on the market?” I thought that was one—I did not tell him at the time—that was on our radar as a potential as well. We did not rush out because, obviously, if we did not have to acquire them immediately we would not; we would just bide our time and keep an eye on some of this land.

I met with him out there and he showed me what he wanted. I was concerned whether we would have access to it and all of those sorts of things.

**THE CHAIR:** You met with him—

**Mr Dawes:** Yes, at the property.

**THE CHAIR:** Did you meet with him before that?

**Mr Dawes:** No, I met him out there. I used to meet with that particular individual on a number of different things. But to do with this particular property, we went out and

had a look at the property. That was when I met the owner of the property for the first time as well—he introduced me to her, very nice people—and he showed me the property as well. Part of that property is very similar to Fairvale, the one next door to it. It is in a river corridor, there is a—

**THE CHAIR:** Fairvale is on the river corridor?

**Mr Dawes:** Yes, it is. That is what I am saying.

**THE CHAIR:** I am talking about the whole property.

**Mr Dawes:** Yes, the whole property. A lot of it is on the river corridor, a lot of it is also, like Riverview, in the fire abatement zone—

**THE CHAIR:** Sorry, like Riverview?

**Mr Dawes:** Yes, that is the one I am referring to, Riverview, in that fire abatement zone as well. We knew that we could not develop that. Some of it was all right for offsets as well. And he then, obviously, said to me, “I would like to buy part of this place.” I said, “I do not know if that is possible; we would have to have a look at it.” Again it was not something that we decided you could or you could not do. We bought what was offered to us, in effect, as well.

Obviously the LDA does not subdivide. As well, I handed that over to an officer to look after, to look at what we could and what we could not do. And obviously GSO would have been involved and ACTPLA or EPSDD. They are the ones that do that.

**MS CHEYNE:** Did this same officer give advice on what you could and could not do with Milapuru?

**Mr Dawes:** I do not remember that ever coming up in conversation with Milapuru.

**MS CHEYNE:** Mr Katz said very clearly that he had wanted to subdivide—

**Mr Dawes:** I cannot recall any of that conversation. The only one that I was approached on that basis was Fairvale as well and whether we could or we could not. And I remember giving the instructions to the officers. I said, “We cannot; we will have to acquire the whole lot. If we have to acquire the whole lot,” because it was over \$5 million, “we would have to go and get treasury approval, obviously board anyway, but treasury approval.” Obviously he sought advice from GSO, which is the Government Solicitor, and ACTPLA or EPSDD, “Is this possible?” It was obviously possible because we acquired two-thirds of the property, roughly two-thirds of that property.

**THE CHAIR:** Why did you acquire only two-thirds of the property and give up the road frontage and the bits of the property which are less inclined to be in the fire abatement zone and the river corridor?

**Mr Dawes:** I disagree with the Auditor-General’s report in that regard as well.

**THE CHAIR:** I am asking my question, and I want an answer to that question.

**Mr Dawes:** But my view of the world was: we were better off getting—and I think it is fair to say that the board thought we were far better off getting—a portion of that particular property than none at all.

**THE CHAIR:** But the thing is, you were offered the whole property.

**Mr Dawes:** We were not offered the whole property. I disagree with that assertion.

**THE CHAIR:** Actually the owner of Fairvale wanted to sell the property and was going to market the property.

**Mr Dawes:** Correct.

**THE CHAIR:** And an approach was made to you that said, “This is on the market or is about to go on the market. Are you interested?” You could have said, “We are interested in it if we get the lot.” Why did you say that you were prepared to take two-thirds, a panhandle essentially, and a lot of river corridor and give up the road frontage if there was a strategic policy to acquire good residential land in that area?

**Mr Dawes:** We bought what we were offered. The owner at that point in time had developed—I am not saying a relationship—but was working with that particular individual who was doing the valuation on that property. He expressed a desire to buy the two house blocks and so on. If, for example, that could not be subdivided or whatever and we had that sort of advice, we would have tried to acquire the whole lot or we would have had to compete in the open market. She had an agent from Yass—

**MS CHEYNE:** But just because the property could be subdivided did not mean it had to be. Ultimately someone in government had to approve that subdivision.

**Mr Dawes:** And ACTPLA would have approved the subdivision. LDA did not have that power to approve a subdivision.

**MS CHEYNE:** But it was you who got the officer to investigate it.

**Mr Dawes:** Investigate that, which is appropriate.

**THE CHAIR:** It does not seem to connect with what seems to have been the strategic policy, which was strategically acquiring residential and offset land. Yes, you can offset the river corridor et cetera for a variety of reasons but you actually gave up the opportunity to acquire a fair swag of road frontage—

**Mr Dawes:** You can quiz me as much as you like. We bought what was on offer.

**MS CHEYNE:** Were there any attempts to negotiate—

**THE CHAIR:** To buy the whole block.

**MS CHEYNE:** to buy the whole block or a different way of the land being

configured, so that you had more of the Cotter Road frontage, given that that was supposedly so important?

**Mr Dawes:** The important thing was that we had access, and you have to remember that we were looking at acquiring the property next door, too, at the time.

**THE CHAIR:** That is the National Equestrian Centre?

**Mr Dawes:** Yes. We were looking at acquiring that particular property at the time, because we have had some discussions with that property—

**THE CHAIR:** The acquisition of Fairvale was a bit of a way down the track. No, it was November 2015, but you said at the time that one of the impetuses for this whole policy was that you could not get the National Equestrian Centre.

**Mr Dawes:** Are we talking about 418?

**THE CHAIR:** 418.

**Mr Dawes:** Yes, that is the one.

**THE CHAIR:** You had already ruled out 418?

**Mr Dawes:** No, I had not ruled out 418. Actually, it was still in the pipeline when I left government.

**MS CHEYNE:** The Auditor-General's report says—

**Mr Dawes:** 418.

**MS CHEYNE:** Yes, for 418, that PRD contacted the owners on 30 September to establish whether they were interested, and they said no, or gave no interest; yet Fairvale was ultimately purchased several months later. If you knew at the time that the National Equestrian Centre was not going to be sold any time soon, or potentially not to you at all—

**Mr Dawes:** You would have to go back through my diary and look at when I met with the owners of that property. I cannot recall the date.

**THE CHAIR:** What you are saying, Mr Dawes, is that at no time was the LDA offered the front third or the north-west third of Fairvale?

**Mr Dawes:** No; that is what I am saying.

**THE CHAIR:** When you were approached and it was said that this property was on the market, it was not the whole property that was on the market, as far as you were concerned?

**Mr Dawes:** When we were first approached by the individual who approached us, he wanted to buy the house blocks, and it turned out to be one-third—

**THE CHAIR:** He wanted to buy it but you wanted it as well.

**Mr Dawes:** Yes, as well. Again, there were two houses on it; there was a potential heritage thing, with the way governments look after properties. Did we want all of that hassle? What we were after mainly was the land that we could develop.

**THE CHAIR:** But the land that you can develop is somewhat constrained by the fire abatement zone and the river corridor. Of the block which I think is now called 518, that was formerly Fairvale, how much of that was developable land?

**Mr Dawes:** You would have to go back. I did not get into that sort of detail. I left that to someone else to do. I cannot recall. But we bought what was offered.

**MS CHEYNE:** Leasing, licensing and renting arrangements post-sale seem to be all over the shop, depending on who you were and when properties were acquired. I appreciate that all of this was a bit of an unusual exercise, and you were probably learning as you went—not that that is an excuse—but it seems that, while some people might have been happy with the price they got, there was the treatment afterwards and the lack of rental agreements. Not only do we have people who thought they did not get fair treatment afterwards, in terms of wanting to continue to manage the land—some people are happy but some people, it seems, are not—equally, these rental licensing arrangements that are or could have been in place were done almost haphazardly, resulting in rent owing to the government being forgone. Are you able to try to explain what was happening here? Why did different owners in a short period of time have such varied experiences?

**Mr Dawes:** It is probably fair to say that it was a process that improved over time, probably from the first one. There was a debate as to whether the property group might look after the particular property or whether the LDA would manage the property. If you look at some of the later ones, where people may be happier, they may have been later acquisitions as well. There were better refined systems and things of that nature in place.

Obviously, there has been a thing about forgone rental. To maintain these properties from a bushfire perspective and from the perspective of a whole lot of other areas is quite expensive. With some of the people who have ended up either staying on or managing those properties, they are not making very much money out of it, at the end of the day, anyway, because of the costs to maintain and look after those particular properties. I felt that was something that was probably better managed by those people rather than by government at the time. There were some others where people had walked off the properties; they took their money and did not want to retain them. The government did take that out to the market.

**MS CHEYNE:** I understand that where people are maintaining the properties, the rent is peppercorn, and government is getting something out of it because the land is maintained to a certain standard.

**Mr Dawes:** We have not got that pressure of bushfires and those sorts of things.

**MS CHEYNE:** Yes, that makes sense to me. I give the example of Mr Katz: he ended up staying on the land for quite a bit, but there was nothing in place until he left, notwithstanding that there were all sorts of negotiations about whether he could stay or not. But while he was there, he was not paying any rent, and there was not anything drawn up for him to pay rent.

**Mr Dawes:** With that, I had no knowledge of those negotiations; I will be quite honest. I cannot recall.

**MS CHEYNE:** Okay. Who would have?

**Mr Dawes:** It would have been someone within the LDA or property group who was doing that at the time. You would probably have to check. I do not mean to drop Tom Gordon in it, but Tom is a common thread from a lot of these properties, so Tom may be able to shed some light on that.

**MS CHEYNE:** In terms of negotiations for these different properties, was there one consistent group of people? Apart from Tom Gordon were there others who were all working together throughout this process or was it a matter of saying, “If it’s Wagtail Park, it’s these people; if it’s Fairvale, it’s these people; and if it’s Milapuru, it’s these people”? Was there this kind of corporate knowledge that was going through the whole way or was it just a matter of who was available to do these negotiations?

**Mr Dawes:** You would need to double-check. I cannot recall that. Tom was certainly a common thread. For example, Tom and I met Simon Katz; we met Ms Campbell. He was with me at a lot of the meetings.

**MS CHEYNE:** For you, being the leader of the organisation, it must have come to your attention that some of these were being handled in different ways. Was there a point where you were thinking, “We need to have a consistent approach to these people and these properties”?

**Mr Dawes:** That became fairly obvious after the Simon Katz one. We needed to look at what we did with them, and whether we put them out to management lease. I think Huntly was put out to the market and leased. Yes, there were improvements made as we went along.

**THE CHAIR:** Was that part of the acquisition policy, or did it become part of the acquisition policy, about what you do once the dog has caught the car and you have got a rural lease? It is not like maintaining a residential block in town.

**Mr Dawes:** I think that our processes improved as we went along and acquired them. In some cases there may have been some discussions with TCCS, as it is now—it would have been TAMS then—on some of that.

**THE CHAIR:** About what? About how to manage the properties?

**Mr Dawes:** How to manage the properties. There would have been some discussions, I assume.

**THE CHAIR:** When you acquired these properties, Milapuru, part of Fairvale et cetera, who owned the lease? After the lease was surrendered by the lessee at sale—

**Mr Dawes:** It was the LDA.

**THE CHAIR:** The LDA owned the leases?

**Mr Dawes:** Because they were an asset on the LDA books.

**THE CHAIR:** They were an asset on the LDA books. What responsibility did the LDA have for ensuring that the asset on the LDA's books was well maintained?

**Mr Dawes:** As I said earlier, the owner that we bought them from may have had a licence over the land or we actually managed them ourselves. But there were not too many, I do not think. There might have been some that we managed for a little while.

**MS CHEYNE:** The thing that has struck me throughout this are inconsistencies in some of your statements and I want to get my head clear about this. It seems to be around the time of this board planning day that there was an appreciation among the LDA and the board that there was only going to be 20 years or so of developable land in the ACT. Given that this was identified by the board at the time it suggests to me that there was then some urgency about it in terms of having a pipeline of projects, but you have then gone on to say that the LDA did not approach anybody and waited for people to come to you. You used the term before that you were not going to rush out and that you were prepared to bide your time.

So which is it? Was there a need and was this the policy and was there a desire? Or was it kind of, "Oh, yeah, these are ones we are interested in and hopefully someone will approach us if they are looking to sell them"?

**Mr Dawes:** That is an interesting interpretation. No, what I was saying is that we had our target list and it was a matter of when we were going to approach these people. Obviously the National Equestrian Centre crystallised some of our thinking that we probably had to be more proactive than what we had been. That particular owner—

**MS CHEYNE:** Do you mean the Canberra Equestrian Centre?

**Mr Dawes:** 433.

**THE CHAIR:** The one to the north of Milapuru.

**Mr Dawes:** There are two equestrian centres out there.

**MS CHEYNE:** Yes. So the national one is the big one that has never gone to market and the Canberra one is the one that had been purchased?

**Mr Dawes:** Correct. That sold for circa \$12 million. There was then an approach from that owner to Milapuru and we acquired that. We thought we probably needed to acquire that particular property. That was discussed with the board. A paper was developed on it and signed off by the board. Treasury were then involved because that

was over \$5 million; it was something in the order of \$7 million from memory. Then obviously Riverview and the others came up as they were.

**MS CHEYNE:** How did the counteroffer for Milapuru from the owners of the Canberra Equestrian Centre inform your thinking about what that property was actually worth, given that Mr Katz has said it was significantly more than he was expecting.

**Mr Dawes:** The price had already to a large extent been set in that particular area with the owner paying \$12 million for the property next door. There had been some discussions. I cannot remember what numbers and what Mr Katz told me, but it was probably close to \$6 million or something like that—

**THE CHAIR:** But the valuation was south of five.

**Mr Dawes:** Yes, that is correct. But we got a valuation and we asked for that to have a speculative valuation in it as well. So that ended up coming up with closer to \$7 million. We asked for that, but you will probably look at the LDA books and it is probably on the books for \$4 million. The other thing that Mr Katz, or Milapuru, wanted was the other developer offered him a bonus or an incentive or whatever and he wanted to know if we would do that. I said we could not do that and the government was not in the position to do that.

We then split it and instead of paying six plus whatever the other deal was—I forget what it was; it might have been \$4 million or \$5 million extra if it was developed—we split it off and I said, “Well, we’ll give you \$7 million.” So that is how that developed.

**MS CHEYNE:** Given that the government does not have the Canberra Equestrian Centre site at block 433 and it does not have 418, was Milapuru really worth \$7 million?

**Mr Dawes:** Over time it will be. One of the advantages is that it is on the Kambah side. What is developable down in that Kambah area? There is not a lot of land left in that Tuggeranong area unless you go across the river.

**THE CHAIR:** And it is still on the Kambah side of the river?

**Mr Dawes:** It is. And going across the river was canned back in 1979 because of the costs and environmental constraints. There is not a lot of land in that Tuggeranong area, so there is an advantage in developing that. From memory, that property for \$7 million was going to return something in the order of \$300 million to the territory anyway. If you started looking at it that way it is fair to say.

**THE CHAIR:** Did you do a calculation on the value of Fairvale and the return to the territory?

**Mr Dawes:** All of that land in part of the business case was, yes.

**THE CHAIR:** Was it based on the whole block or just the part that you acquired?

**Mr Dawes:** I think it was just on the part we acquired, yes.

**THE CHAIR:** You said before that you thought there were constraints on the block that is now 517 because it had buildings and physical improvements, on it.

**Mr Dawes:** Yes, and a river corridor and a fire abatement zone.

**THE CHAIR:** I think there is proportionately much less river corridor in 517. Did you form an impression about the value of the Fairvale block that you did not acquire, the 517 block?

**Mr Dawes:** Sorry, could you say that again?

**THE CHAIR:** Did you form a view about the long-term value of the 517 block?

**Mr Dawes:** We got some advice on what it might be worth as a split. I think the property owner who had approached me wanted to pay less than what he ended up paying.

**THE CHAIR:** Who did the current property owner pay for that block? Did he pay the LDA?

**Mr Dawes:** No, he bought it from the owner. There are two contracts.

**THE CHAIR:** So there was a surrender of the full lease, it was subdivided and then two contracts were exchanged on the one day over two separate leases?

**Mr Dawes:** I assume that is what happened, yes. We only ever entered into the one contract for \$3.1 million. I am not sure what the arrangements were between the property owner and the others.

**THE CHAIR:** So two sales were essentially contracted simultaneously?

**Mr Dawes:** I assume that was the case, yes.

**MS CHEYNE:** We have heard from some of the former owners that they had ongoing relationships with officers in the LDA and EPSDD in terms of the management of their properties and so on. It is also becoming increasingly evident to us that all of these owners talked to each other. Did the LDA plan for this domino effect of landowners approaching the LDA seeking to sell their properties?

**Mr Dawes:** There was some discussion. Once you start talking to one, you are quite correct that they do start talking to one another.

**THE CHAIR:** There was a risk in you going out that it would become known that you were a willing buyer?

**Mr Dawes:** We had to be careful, yes. We were a willing buyer at the appropriate time. That is why we made an approach for the National Equestrian Centre land as well. Even though he said no we went back and still had another chat. Then a

document was produced because he wanted more. He had been offered quite a large amount of money. I remember he even showed me a letter and I said, "Well, I can't pay that." My offer to him was \$15 million and he could stay there and manage it for 10 years. That was where we got to. If it has not been sold, it is still being actively campaigned by an agent.

**THE CHAIR:** Thank you for your attendance, Mr Dawes. You will receive a draft proof *Hansard*. If issues arise that you think need to be clarified you can initially take them up through Dr Lloyd.

**STEWART, MR DAN**, former Deputy-Director General, Economic Development Directorate and Deputy CEO, Land Development Agency

**THE CHAIR:** Mr Stewart, welcome to the public accounts committee inquiry into the assembly of rural land to the west of Canberra. I am sure that you are aware of the pink privilege statement.

**Mr Stewart:** I am.

**THE CHAIR:** Could you indicate for Hansard that you have read and understood the privilege statements?

**Mr Stewart:** I have read and understood the privilege statement.

**THE CHAIR:** Thank you, Mr Stewart. We are here today to talk about the Auditor-General's report in relation to the assembly of rural land and to talk to you about your role as the deputy CEO of the land development agency; I think mainly in that role, but it may also spill over into your role as the deputy director-general of the Economic Development Directorate. Could you outline for the committee your role in relation to the formulation of policy to acquire land west of Canberra?

**Mr Stewart:** In early 2014, I believe, the LDA board held a planning day, which I facilitated. One of the key issues that came out of that planning day was a concern by the board at the time about the long-term availability of greenfield land in the ACT. They tasked me with the responsibility to come back with some advice to them at a future board meeting on what the actual physical amount of land sitting within the planning pipeline was at that point in time, which I provided to them, I believe, in May of 2014.

**THE CHAIR:** Is that where we came up with the figure that the greenfield pipeline would run out in 2030 or thereabouts?

**Mr Stewart:** Yes, thereabouts.

**THE CHAIR:** That was flagged at the planning day but you did not have a figure on it?

**Mr Stewart:** No, at the planning day they were aware of what the development fronts were. They were aware of what the land release program had at that stage, which was a four-year window. But they were not across exactly what was left in the pipeline. At that point in time that was a combination of the remaining land in Gungahlin, Molonglo and west Belconnen.

**THE CHAIR:** Specifically—this might be testing your memory a bit—which suburbs in Gungahlin, Molonglo et cetera?

**Mr Stewart:** At that stage, there was land left in Throsby, Taylor, Jacka, all of Kenny—there is still all of Kenny—and maybe Moncrieff. Actually, definitely Moncrieff at that stage.

**THE CHAIR:** West Belconnen is the Ginninderry development that goes across the border?

**Mr Stewart:** Correct; that is right.

**THE CHAIR:** That goes out to beyond 2030.

**Mr Stewart:** That is right. When you incorporate the New South Wales land, absolutely.

**THE CHAIR:** It comes back in a loop. Then there is the land in relation to Molonglo.

**Mr Stewart:** Yes.

**THE CHAIR:** What was in the pipeline at that stage?

**Mr Stewart:** At that stage, Wright and Coombs were underway. I cannot recall if we had released Denman Prospect or the release of Denman Prospect was around that stage—

**THE CHAIR:** It would have been on the margins, yes.

**Mr Stewart:** and the rest of Molonglo was effectively planning ready.

**THE CHAIR:** Yes, effectively planning ready and they are doing Whitlam now.

**Mr Stewart:** Indeed.

**THE CHAIR:** So that was—

**Mr Stewart:** So that paper came back to the board.

**THE CHAIR:** You had a planning day early in 2014.

**Mr Stewart:** Yes.

**THE CHAIR:** Mr Dawes was not sure whether it was late 2013 but in that period.

**Mr Stewart:** Certainly.

**THE CHAIR:** And then you think that by the May board meeting—how often did the board meet?

**Mr Stewart:** Monthly.

**THE CHAIR:** By May—three or four months later—you had come up with a sort of definitive date: this is when we drop dead.

**Mr Stewart:** At the time, we were looking at a 50-50 split between greenfield and infill. At the end of that, based on population growth and the land release program at

that stage, we were expecting 17, 20 years of greenfield supply remaining. The board was quite concerned that that was the extent of it and that there were no other development fronts that were actively being planned beyond what was already planning approved, effectively, or in the process of being planning approved. They asked me to prepare advice for the strategic board, which I did and—

**THE CHAIR:** Sorry, what do you mean by “the strategic board”?

**Mr Stewart:** The strategic board was—I do not know if it still is—a board chaired by the Head of Service which has all of the directors-general as representatives.

**THE CHAIR:** Sorry, I thought you were talking about a subset of the LDA board.

**Mr Stewart:** No, separate.

**THE CHAIR:** Thank you very much.

**Mr Stewart:** The LDA board was sufficiently concerned by the prognosis for greenfield land that they requested a paper be provided to the strategic board. The strategic board then requested that a paper be drafted for cabinet. Then I did both of those things and cabinet considered the issue.

**THE CHAIR:** So there were two papers: one that went to cabinet and one that did not.

**Mr Stewart:** No, it was a sequencing of events. The LDA board considered the paper, were alarmed, asked that the paper be referred to the strategic board, which was the heads of departments, agencies, and then the strategic board asked that the information then be taken to cabinet.

**THE CHAIR:** The paper was originally drawn up for the board.

**Mr Stewart:** Correct.

**THE CHAIR:** Then went to the Head of Service et cetera.

**Mr Stewart:** Yes.

**THE CHAIR:** Was there a different paper drawn up for cabinet or was it a top and tail version?

**Mr Stewart:** It was all top and tail. They had their own templates but it was effectively the same information.

**MS CHEYNE:** So no dramatic edits or—

**Mr Stewart:** Sorry?

**MS CHEYNE:** No dramatic edits or information excluded or—

**Mr Stewart:** No.

**THE CHAIR:** But the paper was not initially prepared for cabinet.

**Mr Stewart:** No, it was not. It was prepared for the board at the board's request.

**MS CHEYNE:** But the board was at a point where it thought that this was so serious that it needed to be taken to the next level?

**Mr Stewart:** Indeed.

**MS CHEYNE:** Mr Dawes was talking about something in some paper that was not adopted. Do you know what that is about?

**Mr Stewart:** There was a recommendation in the paper that went to cabinet—

**MS CHEYNE:** We are happy for you to be careful here in terms of—

**Mr Stewart:** I think it has been acknowledged in the report; so—

**MS CHEYNE:** Okay.

**Mr Stewart:** The cabinet paper recommended that further work be undertaken as a consequence, and at that point in time cabinet did not deem that necessary. I think that that is how it is reflected in the Auditor-General's report.

**THE CHAIR:** We have to be careful here: did you get an actual answer that said, "Do not worry about it," or did you get no answer?

**Mr Stewart:** There was a cabinet decision that was drafted and finalised in response to the submission that was put forward and my recollection is that cabinet did not share the concerns of the board at the time in terms of the greenfield pipeline.

**THE CHAIR:** After that the LDA went out and strategically acquired a whole swag of rural land over a period. You were not there for all that period but my understanding, from some of the evidence and reading it, is that you were involved to some extent in the formulation of a policy that went to the board about the acquisition of land in Stromlo and elsewhere.

**Mr Stewart:** It was just Stromlo.

**THE CHAIR:** That was originally thinking that came from Colliers, we understand.

**Mr Stewart:** That is right.

**THE CHAIR:** Was the paper that went to the board about Stromlo essentially the Colliers paper topped and tailed or was there more value add from the LDA?

**Mr Stewart:** I could not tell you definitively but it would have been largely based on the material provided by Colliers.

**THE CHAIR:** As a result of that and the Colliers paper, did the LDA have a shopping list of properties that may be appropriate for strategic acquisition?

**Mr Stewart:** You would have to double check the decision. There were two discussions of the board. After the—was it the Canberra Equestrian Centre that was on the market, which is the—

**THE CHAIR:** The smaller, the one closer to Chapman?

**Mr Stewart:** Yes, the one that was purchased.

**MS CHEYNE:** Yes, the private purchase.

**Mr Stewart:** Yes. Around that time or shortly thereafter that was the impetus for the unsolicited proposal from Colliers, who had presumably looked at that land and then looked at all the other land within that area, its proximity to Weston Creek et cetera. They brought forward a short proposal which was discussed at the board. It was not a paper at that stage. It was raised as a discussion point. And out of that meeting was the request to bring back the more detailed paper, which I think was in December 2014. That included an analysis—a high-level analysis—of all the properties within that Stromlo area that formed the later shopping list that you mentioned.

**THE CHAIR:** And there was also discussion about strategic acquisition in Belconnen, which was not—

**Mr Stewart:** I was not involved in that.

**THE CHAIR:** You had no involvement in that?

**Mr Stewart:** No.

**THE CHAIR:** Do you recollect discussion or concern in the LDA over the acquisition of Glenloch?

**Mr Stewart:** The Glenloch interchange?

**THE CHAIR:** No, the property known as Glenloch, which is on the southern side of William Hovell Drive, as you come up to Coppins Crossing.

**Mr Stewart:** I recall it was discussed many years ago. That is the extent of it.

**THE CHAIR:** You were not privy to discussions about the purchase of Glenloch or—

**Mr Stewart:** I recall the activities around the acquisition but I do not recall the details, no.

**THE CHAIR:** Were you directly involved in any of the purchases that came out of this? I know that you left the LDA. I cannot remember when; I am sure you do remember.

**Mr Stewart:** August 2015.

**THE CHAIR:** You were involved in the formulation of the paper, the early 2014 planning day, the formulation of a paper that ended up going to various places, cabinet, coming back, the Stromlo paper that came from Colliers—unsolicited, you said?

**Mr Stewart:** Yes.

**THE CHAIR:** Is that your understanding that it was—

**Mr Stewart:** Yes.

**THE CHAIR:** “I have a good idea; you might be interested in it”?

**Mr Stewart:** Yes.

**THE CHAIR:** When was that?

**Mr Stewart:** When was?

**THE CHAIR:** When did Colliers come up with this this scathingly brilliant idea?

**Mr Stewart:** August-September.

**THE CHAIR:** 2014?

**Mr Stewart:** Yes.

**THE CHAIR:** And that coincided roughly with the sale of the Canberra equestrian park?

**Mr Stewart:** I think it was after the sale had been concluded.

**THE CHAIR:** We will have to get a time line for some of those sales, which are not in this report yet. Colliers came to the LDA in what, the last quarter of 2014?

**Mr Stewart:** September.

**THE CHAIR:** September?

**Mr Stewart:** Ish.

**THE CHAIR:** When was that worked up into a paper for the LDA board?

**Mr Stewart:** Over the following months, if my memory is correct, and the board considered that paper in December. It occurred over those two months leading up.

**THE CHAIR:** And was there backwards and forwards between the LDA and Colliers

in working up that paper?

**Mr Stewart:** Possibly. Colliers had provided a very high-level document that was flagged with the board verbally. The board requested more detailed information. Colliers prepared that.

**THE CHAIR:** Is this just coincidence that the LDA board was saying, “We are concerned about not having enough land supply in the pipeline,” and Colliers saying, “I have got a scathingly brilliant idea”?

**Mr Stewart:** Yes. The Canberra Equestrian Centre marketing post-dated the LDA’s strategic planning session, the follow-up analysis, the strategic board paper, the cabinet paper and then my understanding is that Colliers’ interest, or advice, or recommendation in relation to Stromlo came out of the Canberra Equestrian Centre sale and an analysis of the other land in that catchment and its potential for development.

**MS CHEYNE:** When did that paper go to cabinet, the one that said hold your horses?

**Mr Stewart:** May-June, that sort of time line. I believe—

**THE CHAIR:** You said it went to the board in May?

**Mr Stewart:** I believe that it was all done very quickly. There was the board meeting where it was referred to strategic board. The strategic board meeting happened very quickly after and then the cabinet considerations—

**THE CHAIR:** Because they were just scheduled to be like that—

**Mr Stewart:** Indeed. The cabinet office would give you the dates. But I think they might be in the report.

**MS CHEYNE:** I am just interested in when you were there, obviously. I am happy for you to tell us what your involvement was. Wagtail Park, even though it was not agreed to be settled until 2017-18—

**Mr Stewart:** Sorry, I will stop you, if you like.

**MS CHEYNE:** Yes.

**Mr Stewart:** After the board considered the paper in December 2014 that was it. I had no further involvement in any of the rural land acquisitions.

**MS CHEYNE:** After the board considered the Colliers paper?

**Mr Stewart:** Indeed. That was it; that was my involvement in that process.

**MS CHEYNE:** Wagtail Park went to cabinet on 24 November 2014. Were you involved then?

**Mr Stewart:** No.

**THE CHAIR:** What was your role at the LDA at that time, because what you seem—

**Mr Stewart:** Deputy Chief Executive—

**THE CHAIR:** Yes, I know. I know that was your title, but the actual work that you did? It seems to be, from your description, that it was strategic and high level and that you did not get involved in sales.

**Mr Stewart:** Yes, correct.

**THE CHAIR:** Except for Glebe Park?

**Mr Stewart:** Correct, because I was asked to.

**THE CHAIR:** But you did not do sales?

**Mr Stewart:** No.

**THE CHAIR:** Just to clarify, because this might foreshorten the hearing, you had no involvement in any of the sales that were subject to the—

**Mr Stewart:** None whatsoever.

**THE CHAIR:** None whatsoever?

**Mr Stewart:** Belconnen or Stromlo.

**MS CHEYNE:** In any of the papers you prepared, did you express a view about fair prices for some of these lands and the—

**Mr Stewart:** I do not think we were looking at values at that stage. I think we were more looking at the area, its proximity to existing settlements, accessibility for servicing, be it roads or utilities, and its potential for supporting future greenfield development.

**THE CHAIR:** And constraints?

**Mr Stewart:** Absolutely: the river corridor, which I heard you mention when I was in here before; obviously the bushfire abatement zone, which it was clear to see at the time on ACTmapi, and still is.

**THE CHAIR:** And topography?

**Mr Stewart:** Indeed, yes; absolutely.

**THE CHAIR:** I know that I have asked this question before and I do not know that I have got a specific answer. It is not a reflection on you; I do not know whether I asked you or Mr Dawes. The Stromlo paper had some assessment of particular blocks of

land. Was there a shopping list?

**Mr Stewart:** It covered a particular geographic location. If the decision was taken to proceed with further work or strategic acquisitions in relation to that document then there would have been a shopping list falling out of that.

**THE CHAIR:** But was that part of the paper?

**Mr Stewart:** There was a set of blocks identified. I do not recall whether the recommendation was to go forth and acquire.

**THE CHAIR:** Did that include Huntly? Huntly crosses out of Stromlo into other areas.

**Mr Stewart:** I am not sure.

**THE CHAIR:** You are not sure. You would have to see the paper?

**Mr Stewart:** I believe that the blocks in question for that particular paper were all more or less to the south of Cotter Road.

**THE CHAIR:** They are the ones—

**Mr Stewart:** They wrapped around from the Canberra Equestrian Centre up to Riverview at the end.

**THE CHAIR:** So it finished at Riverview?

**Mr Stewart:** I believe so.

**MS CHEYNE:** Were any of those priority blocks? When we say “shopping list”, it would be great to purchase them all, but was it a matter of saying, “These three we really need”?

**Mr Stewart:** No. In the December paper it was really about saying, “This is an area, it’s proximate to existing services, it’s a relatively small number of rural properties that would allow a relatively significant development.” There were not lots and lots of owners. There was a handful of owners, really, in the scheme of things. There was a potential development of X thousand dwellings based on various assumptions at the time.

**THE CHAIR:** You said the December paper; that is the one that went to the board?

**Mr Stewart:** Back to the board; that is right. It is the more detailed analysis flowing from the Colliers initial approach.

**THE CHAIR:** That is essentially almost a year on from the planning meeting?

**Mr Stewart:** Indeed.

**THE CHAIR:** Presumably, a year after that planning meeting in late 2014 or early 2015, there was another planning meeting with the board?

**Mr Stewart:** I do not recall.

**MS CHEYNE:** Was there any analysis provided about those adjoining properties, particularly given that the Canberra Equestrian Centre was now off the table, about whether the value of this area as a whole would be diminished if not all of the remaining blocks were fully acquired?

**Mr Stewart:** Logically, if you end up with one over here and one over here, the developability of the entire area falls over. In order to deliver a consolidated estate, the paper certainly assumed acquisition of all of the blocks, noting that the Canberra Equestrian Centre had already been purchased. There were still multiple entry points into the potential future precinct. Do I think it would have been a better outcome to start at that end of the precinct and work through, from a development perspective? Absolutely. If you picked up all of the other blocks that were identified but not Canberra Equestrian Centre, it is still a very lucrative and logical development.

**MS CHEYNE:** But is it as lucrative without the National Equestrian Centre, given how big it is?

**Mr Stewart:** No, because it sits right in the middle.

**MS CHEYNE:** It seems to be a critical centrepiece, really. I am surprised, having heard from Mr Dawes before, and from the information we have available to us, that more effort was not made.

**Mr Stewart:** As I said I did not do any further work on this matter after that paper, but that paper in December assumed the acquisition of all of those properties within that area to deliver a certain outcome. As the officials in question went through the processes that followed, I certainly think they would have wanted to get the National Equestrian Centre as part of that process.

**THE CHAIR:** You wrote the paper and the LDA board agreed to a strategy. Who was responsible for the implementation of that?

**Mr Stewart:** Tom Gordon.

**THE CHAIR:** What was Tom Gordon's role, title, at that stage?

**Mr Stewart:** Executive director, land development, or something similar.

**THE CHAIR:** You were the deputy CEO and presumably there were a number of executive directors who answered to you, or through you to Mr Dawes or—

**Mr Stewart:** That is right.

**THE CHAIR:** We have probably covered all that we can cover, given the time that you were involved. Thank you for appearing today. You will receive a copy of the

proof transcript for you to comment on before the transcript is published. If there are any issues that arise that you think need to be clarified, you can take it up with the committee via Dr Lloyd, the committee secretary, in the first instance.

**Mr Stewart:** If there is anything else you would like to ask, I am happy for you to email directly.

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

**Hearing suspended from 12.51 to 2.04 pm.**

**HARGREAVES, MS ANITA**, former Chief Financial Officer, Land Development Agency

**CALABRO, MR SAMUEL**, former Financial Controller, Land Development Agency

**THE CHAIR:** Good afternoon, and welcome back to our second hearing into Auditor-General's report No 8 on the assembly of rural land west of Canberra. This afternoon we will hear from Ms Anita Hargreaves, the former chief financial officer of the land development agency, and Mr Samuel Calabro, the former financial controller of the land development agency. Have you read and understood, and could you acknowledge that you have read and understood, the pink privilege statement?

**Ms Hargreaves:** I acknowledge that I have read the privilege statement.

**Mr Calabro:** I also acknowledge.

**THE CHAIR:** Can I start by asking you to define for the committee the difference in your roles as chief financial officer and financial controller at the LDA?

**Ms Hargreaves:** My role as chief financial officer encompassed looking after corporate services as well. We were bringing HR services into the LDA. It was more from a high-level strategic point of view, whereas Sam was working directly with the project accountants, putting together the monthly finance reports et cetera.

**THE CHAIR:** Yours, Mr Calabro, was the routine accounting operation of the agency?

**Mr Calabro:** That is correct, yes.

**THE CHAIR:** I do not want to diminish this but you did not have a strategic decision-making role in the organisation?

**Mr Calabro:** That is correct; I did not play a strategic role.

**THE CHAIR:** As the chief financial officer, Ms Hargreaves, did you have any oversight, for instance, of the strategic land acquisition instruments in relation to where particular delegations required to be moved up or down, or to—

**Ms Hargreaves:** No, I had none.

**THE CHAIR:** You had none. In relation to the areas in the Auditor-General's report, I read somewhere that, with respect to one of the first drafts of the Auditor-General's report, you commented that there were things that had been overlooked in the report. Could you elaborate on that?

**Ms Hargreaves:** From memory, I was surprised that the audit had not been conducted in the way that I thought an audit would be conducted, and that would be checking on legislation, and just making sure that we were compliant with various aspects of regulations and law.

**THE CHAIR:** Why did you raise that as an issue with the audit?

**Ms Hargreaves:** I thought it was an independent audit. It was not with the audit office; is that correct?

**THE CHAIR:** No, this was in response to the audit. My understanding was that you responded to an earlier draft of the Auditor-General's report, saying that—

**Ms Hargreaves:** Bear with me and I will refresh my memory. I will go to the actual report. Do you have a page number?

**THE CHAIR:** I do not. I was refreshing my memory last night and I read it somewhere in chapter 2, but I cannot put my finger on it.

**Ms Hargreaves:** My understanding is that, whenever I actually read through any type of report—it would not matter if it was from the Auditor-General or from an independent audit firm—I would be looking to see that they checked to see that we were compliant with the relevant legislation.

**THE CHAIR:** If it was a financial audit; this was a performance audit.

**Ms Hargreaves:** Unfortunately, my recollection is not good.

**THE CHAIR:** In relation to the acquisition of the various blocks of land that are dealt with in the Auditor-General's report, did either of you have direct involvement in the acquisition in any way?

**Ms Hargreaves:** When you say direct involvement, with the vendors or—

**THE CHAIR:** Yes, or discussions about the offers that might be made or anything of that nature.

**Ms Hargreaves:** No, none.

**Mr Calabro:** No, I did not.

**THE CHAIR:** Are you saying that you have nothing to add to what is in the Auditor-General's report?

**Ms Hargreaves:** No. I must admit I was surprised that I was called as a witness because I had no involvement with the acquisitions.

**THE CHAIR:** As the chief financial officer and the overseer of the financial probity of the organisation, you were never consulted on purchases, whether they complied with the guidelines, the acquisition strategy?

**Ms Hargreaves:** No, not at all.

**THE CHAIR:** Would you have expected to be consulted in such a way?

**Ms Hargreaves:** If there had been anomalies, or if they were seeking specific advice in terms of whether or not it was consistent with our budget, I would definitely be involved with it.

**MS CHEYNE:** In terms of the budget aspect of it, Mr Dawes was saying earlier that even when land was identified, there was no real strategy to seek to acquire it, which I can appreciate. But there was this kind of domino or ripple effect, once people started learning of the LDA's intentions. Was there any point where budgeting was being done where someone went, "Hold on a second, have we actually prepared for this level of interest from these landholders and are we in a state to really be purchasing for these prices in the midst of everything else we are trying to do as an agency"?

**Ms Hargreaves:** We would have a comprehensive cashflow report on a monthly basis. In that way the board, or other executives within the land development agency, could ascertain whether or not we had the money to purchase anything outside what was already in the indicative land release program.

**MS CHEYNE:** I appreciate that it is not in front of you, but generally were there a few concerns on your part?

**Ms Hargreaves:** There were no concerns on my part. We were travelling very well.

**MS CHEYNE:** So we could afford to purchase the land?

**Ms Hargreaves:** Yes.

**MS CHEYNE:** There was no point where we were saying, "It's probably going to really affect our bottom line"?

**Ms Hargreaves:** No, definitely not.

**THE CHAIR:** The place that I was talking about is on page 93. This is in relation to the first draft of the audit report. It says:

The resulting draft internal audit report (August 2016) received criticism from the land development agency internal audit representative and the former Chief Financial Officer, including that:

the auditors are just accepting the letter to the Board and have not actually gone and looked into whether it complies at all.

And

The report seems to be missing the [audit's stated] outcomes of:

- The auditors' assessment of the consistency between the Land Acquisition Policy Framework ...

- Whether the LDA has met its obligations under ACT Legislation; and

- Whether the LDA is achieving efficient outcomes in the strategic acquisition of land.

It continues:

... the final report was taken to the former Board Audit and Review Committee on 20 October 2016 ...

This is an internal audit, not—

**Ms Hargreaves:** That is correct. It is not the Auditor-General—

**THE CHAIR:** Sorry; I am mistaken. You expressed concerns about internal audits in relation to the application of the strategic framework for land acquisition, which was in October 2016. I know that was a long time ago. Do you recollect more specifically what your concerns were about the application of the strategic framework?

**Ms Hargreaves:** I do not, unfortunately. I just know that when I was reading through the report, it surprised me that they had not taken the due diligence that I would have thought they would have.

**THE CHAIR:** Who would have conducted the internal audit?

**Ms Hargreaves:** I do not know.

**THE CHAIR:** You do not recall who the board's internal auditors were at the time?

**Ms Hargreaves:** No. We had a panel of auditors that you could choose from. I do not know; I cannot remember.

**THE CHAIR:** Were you involved in the internal audit committee at the time, as the chief financial officer?

**Ms Hargreaves:** Involved only by reviewing it. We had our own audit manager. The audit manager would put together the brief in terms of what was being requested, and seek to get the internal auditors to come in.

**THE CHAIR:** Was the audit subcommittee a subcommittee of the board? This is slightly to the right of this audit report, but this particular internal audit reflects on the strategic framework. There was an internal audit of the strategic framework.

**Ms Hargreaves:** That is right; I remember that now.

**THE CHAIR:** Can you set some context from your recollection? We may have to check this with the board or whoever. What was the internal audit structure at the time and where did the locus of power exist? Was it with the board or was it with the agency?

**Ms Hargreaves:** It would have been with the LDA subcommittee of the board, which was the audit and risk committee.

**THE CHAIR:** There was an audit and risk committee that was a subcommittee?

**Ms Hargreaves:** Of the board.

**THE CHAIR:** I am just thinking about various governance structures. Was it just a subcommittee of the board or did they have any outside advice?

**Ms Hargreaves:** I am pretty sure it is just the subcommittee of the board. We changed the internal audit program so that we could actually accommodate having this internal audit on the strategic land acquisition.

**THE CHAIR:** What prompted the desire to have an internal audit of the strategic acquisition program guidelines?

**Ms Hargreaves:** I think from memory it could have been—do you recall anything, Sam?

**Mr Calabro:** Not in relation to that.

**Ms Hargreaves:** Not in relation to the audit?

**Mr Calabro:** No.

**Ms Hargreaves:** I think it was called by the deputy chief executive officer, which I think at that time might have been Ben Ponton, because he was—

**THE CHAIR:** That was 2016?

**Ms Hargreaves:** 2016.

**THE CHAIR:** Right.

**Ms Hargreaves:** I think.

**THE CHAIR:** You think; that is fine. I think Mr Ponton is appearing at some stage as well. That is fine. I am sorry; I misread this last night. But it is still, in a sense, equally important or more important than I realised when I read it last night. To clarify, there was an internal audit of the acquisition framework. It was considered significantly, sufficiently important to do an internal audit that you restructured your internal audit program. So something must have given way for this to be put on.

**Ms Hargreaves:** Yes, and I think it was something that the deputy chief executive officer had—it would have been after a hearing, like an estimates hearing or where one of the staff members or one of the executives had said something. Then when the deputy was going through the *Hansard* or the transcript realised, “No, that is not right. So let’s do the audit.” That is just hearsay.

**THE CHAIR:** Yes, but then when you received the audit report from the internal auditors—you cannot remember who it was—you expressed concern about the

content of the audit?

**Ms Hargreaves:** Yes. It just felt as though they were just doing what they were told to do. They did not actually dig deeper.

**THE CHAIR:** Do you recall how long it took to do the audit?

**Ms Hargreaves:** No.

**MS CHEYNE:** So the JLL valuation that was carried out on 30 June 2016, was that on instructions from you, Mr Calabro?

**Mr Calabro:** My recollection is yes.

**MS CHEYNE:** According to that report, it resulted in a reduction in value of Milapuru or a loss of \$3 million plus about \$360,000 in stamp duty and other expenses on the LDA's financial statements. Why was this independent valuation carried out?

**Mr Calabro:** The LDA had adopted an accounting policy to revalue their property, plant and equipment. That is an election you can make under the Australian accounting standards. I do not know when they made that election but that had been in place prior to my employment with the LDA. Then the policy states that every three years your assets are revalued—the assets that fall under the property, plant and equipment category.

**THE CHAIR:** So is it three-year rolling or every three years?

**Mr Calabro:** Every three years.

**THE CHAIR:** The portfolio is revalued?

**Mr Calabro:** That is correct, yes.

**THE CHAIR:** Even if you had not had it for three years, even if you had not had part of that portfolio for three years, when you got to the three-year date, it would be valued?

**Mr Calabro:** That is correct. They are all included in the same asset class. The standard states that when you initially purchase the asset, you record it at cost. But then when it comes up to the next revaluation cycle, in accordance with your policy, you then revalue all of the assets in that class.

**MS CHEYNE:** Did the LDA then pay too much for that land?

**Mr Calabro:** I am not qualified to say that. That is—

**THE CHAIR:** Can you refresh my memory? Milapuru was purchased in November 2015. When was it revalued?

**Mr Calabro:** It was revalued as part of the 30 June 2016 year end process.

**THE CHAIR:** Milapuru was purchased for \$7 million on 31 July 2015. Then on 30 June 2016, it was revalued for the signoff?

**Mr Calabro:** For that period, for that signoff, correct. It is what they refer to as a balance date, which is 30 June 2016, yes.

**THE CHAIR:** Presumably, the valuation would have been carried out reasonably close to that date or—

**Mr Calabro:** I do not recall. Typically, it is within the first two to three months of the year end close, which is in line—

**THE CHAIR:** So it is in the period between the cut-off for the financial year end and when the annual reports are due?

**Mr Calabro:** Correct.

**THE CHAIR:** Right; it is in quarter one.

**MS CHEYNE:** So it probably happened between March and June 2016.

**Mr Calabro:** Yes, the exact dates I do not recall, but as part of your year end process you go out and order a valuation, yes.

**MS CHEYNE:** So it happened around nine months after the purchase.

**Ms Hargreaves:** In June.

**MS CHEYNE:** Was there any level of scrutiny from a financial perspective applied to the purchase? We have heard at length that there were things going on that were affecting the price and what people were willing to pay. I appreciate that that is not something that you can comment on. But in terms of financial scrutiny, was there anything applied at the time or did the JLL valuations spark any further scrutiny?

**Mr Calabro:** I was only made aware of the purchase after it had occurred; so I was not—

**THE CHAIR:** So it just came on to the LDA books as a property and then—

**Mr Calabro:** Yes.

**THE CHAIR:** it would have been put on at value because the purchase price was \$7 million.

**Mr Calabro:** That is correct, yes.

**THE CHAIR:** That is how it went on the books. Then it was revalued as part of a normal cycle. There was not a special valuation process.

**Mr Calabro:** No.

**MS CHEYNE:** So you had adopted these standards and as part of those standards it was revalued.

**Mr Calabro:** Yes, that is correct.

**MS CHEYNE:** It was not, “Oh my god, what have we done? Let us revalue it.”

**Mr Calabro:** No, no. It is the former.

**MS CHEYNE:** It is just part of the process.

**Mr Calabro:** That is correct, yes.

**THE CHAIR:** That was 2016.

**Mr Calabro:** Yes.

**THE CHAIR:** That valuation process would have occurred again in 2019 if the LDA had existed. We will have to ask elsewhere as well but that property has now gone over to the SLA. Would that valuation process have carried on in 2019 or would the start date be connected to the start date of the SLA? The LDA ceased to exist in 2016, 2017. What is your understanding of when it is likely that those properties would be valued again?

**Mr Calabro:** I can comment that if the LDA had continued to exist, they would have been revalued again at 30 June 2019. I cannot comment on what accounting policies the SLA have adopted.

**MS CHEYNE:** Sure, that is fine.

**THE CHAIR:** There is also discussion on page 106 of the report about the work done by Colliers in relation to the Stromlo future urban land study and there is discussion at length on page 206 about whether or not that work was paid for. Does either of you have a recollection of discussion about whether or not that work should be paid for? It says at paragraph 3.24 that the former land development agency’s strategic finance team identified that no purchase order had been found in the team’s record for invoice services and no purchase order number was written on the signed approval stamp and that the appropriate financial controls in relation to that paper had not been applied.

**Ms Hargreaves:** When I—

**THE CHAIR:** Sorry, what was the LDA’s strategic finance team? Is that you or did you—

**Ms Hargreaves:** Yes, that is us.

**Mr Calabro:** Yes.

**Ms Hargreaves:** I am so embarrassed when I read that because I pride myself on detail and I was only looking, when I signed that particular invoice, to make sure that the service had been provided. If that signature is not there, it definitely does not get paid. There was a signature from another executive to say the services had been provided. I signed the invoice because it was late. The services were provided a few months earlier and the executive director who would have normally signed off on the approval of that particular invoice was on annual leave. That is the reason why it came to me, because I can sign off invoices across the LDA.

**THE CHAIR:** It has been put to us that the work done by Colliers was an unsolicited proposal. Would you normally expect to pay for work that comes to you as an unsolicited proposal?

**Ms Hargreaves:** I cannot comment on that, unfortunately. The way that it would normally work is: when an invoice is raised by a specific area they have got the responsibility to make sure that the purchase order has been requested before they actually get the work to proceed and then when the work is undertaken it is aligned with whatever contract had been put together. I would not have been looking specifically at that.

**THE CHAIR:** You would not have seen that the purchase order came before the work and then the invoice came after the work? You would not have been—

**Ms Hargreaves:** No, not directly.

**THE CHAIR:** Not directly?

**Ms Hargreaves:** Yes.

**THE CHAIR:** What area drew up the invoice and the purchase order? Where was that done? You signed it off. But where did the paperwork, the procurement paperwork, originate?

**Ms Hargreaves:** That would have been in the sales and marketing team, I would say.

**THE CHAIR:** Who headed the sales and marketing team?

**Ms Hargreaves:** That was the executive director of sales and marketing but he was on annual leave and the director of sales and marketing was the one who had said that the goods had been received or the services had been provided and he was seeking my approval to pay and—

**THE CHAIR:** Can you put names to those positions?

**Ms Hargreaves:** Yes. Daniel Bailey was the executive director for sales and marketing and John Latham was the director for sales and marketing.

**MS CHEYNE:** Ms Hargreaves, you said that you were embarrassed.

**Ms Hargreaves:** Yes.

**MS CHEYNE:** Can you just step us through what happened?

**Ms Hargreaves:** We have got a chief executive financial instruction which says that purchase orders should be raised for any good or service that is over \$10,000. When the invoice comes through, what you should be looking for is on the stamp. There should be the purchase order number. I did not look for that purchase order number. I just saw the stamp. I saw that it had been signed that the goods had been received, the service had been provided. And anyone who knows me, I am a stickler for detail and I am embarrassed about it. Yes. It was an oversight.

**THE CHAIR:** This was an invoice for nearly \$300,000 and that was clearly over the \$10,000-mark?

**MS CHEYNE:** And it was overdue.

**THE CHAIR:** And it was overdue.

**MS CHEYNE:** How can something be overdue if it is unsolicited?

**THE CHAIR:** I am wondering whether you can step us through the procurement process before it got to you.

**Ms Hargreaves:** I would not be able to do it for this particular invoice because I was not involved other than approving the payment of it.

**THE CHAIR:** You were asked to approve the payment because you had the delegation to do so.

**Ms Hargreaves:** Correct.

**THE CHAIR:** And the person who should have done it was not available because he was on annual leave?

**Ms Hargreaves:** Yes.

**THE CHAIR:** Do you recall how overdue it was?

**Ms Hargreaves:** It might have been a couple of months, I think.

**MS CHEYNE:** Was it overdue because it had been sitting with you?

**Ms Hargreaves:** No.

**MS CHEYNE:** Or was it that by the time it came to you it was overdue?

**Ms Hargreaves:** It would have been walked to me. It was overdue when it was given to me.

**MS CHEYNE:** Was there pressure on you to sign it? Did someone stand next to you while you signed it?

**Ms Hargreaves:** I cannot remember. I am really sorry. I cannot remember.

**MS CHEYNE:** Just back to that place I cannot pronounce—

**THE CHAIR:** Milapuru.

**MS CHEYNE:** While we are talking about that and about scrutiny and fair price and so on, Fairvale keeps coming up for us. Was there any discussion, anything raised with you at all, about the decision around the subdivision of land and whether this really made financial sense ultimately for the LDA?

**Ms Hargreaves:** No, nothing.

**Mr Calabro:** Not with me, no.

**THE CHAIR:** If there is nothing else, I think that we can conclude today. Thank you very much for your attendance here today. You will receive a proof transcript of the *Hansard* for today and if there are issues in it which you need to comment on or things that you think need clarification you can raise them with the committee via the secretary, Dr Lloyd. I do not think we took anything on notice, did we? Thank you very much for your attendance here today. That concludes our hearings for today. Hearings will continue on 16 October. Thank you very much.

**The committee adjourned at 2.31 pm.**