

LAND DEVELOPMENT AGENCY BOARD MEETING 163

30 March 2017 commencing at 8:30 am
 LDA Board Room, Level 6 TransACT House
 470 Northbourne Avenue, Dickson

AGENDA

Members:

Mr Ross Barrett OAM (Chair)
 Ms Yvonne von Hartel AM
 Ms Cherelle Murphy
 Mr Jim Shonk

Ms Sandra Lambert AM (Deputy Chair)
 Mr Con Kourpanidis
 Ms Chris Purdon
 Mr David Dawes

In Attendance:

Mr Neil Bulless (A/g Deputy Chief Executive Officer)
 Mr Tom Gordon (Executive Director, Greenfield)
 Mr Bruce Fitzgerald (Chief Fin. Officer - part)
 Mr Chris Wilson (Director, Office of the CEO)
 Ms Jacqui Bear (Senior Manager – Business Improvement Project – part)
 Ms Margaret Cicolini (Deputy CFO – part)

Ms Liz Lopa (Executive Director, Urban Renewal)
 Mr Daniel Bailey (Executive Director, Sales Marketing and Land Management)
 Mr Simon Tennent (A/g Director – Strategy and Program Design – part)
 Ms Margaret Lovell (LDA Corporate Secretariat)

Apologies:

IN-CAMERA SESSION (8:30 – 9:00 am)

Board Members only

Chair

MEETING OPENING (9:00 – 9:30 am)		
163.1.1	Welcome and Review of Attendance (verbal)	Chair
163.1.2	Confirmation of Agenda	Chair
163.1.3	Standing and further Declarations of Interests	Chair
163.1.4	Confirmation of Minutes of the Previous Meeting and Key Meeting Outcomes	Chair
163.1.5	Matters Arising from Previous Minutes	Chair

MATTERS FOR APPROVAL (9:30 – 10:30 am)		
163.2.1	Red Hill Precinct sales strategy and cash flow analysis	Liz Lopa/Bruce Fitzgerald
163.2.2	Sale of Denman Prospect Stage 2	Tom Gordon
163.2.3	Business Planning template	Bruce Fitzgerald
163.2.4	Internal Financial benchmarking methodology	Bruce Fitzgerald/Margaret Cicolini

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163.2.5	Westside Village decommissioning – funding request	Liz Lopa
163.2.6	Instrument of Delegation	Neil Bulless
163.2.7	Proposed acquisitions – West Belconnen	Tom Gordon
163.2.8	██████████ Land acquisition opportunity	Tom Gordon

EXECUTIVE, PROJECT AND FINANCIAL REPORTS (10:30 – 12:30 pm)		
163.3.1	Chief Executive Officer's Report	David Dawes
163.3.2	Deputy CEO's Report	Neil Bulless
163.3.3	Board Audit and Risk Committee report of meeting 7/12/16 and 21/2/17	Deputy Chair
163.3.4	<i>Indicative Land Release Program 17-21</i> – consultation draft	Simon Tennent
163.3.5	Finance Report	Bruce Fitzgerald
163.3.6	Governance Program – implementation update	Neil Bulless/Jacqui Bear
163.3.7	<i>City to the Lake</i> Project – update	Liz Lopa
163.3.8	West Belconnen Subcommittee report (including entry road housing)	Tom Gordon
163.3.9	Budget rules and Board financial delegations	Bruce Fitzgerald
163.3.10	<i>Land Acquisition Policy Framework Direction 2014</i> – compliance report	Neil Bulless/Simon Tennent
163.3.11	North Wright and North Coombs draft business plans	Tom Gordon

Luncheon break – 12:30pm – 1:00pm

OTHER REPORTS – FOR INFORMATION AND/OR NOTING (1:00 – 1:10 pm)		
163.4.1	Work Health and Safety Report	Bruce Fitzgerald
163.4.2	Strategic Risk Register	Bruce Fitzgerald

FOR THE INFORMATION OF THE BOARD (1:10 – 1:20 pm)		
163.5.1	Board correspondence	Chair
163.5.2	2017 Board Meeting Calendar – updated BARC dates	Secretariat
163.5.3	Glossary of acronyms	Secretariat

MEETING CLOSE (1:20 – 1:30 pm)		
163.6.1	Meeting Outcomes for CEO to discuss with the Ministers for Housing and Suburban Development, and Urban Renewal	Chair
163.6.2	Other Business	Chair
Next meeting: BARC: 20 April 2017 Board: 27 April 2017		Chair

LAND DEVELOPMENT AGENCY BOARD MEETING 164

27 April 2017 commencing at 8:30 am
 LDA Board Room, Level 6 TransACT House
 470 Northbourne Avenue, Dickson

AGENDA

Members:

Mr Ross Barrett OAM (Chair)
 Ms Yvonne von Hartel AM
 Ms Cherelle Murphy
 Mr Jim Shonk

Ms Sandra Lambert AM (Deputy Chair)
 Mr Con Kourpanidis
 Ms Chris Purdon
 Mr David Dawes

In Attendance:

Mr Neil Bulless (Deputy Chief Executive Officer)
 Mr Tom Gordon (Executive Director, Greenfield)
 Mr Bruce Fitzgerald (Chief Financial Officer)
 Ms Margaret Cicolini (Deputy CFO – part)
 Mr Chris Wilson (Director, Office of the CEO)
 Ms Margaret Lovell (LDA Corporate Secretariat)

Mr Daniel Bailey (Executive Director, Sales
 Marketing and Land Management)
 Mr Nick Holt (Director – Urban Projects – part)
 Ms Jacqui Bear (Senior Manager – Governance
 Project – part)
 Mr David Hughes (Project Director CttL – part)

Apologies:

IN-CAMERA SESSION (8:30 – 9:00 am)

Board Members only

Chair

MEETING OPENING (9:00 – 9:30 am)		
164.1.1	Welcome and Review of Attendance (verbal)	Chair
164.1.2	Confirmation of Agenda	Chair
164.1.3	Standing and further Declarations of Interests	Chair
164.1.4	Confirmation of Minutes of the Previous Meeting	Chair
164.1.5	Matters Arising from Previous Minutes	Chair

MATTERS FOR APPROVAL (9:30 – 10:30 am)		
164.2.1	Budget/BARS update	Bruce Fitzgerald
164.2.2	Updated Financial Delegations	Bruce Fitzgerald
164.2.3	<i>North Wright and North Coombs Business Plans</i>	Tom Gordon
164.2.4	Internal Financial benchmarking policy	Bruce Fitzgerald/Margaret Cicolini
164.2.5	<i>Fraud Risk Register and Fraud and Corruption Control Plan</i>	Bruce Fitzgerald
164.2.6	<i>Compliance Plan 2016-19</i>	Bruce Fitzgerald

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EXECUTIVE, PROJECT AND FINANCIAL REPORTS (10:30 – 1:00pm)		
164.3.1	Chief Executive Officer's Report	David Dawes
164.3.2	Deputy CEO's Report	Neil Bulless
164.3.3	Board Audit and Risk Committee report of meeting 20 April 2017 (verbal)	Deputy Chair
164.3.4	Finance Report	Bruce Fitzgerald
164.3.5	Strategic acquisition – Pine Ridge	Tom Gordon
164.3.6	Proposed land acquisitions West Belconnen – <i>Land Acquisition Policy Framework</i> testing	Tom Gordon
164.3.7	<i>Whitlam</i> – draft Business Plan	Tom Gordon
164.3.8	<i>City to the Lake</i> – Strategic outlook	Nick Holt
164.3.9	West Belconnen Subcommittee report	Tom Gordon
164.3.10	Governance Program – implementation update	Neil Bulless/Jacqui Bear

Luncheon break – 1:00pm – 1:30pm

OTHER REPORTS – FOR INFORMATION AND/OR NOTING (1:00 – 1:20 pm)		
164.4.1	Work Health and Safety Report	Bruce Fitzgerald
164.4.2	Strategic Risk Register	Bruce Fitzgerald

FOR THE INFORMATION OF THE BOARD (1:40 – 1:50 pm)		
164.5.1	Board correspondence	Chair
164.5.2	2017 Board Meeting Calendar – updated BARC date	Secretariat
164.5.3	Glossary of acronyms	Secretariat

MEETING CLOSE (1:50 – 2:00 pm)		
164.6.1	Meeting Outcomes for CEO to discuss with the Ministers for Housing and Suburban Development, and Urban Renewal	Chair
164.6.2	Other Business	Chair
Next meeting: Board: 25 May 2017 BARC: 22 June 2017		Chair

LAND DEVELOPMENT AGENCY BOARD MEETING 165

25 May 2017 commencing at 8:30 am
 LDA Board Room, Level 6 TransACT House
 470 Northbourne Avenue, Dickson

AGENDA

Members:

Mr Ross Barrett OAM (Chair)
 Ms Yvonne von Hartel AM
 Ms Cherelle Murphy
 Mr Jim Shonk

Ms Sandra Lambert AM (Deputy Chair)
 Mr Con Kourpanidis
 Ms Chris Purdon
 Mr Neil Bulless (A/g Chief Executive Officer)

In Attendance:

Mr Tom Gordon (Executive Director, Greenfield)
 Mr Bruce Fitzgerald (Chief Financial Officer)
 Mr Daniel Bailey (Executive Director, Sales Marketing
 and Land Management)
 Mr Chris Wilson (Director, Office of the CEO)

Mr Nick Holt (Director – Urban Projects – part)
 Ms Jacqui Bear (Senior Manager – Governance
 Project – part)
 Mr Ian Thomson (Galent Pty Limited – part)
 Ms Margaret Lovell (LDA Corporate Secretariat)

Apologies:

Mr David Dawes (Chief Executive Officer – on leave)

IN-CAMERA SESSION (8:30 – 9:00 am)

Board Members and A/g CEO	Chair
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MEETING OPENING (9:00 – 9:30 am)

165.1.1	Welcome, review of attendance and confirmation of meeting agenda	Chair
165.1.2	Standing and further Declarations of Interests	Chair
165.1.3	Confirmation of Minutes of the Previous Meeting	Chair
165.1.4	Matters Arising from Previous Minutes	Chair
165.1.5	Resolutions made out of session	Chair

MATTERS FOR APPROVAL (9:30 – 10:45 am)

165.2.1	<i>Whitlam</i> Business Case	Tom Gordon
165.2.2	Proposed acquisition – <i>Pine Ridge</i>	Tom Gordon
165.2.3	Asset Recycling initiative – dividend payment	Bruce Fitzgerald
165.2.4	Kingston Arts Precinct	Nick Holt

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165.2.5	Westside Village – decommissioning	Nick Holt
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EXECUTIVE, PROJECT AND FINANCIAL REPORTS (10:45 – 12:30pm)

165.3.1	A/g Chief Executive Officer's Report	Neil Bulless
165.3.2	Finance Report	Bruce Fitzgerald
165.3.3	Financial Statements preparation plan	Bruce Fitzgerald
165.3.4	Biannual Budget review	Bruce Fitzgerald
165.3.5	GST negotiations with ATO - update	Ian Thomson
165.3.6	West Belconnen Subcommittee report	Tom Gordon
165.3.7	Governance Program – implementation update	Neil Bulless/Jacqui Bear
165.3.8	Board Audit and Risk Committee report of meeting 20 April 2017	Deputy Chair

Luncheon break – 12:30pm – 1:00pm

OTHER REPORTS – FOR INFORMATION AND/OR NOTING (1:00 – 1:15 pm)

165.4.1	Work Health and Safety Report	Bruce Fitzgerald
165.4.2	Strategic Risk Register – for information	Bruce Fitzgerald
165.4.3	Procurement Policy and Guidelines	Bruce Fitzgerald

FOR THE INFORMATION OF THE BOARD (1:15 – 1:20 pm)

165.5.1	Board correspondence	Chair
165.5.2	2017 Board Meeting Calendar – for noting	Secretariat
165.5.3	Glossary of acronyms	Secretariat

MEETING CLOSE (1:20 – 1:30 pm)

165.6.1	Meeting Outcomes for CEO to discuss with the Ministers for Housing and Suburban Development, and Urban Renewal (verbal)	Chair
165.6.2	Other Business	Chair
Next meeting: BARC: 22 June 2017 Board: 29 June 2017		

LAND DEVELOPMENT AGENCY BOARD MEETING 166

20 June 2017 commencing at 2:00 pm
 LDA Board Room, Level 6 TransACT House
 470 Northbourne Avenue, Dickson

AGENDA

Members:

Ms Sandra Lambert AM (Chair)
 Mr Jim Shonk
 Ms Christine Purdon
 Ms Yvonne von Hartel AM
 Mr Neil Bulless (A/g Chief Executive Officer)

Meet Me (teleconference) phone number:

(02) 614 27199

In Attendance:

Mr Tom Gordon (Executive Director, Greenfield)
 Mr Bruce Fitzgerald (Chief Financial Officer)
 Mr Chris Wilson (Director, Office of the CEO)
 Ms Margaret Lovell (LDA Corporate Secretariat)

Apologies:

Mr Ross Barrett OAM
 Ms Cherelle Murphy
 Mr Con Kourpanidis
 Mr David Dawes (Chief Executive Officer – on leave)

MEETING OPENING

166.1.1	Confirmation of attendance and meeting agenda	Chair
166.1.2	Declaration of interests	Chair

MATTERS FOR APPROVAL

166.2.1	Sale of Denman Prospect to CED	Tom Gordon
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MEETING CLOSE

166.3.1	Other Business	Chair
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LAND DEVELOPMENT AGENCY BOARD MEETING 167

29 June 2017 commencing at 8:30 am
 LDA Board Room, Level 6 TransACT House
 470 Northbourne Avenue, Dickson

AGENDA

Members:

Mr Ross Barrett OAM (Chair)
 Ms Cherelle Murphy
 Mr Jim Shonk
 Mr Neil Bulless (A/g Chief Executive Officer)

Ms Sandra Lambert AM (Deputy Chair)
 Mr Con Kourpanidis
 Ms Chris Purdon

In Attendance:

Mr Tom Gordon (Executive Director, Greenfield)
 Mr Bruce Fitzgerald (Chief Financial Officer)
 Mr Daniel Bailey (Executive Director, Sales Marketing
 and Land Management)
 Mr Chris Wilson (Director, Office of the CEO)

Mr Simon Tennent (A/g Director, Strategy and
 Program Design)
 Ms Jacqui Bear (Senior Manager – Business
 Improvement Project)
 Ms Margaret Lovell (LDA Corporate
 Secretariat)

Apologies:

Ms Yvonne von Hartel AM
 Mr David Dawes (Chief Executive Officer – on leave)

IN-CAMERA SESSION (8:30 – 9:00 am)

<i>Board Members and A/g CEO</i>	Chair
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MEETING OPENING (9:00 – 9:30 am)

167.1.1	Welcome, review of attendance and confirmation of meeting agenda	Chair
167.1.2	Standing and further declarations of interests	Chair
167.1.3	Confirmation of Minutes of the previous meetings	Chair
167.1.4	Matters arising from previous minutes	Chair

MATTERS FOR APPROVAL (9:00 – 9:15 am)

167.2.1	Interim dividend payment to Government	Bruce Fitzgerald
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EXECUTIVE, PROJECT AND FINANCIAL REPORTS (9:15 – 12:00pm)		
167.3.1	A/g Chief Executive Officer's Report	Neil Bulless
167.3.2	Finance Report	Bruce Fitzgerald
167.3.3	Land and residential property report	Simon Tennent
167.3.4	Land sales and rescissions	Daniel Bailey
167.3.5	GST/ADR Determination outcomes, including effect on the <i>Whitlam</i> business case	Bruce Fitzgerald
167.3.6	Proposed non financial performance indicators	Bruce Fitzgerald
167.3.7	West Belconnen (<i>Ginninderry</i>) Joint Venture update	Tom Gordon
167.3.8	Governance Program – implementation update	Neil Bulless/Jacqui Bear
167.3.9	Board Audit and Risk Committee report of meeting 22/6/17 (verbal)	Deputy Chair

Luncheon break – 12:00pm – 12:30pm

OTHER REPORTS – FOR INFORMATION AND/OR NOTING (12:30 – 1:00 pm)		
167.4.1	Work Health and Safety Report	Bruce Fitzgerald
167.4.2	Strategic Risk Register – for information	Bruce Fitzgerald

FOR THE INFORMATION OF THE BOARD (1:00 – 1:10 pm)		
167.5.1	Board correspondence	Chair
167.5.2	Glossary of acronyms	Secretariat

MEETING CLOSE (1:10 – 1:30 pm)		
167.6.1	Meeting Outcomes for CEO to discuss with the Ministers for Housing and Suburban Development, and Urban Renewal (verbal)	Chair
167.6.2	Other Business	Chair
167.6.3	Chair's closing remarks	Chair



**LAND DEVELOPMENT AGENCY
BOARD MEETING 163,
30 March 2017**

Minutes

Present:

Mr Ross Barrett OAM (Chair)
Mr Con Kourpanidis
Mr Jim Shonk
Mr David Dawes

Ms Sandra Lambert AM (Deputy Chair)
Ms Yvonne von Hartel AM
Ms Cherelle Murphy
Ms Christine Purdon

In Attendance:

Mr Neil Bulless (Deputy Chief Executive Officer)
Mr Tom Gordon (Executive Director, Greenfields)
Ms Liz Lopa (Executive Director – Urban Renewal)
Mr Chris Wilson (Director, Office of the CEO)
Ms Jacqui Bear (Senior Manager, Governance
Project - part)
Mr Andrew Kefford (CMTEDD Head of Transition
Project – part)

Mr Bruce Fitzgerald (Chief Financial Officer)
Mr Daniel Bailey (Executive Director, Sales, Marketing
and Land Management)
Mr Simon Tennent (A/g Director Strategy and
Program Design - part)
Mr David Hughes (Project Director *City to the Lake* –
part)
Ms Margaret Lovell (LDA Corporate Secretariat)

Apologies:

Nil

MEETING OPENING

163

'In Camera' discussion

An 'in camera' Board discussion commenced at 8:40 am.

The Chair advised that the discussion centred on the future of the LDA and reiterated the Board's commitment to supporting the achievement of the LDA's outcomes during the period of transition to the new agency and authority.

Mr Andrew Kefford and Mr Neil Bulless joined the Board at 9:05 am to discuss the planning for the new Suburban Land Agency (SLA) and the City Renewal Authority (CRA). Mr Kefford advised the Board of his role in overseeing the transitional arrangements for both entities. Mr Kefford left the meeting at 9:45 am.

163.1.1

Welcome and Review of Attendance

The Chair declared the meeting open at 9:45am and welcomed those in attendance.

163.1.2

Confirmation of Agenda

The Board confirmed the agenda. Item 163.2.4 *Internal Financial Benchmarking* was removed from the agenda with the Board's agreement, to return to the BARC and Board meetings in April 2017.

163.1.3

Declaration of Conflicts of Interest

The standing declaration of interests was noted.

The Chair advised that there was a possibility for conflict to arise through any of his declared business interests, and requested that his standing declaration be updated to reflect this.

Ms Lambert requested that her declaration be amended to read that she consulted to the ACT Government excluding the LDA.

163.1.3

Declaration of conflicts of interest

Corporate Secretariat to amend the standing declarations of interest as indicated above.

All declarations were **noted** by the Board.

163.1.4

Confirmation of Minutes of the Previous Meeting

The minutes of Board Meeting 162 held on 27 February 2017 were considered by the Board and the following amendments were requested:

162.2.1 Red Hill Business case: Minutes should reflect that the Board resolved that the preparation of tender documentation for a potential englobo sale should proceed, and that the cash flow analysis was intended to show sale as englobo **and** LDA development, and the effect on the ARI payment.

162.2.2. Denman Prospect Stage 2: Minutes to reflect that the Board agreed that Mr Gordon should confirm the sale terms and bring the matter back to the Board for approval.

162.2.6 Human Resources strategy: Amend the narrative to read that language should be more concise.

162.3.5 Finance Report: Reword to remove opinion.

162.3.6 HR Quarterly report: Change language from *sanitise* to *amend*.

162.4.2 Residential Land and Property Quarterly Report: 2nd line change language to read to *enable more accurate reporting*.

RESOLUTION:

The Board **approved** the minutes of the meeting subject to amendments outlined above.

163.1.4 (b)	Confirmation of Key meeting outcomes
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The Board considered the *February 2017 Meeting outcomes* paper, in line with its earlier decision to provide a greater level of information and transparency to both staff and the general public, and in keeping with its discussions in February 2017. A number of suggestions were discussed, including whether the *Land and residential property report* data could be included; reframing the preamble to make the language more positive; sharpening the focus on outcomes; and highlighting work health and safety activity and statistics (i.e. reporting that no incidents had occurred on LDA sites during this reporting period).

The Board requested that the *Key Meeting Outcomes* paper be amended as discussed and recirculated to the Board out of session for approval. Once approved the paper is to be published on the LDA’s web page, and intranet.

163.1.4(b)	<i>Key Meeting Outcomes – February 2017</i>
Corporate Secretariat to amend the Key Meeting Outcomes paper as discussed, circulate to the Board for approval out of session, and ensure its publication as discussed.	

163.1.5	Matters Arising from Previous Minutes
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The Board considered the matters arising and requested the following amendments:

- Item 6 – Draft Compliance Plan 2016-19 – action not be closed – note that matter will go to the Board in April 2017.
- Item 8 –Design Review Panel – close this item as action overtaken by events.
- Item 9 – Deputy CEO’s Report – reference to leading economic indicators – note that Mr Tennent is yet to contact Ms Murphy – change tense to “will” make contact.
- Create a new action to note that the CEO is to meet with the Head of the Procurement Board to discuss five (5) procurements in excess of \$1 million which require Procurement Board approval. The CEO advised that he had been unable to meet with the Head of the Procurement Board due to availability, but would do so with Mr Gordon on 11 April 2017. Mr Dawes listed the procurements as relating to TCCS, Kingston, ActewAGL, Endesco and Cardno, the value of the procurements, and their necessity.
- Item 3 – GST update - remove reference to date, which is now 29 June 2017.

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- Item 11 – Fraud and Corruption Control Plan and Register – note that the work is being undertaken in house and would return to the BARC and Board in April 2017.
- Actions to be updated to reflect any changes in Minutes 162 – as discussed.

The Board **agreed** that items 3, 8, 12, 14, 19, 20 and 21 be closed.

163.2.1

Red Hill Business Case – englobo sale

Ms Lopa spoke to the paper which recommended that LDA sell the Red Hill Precinct on an englobo basis. The Board discussed the benefits and risks of an LDA development including its effect on the *Asset Recycling Initiative*, which is a time sensitive driving force in the decision.

The Board expressed concern that following an englobo sale, the developer could seek to amend the EDP and the Territory Plan to allow more development on the site. Further the Board were concerned that the EDP had been developed with the input of the community and any move to amend this would not be welcomed by the community.

The Board requested the CEO to write to the Chief Planning Executive to seek assurances that the approved EDP would form part of the Territory Plan, and that **any future change be an amendment to Territory Plan.**

163.2.1

Red Hill Business case – englobo sale

CEO to write to the Chief Planning Executive to seek assurances that the approved EDP would form part of the Territory Plan and that any future changes be an amendment to the Plan.

The consensus was:

- a. The market is strong, representing a good time to sell englobo for a premium price;
- b. A Tender process is preferable as it allows LDA to review design preferences, which had been successful in the Canberra brickworks project;
- c. The achievement of the ARI timeframe is an important consideration;
- d. The relocation of public housing tenants formed part of a good news story which should be in the communication plan supporting the LDA's decision to sell;
- e. Goodwill with the Red Hill Community Group was very important for the credibility of the LDA;
- f. The need to ensure rigorous and, to the extent possible, unalterable Planning Controls through the EDP forming part of the Territory Plan to support good design and amenity.

163.2.1

Red Hill Business case – englobo sale

Executive Director – Urban Renewal to update the Development Plan to create a narrative about the project's intersection with the ARI, and how the ARI has positively influenced the decision to sell englobo, for future reference.

RESOLUTION

The Board **approved** the release of the Red Hill Precinct site as an englobo sale by tender, to be brought to the market as soon as possible.

The Chair thanked Ms Lopa and her team for the enormous effort that had gone into the framing of the Business Case and the work done to bring this matter to a decision.

163.2.2

Denman Prospect Stage 2 – release options

Mr Gordon spoke to the paper which addressed the issues raised by the Board at its previous meeting. He confirmed:

- a. Legal advice received from the GSO indicated that [REDACTED]
- b. The Affordable Housing Commitment with CED, and that safeguards would be built into contracts to ensure the policy met its intended audience;
- c. That the latest offer from CED was its best and final offer and had been structured to smooth agency cash flow;
- d. That the Chief Minister had been advised of the proposed sale, and the possibility of some negativity from other developers, and was supportive of the sale to CED;
- e. That CED had agreed to extend the period for negotiation under clause 34 of the 1B contract;

Mr Gordon advised that the two independent valuations had also included comparative assessments with the sale of Denman Prospect 1 which is reflected in the determinations of the land value. [REDACTED]

He further advised that CED's control of infrastructure would reduce the level of interdependent works between Denman Prospect 1 and 2 that could be problematic for another developer.

There was a general discussion about how communications could be formulated to support the sale, and clarify the affordable housing aspect.

The CEO undertook to ensure that commercial and statutory requirements were met as per the GSO's advice [REDACTED]

RESOLUTION

The Board:

Approved proceeding with a sale to CED on the basis of their best and final offer, pursuant to clause 34 of the Denman Stage 1 contract, and requested the LDA finalise the sale terms which are to include meeting Government policy in respect of affordable housing, and the funding of *Homes for the Homeless* (H4H) through a 0.1% contribution from block sales.

The Board thanked Mr Gordon for bringing this complex and long running matter to conclusion.

163.2.3

Business planning template

Mr Fitzgerald spoke to the paper, noting that the Board had requested clarification of the intersection between the Business Planning template and the Project Appraisal framework. He noted that the template provided consistency in decision making. It was noted that the Business Planning Template completed a recommendation arising from Protiviti’s Internal Audit.

The Board discussed the template and requested the following refinements:

- a. That compulsory acquisition be dealt with in the template, noting that land acquired from TCCS fell outside this requirement;
- b. Any references to specific projects should be removed;
- c. Proposed outcomes should be compared to benchmarks rather than in reverse;
- d. Clarify the references to *standards*;
- e. Development objectives should be stated, and how they will be achieved.

Mr Fitzgerald reported that the template would be submitted to Treasury before June 30 to be used to assist the future decision making of the new agency and authority.

163.2.3

Business Planning template

CFO to further refine the template with Ms Purdon’s input.

RESOLUTION

The Board **approved** the Business Planning template subject to the amendments outlined above, to be made in collaboration with Ms Purdon.

163.2.5

Westside Village decommissioning – funding request

Mr Hughes joined the meeting at 11:40 am and spoke to the paper.

He reiterated that Westside had been designed and promoted as a temporary structure that was suitable for relocation and re-use. He reported that the relocation cost for re-use would be in the order of \$800,000, whereas scrapping would cost approximately \$170,000. He reported that the internal Government expression of interest process had identified a potential re-use by Venues ACT at Stromlo Forest Park but Venues ACT did not have the funding to achieve this.

The Board **did not support** the LDA funding an adaptive re-use of the container village as a priority, and requested the LDA seek the Government’s view on the matter before proceeding.

The Board **supported** a public expression of interest for private re-use to help defray the costs incurred to date and demonstrate responsible financial oversight.

163.2.5

Westside Village decommissioning funding request

CEO to seek the Government's view on the matter, providing the Minister with the Board's preference for a public EOI, and the relevant history as captured on the public record. If appropriate, approach the market through an EOI.

Mr Hughes left the meeting at 11:50 am.

163.2.6

Revised *Instrument of Delegation*

Mr Bulless advised that the revised Instrument arose out of the Governance Project and was procedural in nature.

RESOLUTION

The Board **approved** the revised Instrument of Delegation and invited the Chair to execute it.

163.2.7

Proposed land acquisitions – West Belconnen

Mr Gordon spoke to the paper which sought the Board's approval to the acquisition of the three (3) parcels of land known as [REDACTED], as described in the paper. He outlined need for a second electricity supply to the north of Canberra, the switching station, the need for an easement once the station had been relocated, the involvement of Transgrid, and the positive effect on the West Belconnen Joint Venture should this land be acquired in respect of freeing up further developable land, and the subsequent returns to Government.

[REDACTED]

Mr Gordon explained the variance in price from the previous advice to the Board was as a result of further refinement of the technical requirements of locating the electrical services as described in the paper. The importance of achieving a second supply of electricity was noted as critical to the decision to acquire the land. Mr Gordon reported that the purchase price of the land and easement corridors being acquired on Transgrid's behalf would be reimbursed.

RESOLUTION

The Board **approved** the acquisition of [REDACTED] land as identified in the paper, under the revised commercial terms outlined in the paper.

163.2.8

[REDACTED] acquisition

Mr Gordon spoke to the paper which sought to advise the Board of the potential to acquire [REDACTED] and [REDACTED] known as [REDACTED]

Mr Gordon advised that the land sits on the edge of the Eastern Broadacre, and its potential uses included industrial, a cemetery, or environmental offset. His initial estimate of revenue to be achieved from the purchase was [REDACTED]

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The Board expressed concern that the LDA could invite unfounded criticism by responding to unsolicited approaches from rural lessees to sell their leases at windfall prices, causing the LDA to land bank, despite the fact that this opportunity – which LDA considered a strategic acquisition - would likely represent a good buy at a good price in the longer term. There was also concern voiced about the restrictions placed on the land by Air Services Australia, as the land sits under the flight path.

The Board requested further due diligence be undertaken on this purchase, a business case created and a recommendation made to the new Suburban Land Agency Board. The Board requested that Mr Gordon advise the seller of the transitional nature of the current Board's activities which tended to limit the scope of decision making.

163.2.8

██████████ acquisition

Executive Director – Greenfield to undertake further due diligence on the site(s), construct a Business Plan, and take a recommendation to the Suburban Land Agency Board after 1 July 2017.

The meeting adjourned for lunch at 12:40 pm and reconvened at 1:00 pm.

163.3.1

Chief Executive Officer's Report

Mr Dawes spoke to his report.

As an additional matter Mr Dawes tabled a Corrigendum to the *LDA Annual Report 2015-16*, which had received Ministerial approval. The Corrigendum sought to comply with annual reporting requirements concerning compliance with Ministerial Directions by reporting all land acquisitions made both in the 2014-15 and 2015-16 financial years.

A query was raised in respect of the cumulative value of acquisitions from year to year, and Mr Fitzgerald undertook to prepare a response to the Assembly should a question be raised.

The Board **noted** the Corrigendum, which was scheduled to be tabled in the Assembly later that day.

Discussion turned to a potential land acquisition – ██████████ Mr Dawes outlined the history of land sales in the region, and the ██████████ with the LDA should the opportunity arise.

The Board expressed concern about the difference between the seller's expectations, and a valuation provided by CBRE. A peer review of the valuation was requested.

163.3.1

CEO's Report

Executive Director – Greenfield to have the CBRE ██████████ valuation peer reviewed, and bring the matter back to the Board.

Mr Dawes advised that a direct sale of land to the Illawarra Retirement Trust now appeared unlikely, and the matter may result in legal proceedings.

The single select tender report was noted, but a query was raised about the threshold for reporting to the Board.

163.3.1	<i>CEO's Report</i>
CFO to check the internal reporting mechanism for all single select tenders including those under \$25,000.	

Mr Dawes reported that he had been advised by the Auditor-General of her intention to conduct an audit on rural land acquisitions, and expected to be advised of the timing of the audit by late April 2017. He expected that LDA would be well prepared for the audit, but would in future seek written directions from Government about certain acquisitions like the solar farm to ensure that the decision making trail is complete.

In closing Mr Dawes reported that the *Taylor* ballot had gone very well, with only 1 block remaining. Similarly, *Throsby* sales were progressing well.

The Board **noted** the CEO's report.

163.3.2	Deputy Chief Executive Officer's Report
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Mr Bulless advised that the Assembly was conducting three enquiries which would likely require LDA involvement; one of which was the Public Accounts Committee enquiry into the LDA Performance Audit, and an enquiry into affordable housing.

He reported that the transition process would consume a number of executive and staff resources, with 4 staff seconded to assist, and all staff encouraged to be engaged with the Transition team. He advised that he and the CFO were working closely with Treasury regarding financing of the new agency and authority.

He further noted that a large number of *Questions on Notice* were consuming considerable resources, and the Executive -whilst stretched - was performing well.

Mr Bulless noted Liz Lopa's imminent departure from the LDA and thanked her for her hard work and commitment to the delivery of LDA outcomes.

The Board **noted** the Deputy CEO's report.

163.3.3	BARC report from meeting 7 December 2016 and 21 February 2017
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The Chair of the BARC spoke to the report of the Committee meetings of 7 December 2016 and 21 February 2017.

The Board **noted** the report.

163.3.4	Indicative Land release Program 2017-21- 2nd consultation (Exposure Draft)
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Mr Tennent joined the meeting at 1:50 pm.

He clarified the increases in commercial and mixed use sites which largely arose from place-markers being converted to possible sales, and therefore included in the program. He reported that demand analysis had been undertaken to assure the relevance of the current program.

The Board **noted** the Exposure Draft.

163.3.10

Land Acquisition Policy Framework Direction - compliance

Mr Tennent spoke to the paper, and tabled a draft compliance report relating to ten (10) acquisitions which have not previously been assessed under the framework.

The Board **noted** the draft report and requested that it be finalised and brought to the Board for consideration at its next meeting.

163.3.10

Land Acquisition Policy Framework Direction - compliance

A/g Director Strategy and Program Design to finalise the draft compliance report and bring it to the next Board meeting for review.

Mr Tennent left the meeting.

Ms von Hartel left the meeting at 2:00 pm.

162.3.5

Finance Report

Mr Fitzgerald spoke to the report. He reported that the current sales forecast included slippage of \$50 million which, if removed, would see the LDA achieve its sales target for the year when coupled with recent outstanding sales results. Notwithstanding, he said, the more relevant figure was return to Government, which has projected to increase by \$41 million on the *Statement of Intent* through reduced development costs. He confirmed that cash flows associated with the *Ginninderry Joint Venture* were included in the cash flow statement, and would be footnoted for clarity in future.

163.3.5

Finance Report

CFO to ensure that Joint Venture cash flow commitments are footnoted for clarity in the Cash flow Statement.

The Board **noted** the report, and thanked Mr Fitzgerald for bringing a number of outstanding corporate matters to a conclusion.

163.3.7**City to the Lake Project update**

The report was taken as read. There was a discussion about land losses due to the light rail, which were not expected to occur, and the significant restraints of the West Basin sites.

The Board **noted** the report.

The Chair offered Ms Lopa his thanks for her contribution to the LDA, and her hard work. Ms Lopa thanked the Board for the opportunity to contribute to the LDA's outcomes.

Ms Lopa left the meeting at 2:15 pm.

163.3.6**Governance Project update**

Mr Bulless expanded on the report by describing the communication mechanisms put in place to better inform staff. They included:

- a. Internal face to face sessions to keep staff apprised of governance improvements;
- b. An online newsletter;
- c. A fortnightly email update;
- d. The introduction of a governance specific intranet site which included new documentation which could be used by the new agency and authority;
- e. Staff attendance at Records Management training.

Ms Bear joined the meeting at 2:20 pm.

The Board considered the Records management protocol at Attachment C and agreed that while it went a good deal towards ensuring compliance, staff needed specific training and direction about what needed to be recorded in a practical sense.

In respect of Attachment B – Staff roles and responsibilities – it was suggested that the document could be clearer concerning the need to operate in accordance with Board directions. It was suggested that page 2 could be reworded to clarify that staff do not decide what information comes to the Board – not optional. Ms Bear undertook to make the necessary changes and thanked the Board for their comments.

In respect of Attachment D – Terms of Reference for the Governance Executive Committee – it was noted that the role of Board in setting and approving certain policies required clarification, and where the lines of responsibility should be drawn. Ms Bear reported that this issue was being reviewed by BARC.

Mr Bulless advised that Recommendation 7 Direct Sales in Attachment A would be delayed as it relied on a Cabinet decision.

163.3.6*Governance Project update*

Deputy CFO and Ms Bear to:

- a. Make practical recommendations to staff concerning record keeping in Attachment C;
- b. Update Attachment B Staff Roles and Responsibilities to clarify the requirement to act in accordance with Board Directions, and to remove the discretionary nature of providing information to the Board;

- c. Update Attachment D – TOR Governance Committee once the role of the Board in policy approval is endorsed by BARC.

The Board **noted** the report, and commended Mr Bulless and his team on the significant progress achieved to date.

163.3.8

West Belconnen Subcommittee report

Mr Gordon spoke to the report, and drew the Board’s attention to the advice from the Under Treasurer acknowledging the Government’s agreement to participate in the project and provide the necessary application of resources.

The issue of membership of the JV Board was raised and would be referred to Government, noting that LDA is an agent of the Government in the JV agreement.

The Board **noted** the report.

163.3.9

Budget rules and Board financial delegations

The Board **noted** the updated Financial Delegations and Budget rules.

163.3.11

North Wright and North Coombs draft business plans

Mr Gordon spoke to the papers and copies of the business plans and associated valuations were tabled. Mr Gordon explained that yields differed due to the mix of housing, with Wright a 50/50 mix of single residential and multi-unit, whereas Coombs represented 72 single residential and 351 units. Mr Gordon requested the Board review the documents in readiness for a further suite of Business Plans, with North Wright and North Coombs to be presented at the April 2017 meeting, and Whitlam at a date to be set. Mr Gordon invited the Board’s feedback in the interim.

The Board **noted** the draft Business Plans and undertook to provide feedback.

Mr Bulless left the meeting at 2:40 pm.

163.4.1

Work Health and Safety Report

Mr Fitzgerald spoke to the reports, and concern was raised that WH&S training provided by CMTEDD would not adequately address the LDA specific requirements for staff operating on external sites. Mr Gordon outlined the procedure for site visits noting that it was very strict. Notwithstanding the Board stressed the need for appropriate training to ensure the Board’s work health and safety obligations are met.

Concern was also raised about contractors working with or near gas.

163.4.1	<i>Work Health and Safety Report.</i>
CFO to work with HR to design and implement special WH&S training sessions for LDA staff who attend external work sites, and maintain a record of attendance which is to be reported to the Board in the WH&S Report.	

163.4.1	<i>Work Health and Safety Report</i>
Executive Director – Greenfield to include safety messages about working with or near gas to contractors through the Contractor Update.	

The Work Health and Safety report was **noted**.

163.4.2	Strategic Risk Register
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The Board **noted** the register and requested that it be updated in response to the risk analyses carried out by BARC at each of its meeting.

163.4.2	<i>Strategic Risk Register</i>
CFO to ensure that Register is updated to take account of risk analyses undertaken by BARC.	

163.5.1	Board correspondence
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The Board noted that the Chair had written to Mr Robert Tonkin to thank him for his contribution to the Board and to the leadership of BARC.

The Chair undertook to write to both Yuka Pirani and Liz Lopa on behalf of the Board to thank them for their individual contributions to the success of the LDA over the preceding years, and to the smooth operation of the Chief Executive’s Office.

163.5.2	Board Calendar 2017
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Ms Murphy highlighted a clash in June 2017.

163.5.1	<i>Board calendar 2017</i>
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Corporate Secretariat to liaise with Ms Murphy regarding the June 2017 BARC meeting.

The Board **noted** the updated calendar.

MEETING CLOSE

163.6.1

Other Business

There was no other business.

163.6.2

Meeting outcomes for discussion by the CEO with the Minister for Urban Renewal

The topics to be discussed are:

1. Proposed sale of Red Hill by tender as an englobo offering;
2. The proposed sale of Denman Prospect Stage 2 to CED;
3. The decommissioning of Westside container village;
4. Governance Project update;
5. Work health and safety.

The meeting closed at 3.00 pm with the Chair's thanks.

The minutes of Land Development Agency Board meeting 163, held on 30 March 2017, were **approved** as an accurate record of the meeting.



Mr Ross Barrett OAM
Chair, LDA Board

28 April 2017



**LAND DEVELOPMENT AGENCY
BOARD MEETING 165,
25 May 2017**

Minutes

Present:

Mr Ross Barrett OAM (Chair)
Mr Con Kourpanidis
Mr Jim Shonk
Mr Neil Bulless (Acting CEO)

Ms Sandra Lambert AM (Deputy Chair)
Ms Yvonne von Hartel AM
Ms Cherelle Murphy
Ms Christine Purdon

In Attendance:

Mr Tom Gordon (Executive Director,
Greenfields)
Mr Chris Wilson (Director, Office of the CEO)
Ms Margaret Lovell (LDA Corporate
Secretariat)

Mr Bruce Fitzgerald (Chief Financial Officer)
Ms Jacqui Bear (Senior Manager Business
Improvement Project – part)
Mr Nicholas Holt (Director Urban Renewal – part)

Apologies:

Mr David Dawes (on leave)
Mr Daniel Bailey (Executive Director, Sales, Marketing and Land Management)

165

'In Camera' discussion

An 'in camera' Board Member discussion commenced at 8:30 a.m.

165.1.1

Welcome, review of attendance and confirmation of meeting agenda

The Chair declared the meeting open at 9:15am and welcomed those in attendance. He noted that Mr Bailey was unwell and could not attend, and welcomed Mr Bulless to the Board in his capacity as Acting Chief Executive Officer of the LDA.

165.1.2

Standing and further declarations of interests

The standing declaration of interests was **noted**. No further declarations were provided.

165.1.3

Confirmation of Minutes of the Previous Meeting

The Minutes of the meeting of 27 April 2017 were **approved** without amendment.

165.1.4

Matters arising from previous Minutes

The Board considered the matters arising, stating a preference that all matters are attributed a due date. The Board noted the following:

Item 1 – Non financial performance indicators – Ms Purdon and Mr Fitzgerald discuss the proposed indicators, which will be included in the new agencies' *Statement of Intent*.

165.1.4

Matters arising from previous Minutes

Proposed performance indicators to be brought to June 2017 Board meeting for review, noting that the new entities' Boards would be the approving body.

Item 2 – Economic indicators of building activity in the Territory – Ms Murphy advised that she would pursue the matter with the Acting Director Program Strategy and Design, but as she did not believe the matter would be dealt with by 30 June 2017, suggested it form part of a broader discussion with the new Directorate.

Item 7 - [REDACTED] valuation – Mr Gordon reported that he had received confirmation from CBRE as to the relevant value of the property, and had heard nothing further from the lease owner. The Board proposed a stand by and wait approach, noting their willingness to purchase the lease at a price that represented fair value and complied with the Land Acquisition Policy Framework.

Item 13 – Single select information relating to the Kingston Harbour – the information was tabled and the Board agreed to the item's closure.

The Board **noted** the status of all other actions and agreed to the closure of items 5, 9, 10, 12, 13, 14 and 15.

165.1.5

Resolutions made out of session

The resolution made unanimously out of session by email over the period 9 - 10 May 2017 relating to the appointment of Mr Bulless as Acting Chief Executive Officer was **noted**, and the Chair asked that it be recorded in the Minutes.

Mr Gordon led the Board through the paper, highlighting changes from the earlier version and responding to specific queries. Discussion ensued about assuming a 1% rather than 9% treatment of GST on sales, which improved returns to the Territory by \$50 million. The Board expressed concern about the sale of blocks to Government at \$70,000 per block, which was significantly less than the LDA's development cost which is in the order of \$200,000 per block. It was suggested that Community Service Obligation (CSO) should be included in the Plan, and that gifted assets could be included in the section dealing with total returns to the Territory, for the record.

Discussion turned to the bushfire buffer and the need for the Plan to be clear that safety is the primary consideration in establishing an appropriate buffer, while ensuring land use efficiency. Mr Gordon explained that the matter was the subject of legal advice as to the interpretation of how urban edge effects are accommodated within the buffer zone. It was suggested that any risks posed by the issue should be specifically treated in the risk plan, and that the risk plan would benefit from clear risk escalation descriptors.

It was further suggested that the business plan should have a clear focus on social sustainability which would extend beyond the *Mingle* program.

It was suggested that the Plan would benefit from the inclusion of a preamble which provided the policy decisions framing the Business Plan, to clarify choices made, and by whom. Mr Bulless advised that these policy decisions would be dealt with by the new Directorate under the structure post 30 June 2017.

It was suggested that future Business Plans would benefit from inclusion of data to support the occupancy per dwelling type assumptions, taking account of dwelling mix on a site by site basis, rather than a broader assumption of 2.6 persons per dwelling.

The Board also requested that north points and keys be consistently included on maps.

RESOLUTION

The Board **approved** the *Whitlam Business Plan* subject to the following amendments::

- Include a preamble which outlined any policy decisions which had been considered in framing the Plan;
- Detail any Community Service Obligations and/or gifted assets so that the return on the development is transparent;
- Update the risk plan to include the uncertainty caused by the bushfire buffer parameters, proposed treatments, and risk escalation procedures;
- Ensure that the Plan has a clear focus on social sustainability beyond the *Mingle* program;
- Specify occupancy numbers by dwelling type.

165.2.2

Proposed acquisition – *Pine Ridge*

Mr Gordon reported that the seller had obtained an independent valuation which was consistent with the LDA's valuation, and a negotiated purchase price of \$4.6 million. Mr Gordon advised as part of the negotiation the seller wished to stay on at the property under a sub lease for 10 years, with the possibility of extension. He advised that the sales contract would allow for the Territory to terminate with 6 months' notice should the acquired land be required. Mr Gordon advised that it was the seller's preference to settle post June 2017.

Mr Gordon noted that the negotiation was within a range consistent with the market value, noting both parties had sought independent valuations. He noted that compulsory acquisition under the *Land Acquisition Act* was not warranted given the seller had approached the LDA, and that the value determined would be similar to that determined by the Act, if not more favourable, as there is no risk of additional costs due to any potential dispute of the market value when using the Act as a means to acquire land.

The Board **noted** the intended outcomes and supporting reasoning for acquiring the property, and that the proposed acquisition had been formally assessed against and found to be consistent with the *Land Acquisition Policy Framework Direction 2014* and the thresholds contained therein.

RESOLUTION

The Board **approved** the acquisition of *Pine Ridge* (Block 1600 Belconnen), and Management undertook to advise the Minister.

165.2.3

Asset recycling initiative (ARI) – dividend payment

Mr Fitzgerald spoke to the paper, reporting that it was an administrative matter which was brought to the Board as it fell outside the LDA's normal dividend payment to Government process. Discussion ensued as to the costs incurred by LDA in the handling of ARI sites, which the Board agreed should be reported separately and transparently.

RESOLUTION

The Board **approved** the dividend payment of \$55.5 million to the Chief Minister, Treasury and Economic Development Directorate (CMTEDD), noting that the amount was exclusive of all costs incurred by the LDA relating to the ARI.

165.2.4

Kingston Arts precinct Financial Impact Statement

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

165.2.5 Westside Village decommissioning

Mr Holt spoke to the paper. He advised that LDA had sought the Chief Minister's views on the Government's priority for the Westside structure. LDA was advised of the Government's previously stated position that the structure would be relocatable and reusable by the Territory, given the significant investment made in the structure to date.

Mr Holt advised that an internal Government expression of interest process had identified Venues ACT as having an interest in reusing the structure, which would be located at Stromlo Forest Park to provide amenity for the community. The Board noted that capital and utility costs would be shared between LDA and CMTEDD, and that the National Capital Authority's Works Approval requires the structure to be removed and site remediated by November 2017.

The Board **agreed** to facilitate the relocation and financial transfer of the asset within Government to Venues ACT - CMTEDD at a cost to the LDA of up to \$813,000.

The Board thanked Mr Holt for his stewardship of the project and for bringing the matter to a conclusion.

The meeting adjourned for lunch at 12:50 pm and reconvened at 1:20 pm. Mr Holt left the meeting.

165.3.1

A/g Chief Executive Officer's Report

Mr Bulless reported that land sales revenue had increased to \$334 million at 24 May 2017, and outlined the factors which had reduced the expected results for the year, including the Dickson Motor registry site. Discussion ensued about settlements being brought forward to improve the annual result, and the number of land sales contract rescissions and extension requests.

165.3.1

A/g Chief Executive Officer's report

Mr Gordon to investigate with the Sales and Marketing team whether any advice on the timing of settlement could be brought to the attention of purchasers to enable settlements to occur pre June 30 2017.

In respect of the Dickson unit site, Mr Bulless reported that a further flooding report was being commissioned so that settlement could proceed.

In relation to the establishment of new structural arrangements, Mr Bulless advised that the Director-General of EPSDD would communicate the final structure and proposed staffing of the Suburban Land Agency, City Renewal Authority and any staff movements to the Directorate to staff the following week. Mr Bulless recognised the additional burden posed by transition on all staff, particularly the CFO and members of the Executive team.

Mr Gordon provided the Board with an update of the negotiations with CED in relation to the sale of Denman Prospect Stage 2, specifically the treatment of GST. [REDACTED]

The Board expressed their concern that the decision to sell to CED had been predicated on a different treatment of GST which would result in a higher return to the Territory.

165.3.1

A/g Chief Executive Officer's report Sale of Denman Prospect Stage 2 to CED

Mr Gordon to bring the original proposal to sell Denman Prospect Stage2 to CED, with an update on the treatment of GST, to the Board out of session. The paper should contain the advice from the GSO, and a recommendation for the Board.

Mr Gordon to verify with GSO [REDACTED]

Mr Gordon to build into the Sales Deed the capacity to transfer the Homes 4 Homes initiative to another party.

The Board **noted** the A/g CEO's Report.

165.3.2

Finance Report

Mr Fitzgerald spoke to the report, noting that the revenue forecast had dropped by \$34.1 million to \$563.4 million, largely resulting from delays in Taylor due to wet weather, Throsby extensions and rescissions, and the Dickson site. He reported that the return to Government remained strong at \$23.6 million higher than the *Statement of Intent* expectations.

The Board enquired about the management of the sales contract extension and rescission process, particularly how this is applied near the end of the financial year, and requested that the A/g CEO oversee the matter. The Board restated its commitment to deliver the best possible result for the Territory for the 16/17 financial year.

The Board requested that month to month differences be highlighted in the Finance Report to enable a clear appreciation of movements, and that a number of minor reporting issues be addressed.

165.3.2

Finance Report

The CFO undertook to:

1. Ensure that commentary is consistent,
2. Highlight monthly movements in future reporting,
3. Rectify the figures in Graph 4 – net cash flow,
4. Adjust Rural land acquisitions cumulative total for the current financial year only,
5. Provide the Board with an explanation of the rural land acquisition line in the cash flow statement.

The Board **noted** the Finance report.

165.3.3

Financial Statements Preparation Plan

Mr Fitzgerald spoke to the paper which outlined the process for preparing the Financial Statements, highlighting any changes from previous requirements. He outlined the process for dealing with Related Party Disclosures, the documentation required, and the timing or responses from Board Members. He then described the effect of KPGM’s advice to LDA on the treatment of its investment in the *Ginninderry* Joint Venture and the difference in reporting in 2016-17.

The Board **noted** the Financial Statements preparation plan, and what would be required of them in relation to Related Party Disclosures.

165.3.4

Biannual Budget review (BAR)

Mr Fitzgerald led the Board through the Biannual Review of variations to projects’ revenue and expenditure.

The Board **noted** the report.

165.3.5

Report on GST alternate dispute resolution with the ATO

Mr Fitzgerald provided the Board with an update to the paper based on recently received information. In respect of question 1 – the meaning of improvement – he advised that human intervention must be considered from 1 July 2000 and that, as a consequence of the application of that ruling, some funds will need to be returned to the ATO. He reported that the Determination provided certainty going forward in the LDA’s treatment of GST.

The Board requested that the *Whitlam* business plan be reviewed in light of the determination, and a GST treatment paper be brought to the next Board meeting in June 2017.

165.3.5

Report on GST alternate dispute resolution with the ATO

CFO to bring a paper to the June 2017 Board meeting addressing the GST Determination and its effect on the LDA, including the previously discussed *Whitlam* business plan.

165.3.6

West Belconnen (*Ginninderry*) Joint Venture Report May 2017

Mr Gordon spoke to the report. [REDACTED]

██ He further noted that the JV was considering approaching the Government about the acquisition of the ██████████

The Board agreed that the JV had achieved best practice in creating local employment opportunities in the area, and that the options for a locally based Registered Training Organisation project, whilst not core to business, should be pursued.

The Board **noted** the report.

165.3.7

Governance Project update

Ms Bear joined the meeting at 2:55 pm. Mr Bulless advised that both he and Ms Bear had met with the Director-General of EPSDD, and noted the emphasis the Director-General had placed on governance by setting up an enhanced governance team under the new arrangements. Mr Bulless noted the Director-General's ownership and acceptance of good governance both within the Directorate, and in the new entities.

Ms Bear reported that Stage 1 of the Business Improvement project would be completed by 30 June 2017, and that Stage 2 was currently being scoped. In addition to the papers, she reported that the *Guideline for Compulsory Acquisition* was being reviewed by the GSO.

The Board requested that the draft *Valuation Policy* procedures make provision for a suitably senior and competent person to review instructions to valuers. The Board stressed the need for all procedures and instructions produced during Stage 1 of the project include a clear message about proper documentation and a clear decision making trail, and proper records management.

Ms Bear invited Board Members to contribute to the planning of Stage 2 which would be discussed at the June 2017 meeting.

The Chair thanked Ms Bear for her contribution and Ms Bear left the meeting at 3:05 pm.

The Board **noted** the report.

165.3.8

Board Audit and Risk Committee Report

The Chair of the Audit Committee spoke to the report and commented favourably on the work undertaken by the CFO in the review of Strategic risks.

The Board **noted** the report.

165.4.1

Work Health and Safety Report

The Board reviewed the report, suggesting that information previously provided to the Board could be omitted from future reports. Mr Fitzgerald advised that a new Contractor Newsletter would be circulated in the following week.

The Board **noted** the report.

165.4.2 Strategic Risk Register

The Board **noted** the strategic risk register.

165.4.3 LDA Procurement Procedures

Mr Fitzgerald reported that the updated Procurement Policy, which arose out of an audit recommendation, was now complete, and was provided for the information of the Board.

The Board **noted** the Procurement Procedures.

165.5.1 Board correspondence

The Board **noted** that letters of thanks had been sent to Ms Liz Lopa and Ms Yuka Pirani as previously requested by the Chair.

165.6.1 Meeting outcomes for discussion between the CEO and the Minister(s)

The Board agreed that the following matters be included in the discussion:

- The acquisition of *Pine Ridge*
- Negotiations with Geocon in relation to the Kingston Arts Precinct
- The sale of Denman Prospect to CED
- The special attributes of the *Ginninderry* Joint Venture, and
- The decommissioning of Westside.

MEETING CLOSE

Prior to closing the meeting, the Chair asked that the Board's thanks to Ms Margaret Cicolini be recorded, prior to her departure from the LDA.

Ms von Hartel advised that, as she was unable to attend the June 2017 meeting, she wanted to thank the Chair, other Members, the LDA management and staff for welcoming her and making her time on the LDA Board both enjoyable and informative.

There being no further business, the Chair closed the meeting at 3:15 pm.

The Minutes of Land Development Agency Board meeting 165, held on 25 May 2017 were **approved** as an accurate record of the meeting.

Mr Ross Barrett OAM
Chair, LDA Board
July 2017



**LAND DEVELOPMENT AGENCY
EXTRAORDINARY BOARD MEETING 166
20 JUNE 2017**

Minutes

Present:

Ms Sandra Lambert AM (Chair)
Mr Jim Shonk
Mr Neil Bulless (Acting CEO)

Ms Yvonne von Hartel AM – by phone
Ms Christine Purdon

In Attendance:

Mr Tom Gordon (Executive Director,
Greenfields)
Mr Chris Wilson (Director, Office of the CEO)

Mr Bruce Fitzgerald (Chief Financial Officer - part)
Mr Ian Thomson – (Galent Pty Ltd – part)
Ms Margaret Lovell (LDA Corporate Secretariat)

Apologies:

Mr Ross Barrett OAM (Chair)
Mr Con Kourpanidis
Ms Cherelle Murphy

166.1.1

Welcome, review of attendance and confirmation of meeting agenda

The Chair declared the meeting open at 2:05 pm. The agenda was accepted.

166.1.2

Standing and further declarations of interests

The standing declaration of interests was **noted**.

The Chair proposed that the two specific matters before the Board on the Denman Prospect proposal, being the treatment of GST and mitigation of odour plumes in Molonglo, be dealt with separately. The Chair sought advice on any conflicts of interest related to those matters.

Following consideration of the first matter, Ms von Hartel declared an indirect interest in the second issue to be addressed, being Icon Water's position regarding the Molonglo odour plume. The Board agreed to adopt its usual procedure for dealing with perceived conflicts by requesting that Ms von Hartel excuse herself from any deliberation concerning Icon Water due to her daughter's membership of the Icon Board. Ms von Hartel further advised the Board that neither she nor her daughter had discussed the issue and she agreed to leave the meeting prior to any deliberation on the matter.

166.2.1 (a)

Sale of Denman Prospect Stage 2 to CED

Mr Gordon spoke to the paper. He explained that advice previously provided to the Board in respect of GST ruling 2015/02 was incorrect and asked that the Board note this. He reiterated that the decision in front of the Board at this meeting related to agreeing to proceed with the englobo sale to CED which is GST free. He restated CED's offer in relation to GST which is to be on the same basis as that reflected in the contract for sale for Denman Prospect 1B. He quoted the valuation advice received and noted that CED's offer was consistent with, and somewhat higher than, the values determined by Knight Frank and JLL. The Board noted the advice from Mr Gordon that the offer from CED was higher than the offer for Denman Prospect Stage 1B at a comparative developable hectare rate.

Mr Fitzgerald noted that PWC's view on the GSTR 20-15/2 ruling was that industry's understanding of the ruling is still maturing, and that given the possible unintended outcomes from the ruling the ATO may consider reassessing how it can be applied. A possible action of this nature would introduce a degree of risk in determining any future outcome from the ruling.

The Board discussed the matter at length, noting the ACT GSO's advice [REDACTED]

Discussion turned to whether the englobo sale to CED represented a good financial outcome, and whether a new approach to the market would produce a better return for the Territory. The consensus view of the Board was that current market indications would likely produce a less favourable result as the market appeared to be softening and that there would be a strong likelihood that a less favourable offer may result, noting that earlier release of Stage 1B had shown CED's offer to be significantly greater than the next highest offer. It was noted that the current offer on the englobo parcel represents good value to the Territory when compared to independent market values.

The Board requested Mr Gordon to obtain confirmation from the valuers that the previous valuations remain current, as this would lend support to CED's current offer in preference to what may be achieved through a new approach to the market.

The Board noted that the negotiations with CED had been on foot for a considerable period, and that the effect of GST 2015/02 was a recently introduced and untested element of the negotiation which could not be relied upon to produce a better result for the Territory. In addition to the demonstrated financial value of the offer there are other beneficial elements of CED's offer that also bring value to the development of Denman Prospect. These include: the homogeneous approach to design; coordination and efficiencies of delivery; a strong commitment to affordable housing, which includes making available appropriate housing product for target audiences, as well as continuation of participation in the Homes for Homes program, along with other initiatives; and the interface stakeholders and the community experience in dealing with a single entity developing the suburb (i.e. CED). The Board also noted the benefits accruing to the development of a single developer in relation to place making outcomes, environmental issues management and community building initiatives.

Resolution

The Board **approved** the sale of Denman Prospect 2 to CED on the basis of its best and final offer of [REDACTED] subject to confirming advice from the valuers as to the current value of the subject land, noting that GST will be treated in the same manner as the contract for sale to CED of Denman Prospect 1B, and the ACTGSO's advice pertaining to [REDACTED]. Further, the Board authorised the A/g CEO to review and execute sale documentation reflecting the key aspects of the Board's deliberations.

The Board requested that the minutes of the meeting of 20 June 2017 be available for the full Board at its next meeting on 29 June 2017 describing the Board's deliberations, rationale and decision, for the information of the Board.

Ms von Hartel excused herself from the Board's deliberations at 2:45 pm on the basis of the abovementioned potential conflict.

166.2.1 (b)

Odour plumes affecting Molonglo Valley

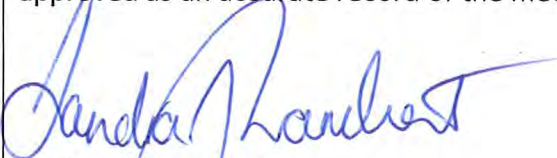
Mr Gordon spoke to the paper which described Icon Water's recent advice that it would not fund necessary mitigation works on the Molonglo Valley Interceptor Sewer as it had previously indicated in its advice to the Territory and as reflected in Icon Water's Regulated Water and Sewerage Services Prices 2013–18. Instead, icon would rely on the developer to undertake the works through the application of Icon's proposed Water and Sewerage Capital Contribution Code. He noted that this cost had not been considered in the negotiations with CED to date, and posed a risk to those negotiations.

The Board noted the discussions undertaken by LDA management and Treasury which indicated that resolution of the issues associated with the proposed Water and Sewerage Capital Contribution Code were not clear or likely to be resolved in the short term. The Board noted that LDA management would continue discussions with Treasury, the ICRC and Icon in relation to the necessary infrastructure works to address the plume.

The Board **noted** Mr Gordon's advice, and the need for provision to be made in the Suburban Land Agency's budget for odour mitigation works to allow the sale of Denman Prospect 2 to proceed.

There being no further business, the Chair closed the meeting at 3:00 pm.

The Minutes of Land Development Agency Board meeting 166, held on 20 June 2017 were **approved** as an accurate record of the meeting.


Ms Sandra Lambert AM
A/g Chair, LDA Board

11 July 2017



**LAND DEVELOPMENT AGENCY
BOARD MEETING 167
29 JUNE 2017**

Minutes

Present:

Mr Ross Barrett OAM (Chair)
Ms Sandra Lambert AM (Deputy Chair)
Mr Jim Shonk
Mr Neil Bulless (Acting CEO)

Mr Con Kourpanidis
Ms Cherelle Murphy
Ms Christine Purdon

In Attendance:

Mr Tom Gordon (Executive Director,
Greenfields)
Ms Margaret Lovell (LDA Corporate
Secretariat)

Mr Daniel Bailey (Executive Director, Sales
Marketing and Land Management)
Mr Bruce Fitzgerald (Chief Financial Officer)
Ms Jacqui Bear (Senior Manager Business
Improvement Project – part)

Apologies:

Ms Yvonne von Hartel AM
Mr David Dawes (CEO – on leave)
Mr Chris Wilson (Director, Office of the CEO)

167.1.1

Welcome, review of attendance and confirmation of meeting agenda

The Chair declared the meeting open at 9:05 am following a half hour in camera discussion. The agenda was accepted.

167.1.2

Standing and further declarations of interests

The standing declaration of interests was **noted**. Mr Kourpanidis advised that he no longer had an interest in AGM Corp Pty Limited.

167.1.3

Confirmation of minutes of previous meetings

The Minutes of the meeting of 25 May 2017 were considered. The Board requested the following amendments:

165.1.4 – remove reference to a meeting between Ms Purdon and Mr Fitzgerald.

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165.1.4 item 7 – change wording to reflect the Board’s willingness to purchase, and compliance with the Land Acquisitions Policy Framework.

165.2.1 – update wording to set out the cost differential when selling to Government and its effect on development returns. Update the resolution to set out clearly the amendments requested by the Board.

165.2.4 – last paragraph fix the split infinite, and substitute the word “requested” for *advised*.

165.3.6 – for clarity, use the term Registered Training Organisation (caps).

Resolution

The Board **approved** the Minutes of the meeting of 25 May 2017 subject to the above noted amendments.

The Board considered the minutes of the extraordinary meeting held on 20 June 2017, which was chaired by Ms Lambert.

Resolution

The Board **approved** the Minutes subject to the first sentence of resolution being amended as follows:

The Board **approved** the sale of Denman Prospect 2 to CED on the basis of its best and final offer of [REDACTED] *subject to confirming advice from the valuers as to the current value of the subject land*, noting that GST will be treated in the same manner as the contract for sale to CED of Denman Prospect 1B, and the ACTGSO’s advice pertaining to good faith negotiations.

The Board acknowledged receipt of the advice from the valuers, and Ms Lambert advised that she lodged a file note with the LDA to that effect to enable sale to proceed.

The Secretariat confirmed that the process for dealing with conflicts of interest had been followed, with edited minutes of the meeting being provided to Ms von Hartel.

167.1.4

Matters arising from previous Minutes

The Board considered the list of matters arising, noting that all issues had been dealt with, and items 2, 5 and 6 would be brought to the attention of the Boards or CEOs of the new entities as appropriate, for further action.

In relation to item 3 – Procurement Board – Mr Bulless advised that he had spoken with the Head of the Procurement Board, and no further action was required.

The Board **noted** the closure of the list of actions arising.

167.2.1

Payment of Interim dividend

Mr Fitzgerald spoke to the paper, which was procedural in nature and required Board approval for the payment of an interim dividend to Government of \$123,697,047.00. Mr Fitzgerald flagged a future cashflow concern which he had discussed with Treasury.

Resolution

The Board **approved** the payment of the interim dividend of \$123,697,047.00 noting its concerns about the financial capacity of the future entity should the current dividend policy continue to be applied.

The Board suggested that the Board of the new entity works with Treasury on the formulation of a new dividend model.

167.3.1

Chief Executive Officer's Report

Mr Bulless spoke to the report, highlighting the most pressing matters which included the transition from LDA to the new entities and Directorate, dealing with impending land sale settlements, the recent exchange with CED on *Denman Prospect 2*, and the resolution of the Deed of Variation in relation to Section 63 City.

Mr Gordon expanded on the potential legal issue [REDACTED]

There was a discussion about compliance with the Land Acquisition Policy Framework, as described in the report and earlier in the *actions arising* from previous meetings. Mr Bulless clarified that the acquisitions were since 2014, and the Board had acted in accordance with the Framework in respect of the rural leases. He then noted that the new entities would have individual land acquisition frameworks which were being drafted.

The Board noted that there was a solid inventory of land available – including the suburban residential blocks resulting from the Mr Fluffy program – and a significant amount of stock in the pipeline.

In relation to the referrals to the ACTGSO, it was noted that a referral had been made in relation to [REDACTED]

Mr Bulless commented favourably on the standard and speed of advice received recently from the GSO.

The Board **noted** the Acting CEO's report.

167.3.2

Finance Report

Mr Fitzgerald spoke to the report, bringing the Board's attention to the deterioration in the forecast result which was driven by the deferral of the sale of Dame Patti Menzies House, delays in the release of *Taylor*, delays in *Throsby* settlements, and a delayed settlement in Greenway. He reported that the expected sale result for the 2016-17 year was revised to \$534 mill. He reported that expenses were considerably lower than forecast, and that the forecast return to Government had improved.

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Mr Bulless and Mr Bailey explained the effect of recent changes to financial institutions' lending policy, and its effect on previous auction land sale results at *Throsby*. Mr Bulless reported that the LDA sales rescission policy had been applied professionally by the sales team to minimise the effect of requested rescissions.

The Board requested that any major changes from month to month should, in future, figure prominently in the commentary on page 1 of the report, and reminded Mr Fitzgerald of the changes previously requested in action item 10 (reference 167.1.4 page 5).

The Board **noted** the report, and added that the risk of timing settlements in the final quarter of the financial year needed to be addressed in the future.

167.3.3

Land and residential property report

The Board **noted** the report, and commented favourably on its content and usefulness particularly as the townhouse market had been reported separately. There was a consensus that the report should be made public, to the extent that this was possible given data ownership and confidentiality issues.

167.3.4

Land sales and rescissions

The Board **noted** the report.

167.3.5

GST/Alternate dispute resolution outcomes and Whitlam business case

Mr Fitzgerald spoke to the report, advising that the likely future course of action would be to approach the ATO for a private ruling on the outstanding questions rather than continue with alternate dispute resolution. He advised that future applications of GST would be on a development by development basis rather than the more generalised approach which had been used to date.

In respect of *Whitlam*, the Board noted that the expected returns on the development would decrease by \$13 mill. when GST is applied at a rate of 3%.

Mr Fitzgerald reported that the Directorate would probably bring GST expertise in house to some extent, assisted by external consultants sourced through a panel arrangement.

The Board noted that the LDA's work in the application of the GST had returned \$60 mill. more than expected, and represented a good result for the Territory.

The Board **noted** the report.

167.3.6

Proposed non financial performance indicators

Mr Fitzgerald led the Board through the proposed non financial performance indicators, noting that bringing this matter forward to the Board of the CRA and SLA would complete the 2015-16 audit finding.

He reported that the indicators had been modelled on the *Green Star Communities* framework which should add value to the new entities' performance monitoring, building improved performance by aspiring to do better, and driving quality outcomes.

The Board noted the value of the indicators and stressed the need to move from process to outcomes driven indicators which, whilst *aspirational*, were reasonably achievable.

The Board **noted** the report, and its inclusion in the handover of documents to the new entities.

167.3.7

West Belconnen (*Ginninderry*) Joint Venture report

Mr Gordon led the Board through the report and highlighted the major issues which included:

- Conservation Management Trust – with further work to be undertaken with Treasury in respect of funding prior to a Cabinet Submission,
- Gas connection – investigation of a possible pilot with ACTewAGL to demonstrate a non gas alternative,
- Updating the JV Manual – particularly as it relates to LDA's management of JV records – providing an overview of the recent JV workshop, and undertaking to have the JV framework and manual reviewed every 12 months to reflect current and practice,
- The consultation had occurred with TCCS about reducing the environmental buffer zones surrounding the West Belconnen landfill site.

ACTION: Mr Gordon to update the assurances provided in the LDA Audit Recommendations Implementation Register relating to the JV manual and procedures.

The Board requested that the Suburban Land Agency Board be briefed comprehensively about the JV, its governance structure, any funding implications, and the agency representation on the JV committee. Similarly the Board requested that the joint venture partners be kept fully apprised of the changes in agency, representation and governance.

Mr Board acknowledged Mr Gordon's contribution to the joint venture.

The Board **noted** the report.

167.3.8

Governance Program Implementation update

Ms Bear joined the meeting at 11:35 am.

Ms Bear invited the Board to make comment on the proposed Phase 2 of the project, noting that the successful implementation of Phase 1 was a reflection of the Board and senior management's investment in the project. She reported that key future themes were around improved records management and the use of checklists and an electronic data management system, the creation of a single source of truth/centralised policy register, and a collaborative compliance program where staff felt they were contributing to business improvement. She reported that the culture within the LDA was one of staff embracing change, and a mature attitude to business improvements. Members agreed that the use of themes in Phase 2 would be a clever way to approach the project.

Ms Bear reported that Phase 2 would be broader and inclusive of more staff, now that the higher risk priorities had been dealt with in Phase 1.

The Board commented on the attachments to the paper, requesting that the option to use compulsory acquisition be covered in the policy, and the details of any additional costs incurred through the use of the legislation be described in the decision (Attachment A).

In respect of the Valuations policy (Attachment B) Ms Bear undertook to review the terminology, noting that the policy would now be adapted for use by the Directorate.

Members inquired about the induction of staff into the new agencies, to ensure that governance arrangements with the Directorate and policies were well understood by existing and new staff. Ms Bear advised that the team was working with HR to ensure that all staff are inducted into the new agencies.

ACTION: Ensure that all staff members are inducted into the governance and policy arrangements for the new entities.

The Board commended Ms Bear on the excellent results achieved by the team under her leadership. Ms Bear left the meeting at 12:05 pm.

167.3.9

Audit Committee Meeting 22 June 2016 – verbal report

Ms Lambert, Chair of the Audit Committee, advised that the Audit Committee met for the final time on 22 June 2017. Principal issues addressed at the meeting were the Shell Financial Statements 2016-17, and a performance audit report from O'Connor Marsden concerning the engagement of sales agents.

Ms Lambert advised that Mr Andrew Marsden of O'Connor Marsden and Associates presented his report, noting that many of the recommendations made in 2015 had been actioned, and that

engagement practices and record keeping were much improved. He commented favourably on the strength of the centralised *conflict of interest* register and the use of checklists in the engagement process, further noting that the new panel arrangements would produce further efficiencies.

In respect of deficiencies highlighted by the report, Mr Marsden noted that records management and procurement transparency could be improved through the use of filing checklists which would support consistency in the level, type and language used in recording decisions. He noted further that records management deficiencies were not specific to the LDA, being evident across all agencies.

In relation to the management of conflicts of interest, and the declared conflict within the team, Mr Marsden advised that proper records of the process - and delegate sign off of that decision - would have managed any perceived conflicts. Management reported that the specific high risk instance cited in the report had in fact been declared, but the paperwork supporting the declaration was not properly filed. Notwithstanding this information, the Committee determined that the matter be referred to the CEO for further investigation.

Ms Lambert advised that the Committee agreed to all of the report's recommendations, noting that it would be a matter for the SLA Board Committee to carry forward.

She advised that the Committee reviewed the shell financial statements, noting the principal changes for this year relate to accessibility and readability of the reports, specifically moving Notes 2 and 3 to the Appendices, the Related Party disclosure note, and accounting for the joint venture. She undertook to review the Financial Statements with the Chairman when finalized.

Ms Lambert advised that the Committee approved the Minutes of the previous meeting, and noted that all matters arising from previous meetings had either been dealt with, would form part of Phase 2 of the Business Improvement project, or be covered in the Chair's handover letter to the new entities. She said that the Committee received an update from the Governance team, and reviewed two risks from the strategic risk register.

The Board thanked Ms Lambert for her report, and for her stewardship of the Audit Committee.

167.4.1

Work Health and safety report

The Board **noted** the work health and safety report, and the 2 WH&S Contractor newsletters attached to it.

167.4.2

Strategic risk register

The Board **noted** the strategic risk register which had been updated to include the information supplied to the Audit Committee at its meeting on 22 June 2017.

167.5.1

Board correspondence

The Board acknowledged a letter dated 1 June 2017 from the ACT Audit Office regarding the 2016-17 Financial Statements and statement of performance audit to be conducted by the Office.

167.6.1

Meeting outcomes for discussion with the Minister

Mr Bulless undertook to bring to the Minister's attention that any outstanding LDA matters would be brought to the attention to the appropriate Board from 1 July 2017.

167.6.3

Chair's closing remarks

In his final address to the Board, the Chair recalled the history of the establishment of the LDA and its achievements over the previous 14 years. He highlighted the 45,500 plus dwellings that had been delivered over the period, and an inventory of settlement ready lots currently available for future sale.

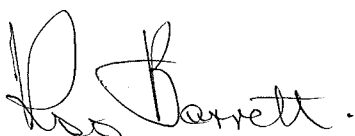
The Chair expressed a degree of personal disappointment with a few matters that arose during his chairmanship, some of which had arisen as a consequence of the LDA supporting certain government priorities. He noted the LDA's inability to obtain external legal advice, the need for a full time CEO or COO, and what he saw was the importance of a joint venture with the CSIRO to help the Government maintain control over future broadacre land developments.

The Chair further expressed frustration at the disproportionate and often inaccurate reporting of the LDA's activities which had occurred over the previous 18 months.

The Chair then thanked the Board for its support and service, and asked that his personal thanks be conveyed to the Executive and staff of the Land Development Agency.

There being no further business, the Chair closed the meeting at 12:30 pm.

The Minutes of Land Development Agency Board meeting 167, held on 29 June 2017 were **approved** as an accurate record of the meeting.



Mr Ross Barrett OAM

Chair

LDA Board

July 2017



**LAND DEVELOPMENT AGENCY
BOARD MEETING 164,
27 April 2017**

Minutes

Present:

Mr Ross Barrett OAM (Chair)
Mr Con Kourpanidis
Mr Jim Shonk
Mr David Dawes

Ms Sandra Lambert AM (Deputy Chair)
Ms Yvonne von Hartel AM
Ms Cherelle Murphy
Ms Christine Purdon

In Attendance:

Mr Neil Bulless (Deputy Chief Executive Officer)
Mr Tom Gordon (Executive Director, Greenfields)
Mr Chris Wilson (Director, Office of the CEO)
Ms Margaret Lovell (LDA Corporate Secretariat)
Mr David Hughes (Project Director CttL – part)

Mr Bruce Fitzgerald (Chief Financial Officer)
Mr Daniel Bailey (Executive Director, Sales, Marketing and Land Management)
Mr David Hughes (Project Director *City to the Lake* part)
Mr Ian Thomson (Galent Pty Limited – GST Consultant – part)

Apologies:

Nil

MEETING OPENING

164

'In Camera' discussion

An 'in camera' Board discussion commenced at 8:30 a.m.

164.1.1

Welcome and Review of Attendance

The Chair declared the meeting open at 9:05am and welcomed those in attendance, noting that this meeting would be Mr Dawes' last meeting as CEO before he went on leave, prior to leaving the ACT Public Service.

164.1.2

Confirmation of Agenda

The Board confirmed the agenda.

163.1.3

Declaration of Conflicts of Interest

The updated standing declaration of interests was **noted**.

164.1.4

Confirmation of Minutes of the Previous Meeting

The minutes of Board Meeting 163 held on 30 March 2017 were considered by the Board and the following amendments were requested and comments noted:

163.2.1 Red Hill Precinct sale – Minutes to reflect that EDP should form part of the Territory Plan and any future change should take the form of an amendment to the Territory Plan. An action should be added for the CEO to write to the Chief Planning Executive to clarify. Remove the unnecessary reference to sending the EDP to Ms Purdon.

163.2.2 Denman Prospect Stage 2 – remove reference to negative publicity generated by other developers.

163.2.7 Proposed acquisitions West Belconnen – amend the narrative to reflect that establishment of second electricity was the primary driver for this acquisition.

163.3.2 Deputy CEO's Report – add the term "affordable" housing at first paragraph. Remove action relating to obtaining advice about Board members appearing before the Auditor-General post 30 June 2017 as Members will obtain their own advice if required.

163.3.10 Land Acquisition Policy Framework Direction – change tense from has to "have".

163.3.10 (in error) West Belconnen Subcommittee report – insert correct agenda reference number.

RESOLUTION:

The Board **approved** the Minutes of the meeting subject to amendments outlined above.

164.1.5

Matters Arising from Previous Minutes

The Board considered the matters arising and requested the following amendments:

Action 2 - change language to "building on *further* GSO advice" – remove "improved".

Action 17 – the CFO advised that a delegate with the authority to authorise procurements of \$25,000 or less could approve a single select procurement to this value if it represented value for money.

Action 18 – advice about appearing before the Auditor-General removed as outlined above.

Action 20 Governance Project – change the wording of (b) to "out for comment".

The Board **agreed** that items 1, 2, 4, 5, 7, 8, 11, 12, 13, 17, 18, 19, 21, 22 and 23 are completed and/or could be closed.

164.2.1

Draft Budget paper and Estimated outcome

Mr Fitzgerald spoke to the report, advising that the estimated outcome will reflect that the LDA will be a discontinued agency with no forward estimate. The estimated outcome will be translated into the 3 new entities by project. He described the initial processes for finalising LDA budgets. Mr Bulless described a future funding model which relied on a hybrid approach of self-generated revenue supplemented by budget bids per project, as appropriate to the task. He advised that the approach was more externally focussed and would create transparency in respect of Government projects.

Discussion ensued as to the costs and revenue applied to each public housing block, which represented a discounted rate based on advice received from EY. The Chair stressed the need for the costing methodology to be clear in this report, and in the Annual Report.

164.2.1

Draft Budget paper and estimated outcome

CFO to clarify the treatment of revenue per block, and bring the Budget and estimated outcomes to the Board for review.

The Board **noted** the paper as a work in progress, having articulated its reservations.

164.2.2

Updated Financial Delegations

Mr Fitzgerald presented the Financial Delegations Instrument which was updated to provide Mr Bulless with the CEO's delegations as required during Mr Dawes' leave during May and June 2017.

RESOLUTION

The Board **approved** the updated *Financial Delegations Instrument* and the Chair undertook to execute it at the first opportunity.

164.2.3

North Wright and North Coombs Business Plans

Mr Gordon presented the final Business Plans for approval. The Board agreed that the business plans were well written, and followed a planning template which provided planning consistency and discipline both internally, and for the purpose of discussions with Government.

Mr Gordon drew the Board's attention to a number of minor changes within the report, including an adjustment to the cost of works, and the cost of blocks as highlighted by Mr Shonk. He clarified that the land is paid for 1 month after settlement and did not attract an interest component. He further clarified that risks were reviewed and managed at each stage of the project and that the risks posed by the slope of blocks had been analysed and treated.

Discussion ensued about the suburbs' social infrastructure, the location of schools and childcare and family centres, and the potential for the *Mingle* program to support social outcomes.

It was suggested that the report's occupancy rates could be better nuanced to reflect the housing type rather than a generalised approach, and that the report would benefit from the inclusion of the *Design*

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Review Panel's recommendations, to make clear which aspects had been included/excluded, and the reasoning behind those decisions. The inclusion of a narrative around planning restrictions would similarly add context to issues like orientation and solar passivity.

164.2.3

North Wright and North Coombs Business Plans

Mr Gordon to add keys to diagrams, and the north point on all maps, to enhance useability.

RESOLUTION

The Board **approved** the North Wright and North Coombs Business Plans and requested that Mr Gordon revise the Plans to take account of the Board's suggested amendments as noted above.

The Board thanked Mr Gordon and his team for the quality of the Plans, and the extensive and detailed work involved in producing them.

164.2.4

Internal Financial Benchmarking Policy

Mr Fitzgerald presented the policy in its final format for Board approval. He advised that the Policy allowed the LDA to ascertain a project's performance and an effective rate of return, and, together with the Project Appraisal Framework, would be provided to Treasury and to the new agencies as useful business tools which supported informed decision making.

Concern was expressed about the *absolutism* of the language, and the absence of any explanation as to when the policy benchmarks did not apply (that is, where limitations on its application are imposed externally). The relevance of certain benchmarks, and their intersection with the LDA's *Statement of Intent* performance measurements, were similarly queried.

164.2.4

Internal Financial Benchmarking Policy

CFO to further refine the Policy to make the language more appropriate, making it clear that its use is sometimes limited, and that the tool is useful for evaluation rather than deciding to proceed with a project in certain circumstances. CFO to remove inappropriate references to "all land".

RESOLUTION

The Board **approved** the *Internal Financial Benchmarking Policy* **in principle**, subject to the amendments noted above, and suggested that the Policy be referred to the new agencies' Boards and to Treasury for review and adoption, if appropriate.

164.2.5

Fraud and Corruption Control Plan, and Fraud Risk Register

The Chair of the Audit Committee advised that the Audit Committee had reviewed the updated Plan and Register, and presented them to the Board for approval. The Chair of the Audit Committee commented favourably on the simplified format of the *Fraud Risk Register*.

RESOLUTION

The Board **approved** the *Fraud and Corruption Control Plan* and the *Fraud Risk Register*.

164.2.6

Compliance Plan 2016 - 2019

The Chair of the Audit Committee advised that the Audit Committee had reviewed the updated *Compliance Plan* and associated strategies. She noted that the compliance diagram remained a work in progress which would follow the guidelines set out in AS ISO19600, and the EY four step model of *Plan-Do-Check-Act* as described in the attachment to the papers.

RESOLUTION

The Board **approved** the *Compliance Plan 2016 – 2019*.

164.3.1

Chief Executive Officer's report

Mr Dawes spoke to various aspects of his report, and invited Mr Ian Thomson of Galent Pty Limited to provide the Board with a report of the recent ATO GST mediation. Mr Thomson joined the meeting at 11:10 am.

Mr Thomson advised that the mediation had been on foot for a number of years, and had resulted in significant returns to the LDA of GST payments, with a further \$7 million in question. He reported that the recent mediation, conducted by the retired High Court Judge the Hon. Susan Crennan AC QC, had considered one of four questions to be put, which concerned an interpretation of the legislation in respect of unimproved land. The Board requested that Treasury be involved in the discussion as to next steps.

164.3.1

Chief Executive Officer's Report – GST mediation

Mr Thomson to provide a report on the progress of the meditation, and recommendations as to next steps, to the next Board meeting.

Mr Thomson left the meeting at 11:35 am.

Mr Dawes continued his report, highlighting an issue that had recently arisen concerning a potential delay in the settlement of the Dickson unit site caused by conflicting site reports. He and Mr Bulless undertook to investigate the matter more fully and report to the next meeting.

Mr Dawes provided an update of recent sales in Throsby, Moncrieff and Taylor, which exceeded expectations. The Board provided positive feedback on the *Mingle* program, specifically the recent Dawson Ceremony at Moncrieff. Board Members expressed a continuing interest in visiting public housing sites in the newer suburbs, which the Office of the CEO undertook to facilitate.

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Mr Dawes reported on a single select tender relating to the Boardwalk construction at the Kingston Foreshore, which he intended to include in his report to the Head of the Procurement Board. Mr Dawes advised that he and Mr Gordon were scheduled to meet with the Head of the Procurement Board in two weeks, and that he had spoken informally with Ms Doran in the interim.

164.3.1

Chief Executive Officer's Report – Kingston Harbour single select

CEO's Office to send further information about the contract to the Board out of session.

The matter of a technical variation to the *Ginninderry Joint Venture* Deed was raised and subsequently settled, with the Board agreeing that the CEO should execute the variation.

Mr Dawes then reported on the aged care sites sales at Narrabundah and Monash, noting that the Illawarra Retirement Trust had chosen not to participate. He advised that the previous matter remained unresolved with the IRT, and that LDA had offered to pay their reasonable costs. Mr Dawes assured the Board that Tender box handling procedures had been reviewed and upgraded in response to the handling error.

In closing Mr Dawes advised that he had not yet received guidance from Government as to the preferred method of decommissioning of Westside.

The Board **noted** the CEO's Report.

164.3.2

Deputy CEO's Report

The report was taken as read.

Mr Bulless added that the plethora of Mr Fluffy blocks going to the market over the next few weeks was pleasing, as were the clearance rates.

He advised that the transitional arrangements relating to the new Boards were not yet known, and it was recommended that Mr Shonk remain as a Member of the *Ginninderry Joint Venture* Board, for continuity.

Mr Bulless reported that the Kingston Arts Precinct tender negotiations were continuing with Geocon but that asset ownership issues around existing structures had not yet been resolved.

The Board **noted** the Deputy CEO's report.

164.3.3

Board Audit and Risk Committee report

The Chair of the Audit Committee presented a verbal report of the outcomes of the BARC meeting held on 20 April 2017. She advised that the Committee had initiated a process for obtaining assurances about the implementation of audit recommendations. She further noted that the reporting of JV recommendations to the Board had been strengthened, which supported a clear and proper decision making trail.

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The BARC Chair advised that she will deliver a handover letter to the new Board to ensure that open recommendations are known and actioned, where appropriate.

The BARC Chair reported on a review of two risks from the *Strategic Risk Register*, stressing the need to deal with perceived as well as actual conflicts of interest, and ensuring that Work health and safety incidents relating to LDA staff be included in any future Management reports to the Board.

Other matters of note included:

- Revision of the Internal Audit Work Plan and rescheduling of staff entitlements topic;
- The presentation of a Performance Report on joint ventures by Axiom;
- The finalisation of management comments on Performance reporting to the Board by Protiviti;
- Confirmation of a joined up approach to the implementation of review recommendations by Internal Audit, Project Improvement and Business Project teams;
- No further referrals to the SERBIR during the reporting period;
- Reviews of the Fraud Risk Register, Fraud and Corruption Control Plan, Internal Benchmarking Policy and Compliance Plan which had been considered by the Board on the day;
- An update on the progress of the project Appraisal framework, and
- Confirmation that the Audit Committee's Work Plan was on track.

In closing the BARC Chair advised that a representative of the ACT Audit Office had provided a report to the meeting, and advised that a decision regarding the proposed audit of LDA rural land acquisitions would likely be finalised by the end of April 2017.

The (Board) Chair thanked Ms Lambert and the Members of the Audit Committee for their diligence and hard work.

The Board **noted** the report.

164.3.4

Finance Report

The report was taken as read, with the Board noting a slight improvement in the forecast, and the \$41 million improvement in the return to Government for the 2016-17 financial year.

The Board **noted** the report.

The meeting adjourned for lunch at 12:40 pm and reconvened at 1:10 pm.

164.3.5

Proposed acquisition – *Pine Ridge*

Mr Gordon spoke to report and advised that LDA had been approached by the owner of the property, whose motivation for selling the property appeared to be downsizing, and a need for greater personal freedom. He reported that both parties had engaged valuers, with informal advice provided to the LDA placing the land and improvements at approximately \$4.5 million. He spoke of the strategic location of the property in relation to other rural acquisitions made by LDA, and separately by the Ginninderry Joint Venture.

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Mr Gordon reported that the Under Treasurer understood the LDA's strategy in acquiring the land for future land supply, and other uses.

The Board **noted** the proposed acquisition, and that a business case (including the Land Acquisition Policy Framework Direction principles) would be presented to the Board on the 25th of May 2017. The Board supported continued negotiations with Ms Campbell.

164.3.6

Land Acquisition Policy Framework – 2nd power supply acquisition

Mr Gordon sought the Board's acknowledgement that the acquisition of the [REDACTED] land -which had been approved at the previous meeting – met the principles of the *Land Acquisition Policy Framework Direction*. He led the Board through the paper which formally and explicitly addressed the LAPF Direction tests, and reiterated the importance of the acquisitions to support the strategic location of a 2nd electricity supply to Canberra.

The Board **noted** the report.

164.3.7

Draft Business Plan - *Whitlam*

Mr Gordon spoke to the report. Discussion ensued about the location of the commercial centre, the means of capturing the benefit (uplift) of LDA' ownership of *Wintergarden*, the need to elaborate on how *affordable housing* would be delivered, and how the Business Plan could capture any *Design Review Panel* recommendations and planning limitations.

164.3.7

Draft Business Plan - *Whitlam*

ED Greenfield to reword page 17 – block mix – to clarify, take in discussion points above, and bring updated Business Plan to next Board meeting for approval.

The Board **noted** the report.

164.3.8

City to the Lake Strategic Outlook

Mr David Hughes joined the meeting at 2:00 pm and spoke to the report, describing it as an amalgam of everything known to and done by the LDA to achieve the City to the lake project, to date. He noted that the report highlighted strategic issues requiring refinement by the new Authority, supported by a 30 year project and funding plan.

Mr Hughes reported that [REDACTED]

He

further reported that land releases in that area had been reviewed to 2020.

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The delineation between national and ACT infrastructure and specific project costs were discussed, with Management advising that the issues are currently quite fluid. It is envisaged that the next steps for the *Strategic Outlook* were to generate discussion at Cabinet.

The Chair noted that the *Outlook* was very clear and comprehensive and should be of great assistance going forward. He thanked Mr Hughes and his team for their efforts.

The Board **noted** the report, and the value of the completed body of work to the new Authority.

Mr Hughes left the meeting at 2:15 pm.

164.3.9

Ginninderry Joint Venture Report

Mr Gordon reported that land was now released for sale through a registration process, with 982 registrations having been received.

In respect of affordable housing, Mr Gordon advised that the [REDACTED]

Mr Gordon reported on matters discussed at the recent JV Board meeting, including the possible acquisition of [REDACTED] through a staged payment arrangement which would require Government support, and [REDACTED]

The Board **noted** the report.

164.3.10

Governance Project update

The Board commented favourably on the project's progress, and noted the role that BARC was playing in monitoring the implementation of improved governance arrangements, policies and procedures. The Board **noted** the report.

164.4.1

Work Health and Safety Report

The Board reviewed the report, noting that the report on staffing was not included, the dates in Attachment A commentary were out of date, and the Contractor Newsletter did not seem to be the most recent version.

164.4.1

Work Health and Safety Report

ED Corporate to ensure that the information is up to date and included in the next report to the Board, as noted above.

164.4.2

Strategic Risk Register

The Board **noted** the strategic risk register, which contained updated commentary which describes new risk treatments arising from the risk reviews conducted by the Audit Committee.

164.5.1

Board correspondence

The Board **noted** at letter from the Chair to Mr Robert Tonkin dated 4 April 2017.

164.6.1

Meeting outcomes for discussion between the CEO and the Minister(s)

Matters for discussion include a general update of the LDA including transitional issues, and the proposed acquisition of *Pine Ridge*.

MEETING CLOSE

Prior to closing the meeting, the Chair paid tribute to Mr Dawes for his ten years of service to the ACT Government, and reflected on how much he had personally enjoyed working with Mr Dawes in a relationship of mutual respect, where differences, if any, were always readily resolved.

The Chair stressed the criticality of the relationship between the Chair and CEO, which he said he had enjoyed immensely. He remarked that Mr Dawes had a lot of achievements to be proud of.

Mr Dawes thanked the Chair for his kind words, and Board for their service and support.

There being no further business, the Chair closed the meeting at 3:20 pm.

The Minutes of Land Development Agency Board meeting 164, held 27 April 2017 were **approved** as an accurate record of the meeting.



Mr Ross Barrett OAM

Chair, LDA Board

29 June 2017