

Consultation Paper
Outline of Proposed Redevelopment Agency

Background Nature of Redevelopment Authorities

Redevelopment Authorities were first established in 1980's and became quite widespread across Australia in the 1990's. These authorities have a proven track record in achieving exceptional planning and development outcomes often in challenging environments.

Degraded and underutilised areas have been given new life and vigour providing local benefit but ensuring that the larger cities in which they are situated are more sustainable, offering superior environmental outcomes and greater social and economic opportunities.

At the heart of their success has been the streamlining of planning processes and the combining of development and planning approvals in one agency. It is this workable combination of planning and development powers that gives the continuity and certainty that makes the Redevelopment Agency such an effective delivery vehicle.

In Western Australia, the four redevelopment authorities have woven local government into the process, particularly by direct representation on the boards which have exercised statutory planning powers.

There are other areas that would benefit from the concentrated focus of the redevelopment authorities. However under current regimes this would need a new bureaucracy to be established and new legislation to be enacted. This is a very protracted process and leads to a fragmentation of the skill base necessary to make the projects a success.

Our proposal of creating a standing redevelopment authority is aimed to meet those challenges by providing for a permanent base of highly skilled professionals, planners, urban designers, architects, project managers, remediation specialists and economists that can assist us in the redevelopment task, professionals who can use experience gained in one redevelopment area to assist the needs of another.

However we recognise that redevelopment authorities need to have a local character. Hence the structure that we are proposing is that the redevelopment authority would not have planning powers at large. Rather planning powers will be confined to specific geographic areas that have been determined by Cabinet and the subject of regulation and therefore require the endorsement of Parliament.

The strategic and statutory planning for each area would be directed by a local project board.

Generally, the relevant Local Government would hold two of the five positions on the relevant local project board.

Two models under consideration

Two models are being considered (see attached diagrams): the base model and the base model plus Landcorp (referred to as the Plus Landcorp Model).

The Plus Landcorp Model is the Minister's current preferred model.

Governing Board

Both models have a "global board".

This Board will be selected to incorporate skill sets seen on the existing Redevelopment Authority Boards and the Board of Landcorp, that is business, urban planning, sustainability, finance, property development, housing and community affairs.

The governing board will be responsible for

- Strategic governance
- Business planning
- Finance – including business cases and feasibility studies
- Undertaking, promoting and coordinating the redevelopment of land in the redevelopment areas.

However all statutory planning rests with the local project boards.

The size of this Board is yet to be determined. Membership will be by Ministerial appointment and consideration is being given to 7 or 9 member board, with at least one member also being a member of the WA Planning Commission. This Board would report to the Minister for Planning and Infrastructure.

Urban Renewal Division

Both Models have an Urban Renewal Division.

This division of the organisation would be responsible for servicing the Project Boards. It provides the permanent “employment home” for employees with a wide range of skills that can be shared amongst precincts.

The skill needs of precinct project change as the project proceeds through its different phases. For example early on in the project planners and urban designers are of paramount importance – whereas later in the project marketing skills will become critical. Having a central repository for these skills will enable specialists to be mobilised for an area as needs change.

Both models will deliver an agency which;

- Has the ability to cut through red tape to achieve the best outcome possible, within a timely manner;
- enables Parliament to veto the extension of planning powers;
- includes local government representatives on the project boards for each precinct;
- will include a sunset clause to ensure that project boards cease operation (unless an extension is agreed to) after 5 years and planning powers, etc revert to the local governments;

Base Model plus Landcorp

The essential difference between Base Model and the plus Landcorp model is the inclusion of Landcorp. It should be noted that Landcorp will be a separate business unit within the model and will not have any planning powers. However its staff will be engaged by the larger entity and available to work on projects.

The preferred proposed model, bringing LandCorp in as a division, is seen as having significant additional benefits in terms of:

- the benefits of project boards being able to access the combined skills and expertise of existing LandCorp and EPRA staff;
- the expected improvement in staff morale and retention due to the increased security of employment and enhanced career opportunities.

Sharing Development Proceeds

Where local authorities have an interest in a redevelopment area as a landowner or a contributor of funds to the redevelopment the financial arrangements will be the subject of a legally binding agreement between State and Local Government. This agreement should cover detailed arrangements, including timeframes for releasing dividends.

Site Selection

It is not the government's intention to have more than 3 or 4 new precincts underway at any one time. Issues relevant to site selection include;

- a) The presence of large public land holdings
- b) Broader strategic significance of the site – especially in relation to transport hubs and corridors
- c) Contamination and remediation responsibilities
- d) Impacts beyond the local government area.

Armadale and Midland Redevelopment Authorities

The Midland and Armadale Redevelopment Authorities will continue to function in the way they currently operate; given the scale of their task, the early stage they are in their project cycles and the need to maintain focus. It may be possible in 3 or 4 years time, when their planning work is complete, that the remaining development works should be done by the central agency.

Local Government Input

Please note that these models are still being developed and submissions are being called for urgently in order for the views of the stakeholders can be considered during this important formative stage. It would be greatly appreciated if submissions relating to the concept in principle could be provided to the government by the 1st June 2005.

We would particularly welcome any feedback on whether stakeholders believe that one or both of the proposed models would result in faster, more effective outcomes for the community, as well as any perceived potential problems so that they can be considered in this very fluid stage of development of the models.

Further detailed consultation on the legislation will commence once the model has been chosen and drafting of legislation begins.

MODEL ONE

**WA LAND REDEVELOPMENT &
RENEWAL AUTHORITY**

GLOBAL BOARD

NB: No statutory planning function

EXECUTIVE CHAIRMAN

SUPPORT SERVICES

- HR
- IT
- Business Development

LANDCORP DIVISION

- Land development
 - Greenfields
 - Industrial
 - Regional Development

NB: No Planning Powers

URBAN RENEWAL DIVISION

- Urban Renewal
- Brownfields
- Infill Projects

NB: Planning powers for legislated precincts only



INDIVIDUAL PROJECT BOARDS:

- East Perth
- Subiaco
- Cockburn Coast ?

Membership: 2 local councillors, 2 Board Members from WA Land Redevelopment & Renewal Authority, and one other member

Function: Determining Strategic & Statutory Planning

Draft for discussion only

MODEL TWO

WA REDEVELOPMENT AUTHORITY
CHARTER:
Urban Renewal
Brownfields
Infill Projects In Established Areas

BOARD

- HR
- Business Development
- Financial Management

NB: No statutory planning function

CEO

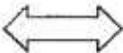
- Urban Designers
- Planners
- Architects
- Business Managers

INDIVIDUAL PROJECT BOARDS:

- East Perth
- Subiaco
- Cockburn Coast ?

Includes 2 local Councillors, 2 Board Members from WA Redevelopment Authority, and one other member

FUNCTION: Determining Strategic And Statutory Planning



Draft for discussion only

**ISSUES PAPER
MINISTERIAL PROPOSAL
TO ESTABLISH A
WA REDEVELOPMENT AND RENEWAL AUTHORITY**

**Prepared for the
Western Australian Local Government Association**

May 2005

**Stephen Goode Consulting
PO Box 8255 Angelo Street
SOUTH PERTH WA 6151
Mobile: 0419 907 798
Telephone: (08) 9313 2357
Email: sgoode.wa@bigpond.com**

EXECUTIVE SUMMARY

This paper has been prepared as a starting point for considering a local government response to the Minister for Planning and Infrastructure's proposal to establish a single Land Redevelopment and Renewal Authority. The proposed authority would undertake urban renewal and regional development initiatives throughout Western Australia.

Local government has been invited to provide input into an ongoing process that will lead to the determination of a model for which the Minister intends to seek Cabinet endorsement by 30 June 2005. WALGA wishes to provide an interim response to the Minister and concurrently canvass opinion from members prior to making a substantive submission.

The discussion paper does not suggest the position local government should take on all of the issues which could be considered. Rather it highlights a range of issues for consideration and on which a determination of a policy position is required.

The paper suggests that the proposal to establish a Western Australian Land Redevelopment and Renewal Authority is considered to be worthy of "in principle support".

Issues highlighted are:

- When is a Redevelopment Board appropriate? (page 7)
There are other options which should be considered first.
- What model is appropriate? (page 7)
The Minister has presented two models. There may be an alternative which would be a more successful model.
- Binding legal agreements before Authorities are established. (page 8)
All parties should be clear about the legal position before an Authority is established.
- Governance issues (page 8)
There are a range of issues which must be addressed including local government's role and status, dealing with conflicts of interest and maintaining a level of openness and accountability.
- Urban renewal Division (page 9)
The level of conflict of interest where the planning powers are exercised by the developer demands careful consideration. Membership and Chairmanship of the Project Boards are also highlighted.
- Landcorp (page 10)
Maintaining Landcorp's operational independence and effectiveness while avoiding conflicts of interest should be addressed.

- Consultation (page 11)
A strong basis of cooperation between the local government and the Authority is required. Secrecy should be by exception, with procedures open to scrutiny as a general requirement.
- Operational issues (page 11)
Recognition that the end outcome is to hand over public assets to the local government for future care and control demands recognition. A high level of cooperation at operational level is essential for alignment of the interests of the local government and the operations of the Authority.
- Finance (page 12)
The new Authority needs adequate assured funding from Treasury. Financial relationships with the local government need to be clearly addressed, including rate equivalent payments.

MINISTER'S PROPOSAL

Timeline

The Minister for Planning and Infrastructure proposes that a single Land Redevelopment and Renewal Authority be established to undertake specific regional or urban renewal projects in Western Australia.

The Minister has invited input from individual local governments and WALGA on the establishment of the proposed Authority. The Minister's intention is to have an agreement on the establishment of the Authority endorsed by Cabinet by 30 June 2005 and the necessary legislation through Parliament by December 2005. This provides a very tight timeframe for local government to provide input to the process.

The Minister is pursuing an iterative process which will allow an optimum model to be developed through ongoing dialogue with stakeholders. Two models are being considered as the basis for discussions and submissions are being called for urgently in order for the views of the stakeholders to be considered during this important formative stage. Submissions relating to the concept in principle have been requested to be provided to the Government by 1st June 2005.

Model

Feedback is particularly sought on whether stakeholders believe that one or both of the proposed models would result in faster, more effective outcomes for the community, as well as any perceived potential problems so that they can be considered in this early stage of development of the proposal.

The Minister has outlined two models for the establishment of the new Authority. Copies of the models are included as Attachment 1 and 2. It is understood that both models have received Cabinet endorsement for consultation with stakeholders.

The Minister's preferred model (Model 1) would see the amalgamation of the State Government's land and property development agency Landcorp, with the Subiaco and East Perth Redevelopment Authorities, to form a new Authority operating under a Global Board. The Midland and Armadale Authorities are not to be enfolded within the new agency.

The reasons given by the Minister for establishing the Authority included:

- Creating a single pool of expertise resulting in the better use of personnel and resources;
- Provision of a pool of staff that could provide advice to stakeholders on urban renewal;

- Possible use of Redevelopment Authorities to undertake other urban renewal projects; and
- Creation of an Urban Renewal Division focussing on brownfields development and infill projects.

In briefings to local government representatives arranged by WALGA the Minister acknowledged that there has not been a substantial amount of analysis undertaken to support the proposed Models and that she welcomed advice and input on improvements to the proposed arrangements.

Existing Models

Redevelopment Authorities

Redevelopment Authorities were first established in 1980's and became quite widespread across Australia in the 1990's. These authorities have frequently been recognised as achieving successful planning and development outcomes in certain circumstances.

Within Western Australia four Redevelopment Authorities have been established under specific Acts of Parliament. These authorities are:

- East Perth Redevelopment Authority;
- Subiaco Redevelopment Authority;
- Midland Redevelopment Authority; and
- Armadale Redevelopment Authority

Although each of these Redevelopment Authorities focuses on different parts of the metropolitan area, they have very similar legislation which directs their functions. Within their defined areas their primary objectives are to:

- Regenerate the area;
- Rehabilitate its environment;
- Attract investment and expand the economic base; and
- Demonstrate advanced forms of urban development.

The Authorities have been given extensive powers for land assembly and lands sales. In addition they undertake public works and provide planning and development control. In effect they become both developer and planning authority for the area concerned. Their Acts provide them with the ability to create their own planning schemes, which over-ride both the provisions of the Metropolitan Region Scheme (MRS) and the local government Town Planning Schemes (TPS).

Each Authority is administered by a Board, with Local Governments having two representatives on a board of five or seven people. A Chief Executive Officer and administrative staff support the Board. Initially the East Perth Redevelopment

Authority and the Subiaco Redevelopment Authority had a small shared management team supported by specialists through outsourcing all but core roles. More recently there has been a significant change to employed staff and reduced utilisation of outsourcing. The Midland and Armadale Redevelopment Authorities are more recent and act independently.

Redevelopment Authorities are intended to have a short-term life and be wound up when their activities are completed. Provisions in their Acts provide for normalisation procedures where planning controls are handed back to local governments. There are also provisions requiring five-year reviews to ensure that their operations are still justified.

Landcorp

Landcorp was established under an Act of Parliament in 1992. This Act has been amended over time so that Landcorp's key functions are now to:

- (i) Provide sufficient industrial land to ensure the growth of Western Australia's economy;
- (ii) Undertake major urban and regional projects, and
- (iii) Help Government maximise economic returns, and social and environmental benefits, from Government-owned land.

In addition to industrial development and government asset management, Landcorp has a focus on urban development. This focus includes urban infill, urban renewal, transit-orientated development, major regional centres, infrastructure provision and addressing land needs of country towns.

In a little over a decade Landcorp's annual revenue has grown from \$39 million to its current \$200 million. Over the same period the net assets went from \$177 million to more than \$400 million.

In recent years Landcorp has endeavoured to create partnerships with local government and the private sector based on joint venture models. The main models include equity share arrangements, structured sales arrangements, and project management.

WAPC

Project Boards established under the new agency structure will assume the planning powers of the local government and the WAPC. They will not be required to observe the provisions of the Metropolitan Region Scheme or the local governments District Scheme. This absorption of planning powers already occurs with existing Redevelopment Authorities and, of course, the State (through the WAPC) already has the authority to withdraw planning authority from Councils.

LOCAL GOVERNMENT PERSPECTIVE

The proposal to establish a Western Australian Land Redevelopment and Renewal Authority is considered to be worthy of "in principle support". The Minister has acknowledged that there has not been a substantial amount of analysis undertaken to support the proposed agency. There is an invitation to provide input in the formative stage and local government should accept the opportunity and engage in the process to ensure it has some influence in developing the ultimate model.

With a very short timeline within which to respond local government will not be able to address in depth the issues to be considered for such an important initiative. Rather it is proposed that a range of issues be identified which need to be addressed for local government's support to move from "in principle" to endorsement.

In considering the proposed arrangements consideration needs to be given to the circumstances when the utilisation of the new agency's powers will be appropriate. This is by no means clear in the information currently available. There are successful examples of alternatives to the establishment of government development authorities and these are inherently more democratic and preferable options. These could include:

- Individual partnership agreements involving local government;
- Joint Venture arrangements or project agreements involving private sector land developers; and
- Less formal approaches involving Memorandums of Understanding and community envisioning projects.

Experience has shown that there are major benefits possible from redevelopment authorities. The ability to achieve a level of coordination not usually possible within State processes has been a clear advantage. The existing Authorities have all been established with local government support and to a large extent are acknowledged as bringing a capacity to redevelopment which would otherwise not have been possible. The key obstacle that can be overcome more readily by such an authority is the ability to prefund necessary investigations and infrastructure work where there is a level of risk associated with the eventual return. Such initiative is often difficult for local government to take.

The Minister's preferred Model should be examined as the starting point for developing a model through ongoing dialogue. Local government should seek as "first principle" recognition of local government's proper role, including active participation of local government within the new arrangements.

ISSUES REQUIRING DETERMINATION

When Is a Redevelopment Board appropriate?

Declaring an area and establishing a Redevelopment Board should be considered the final option, to be considered only when other alternatives within established frameworks have been properly considered. These may include:

- Individual partnership agreements involving local government;
- Joint Venture arrangements or project agreements involving private sector land developers; and
- Less formal approaches involving Memorandums of Understanding and community envisioning projects.

It must be recognised that establishing a Redevelopment Board is a major departure from established and accepted governance. There must be demonstrated public benefit for this change of process, especially as it can be viewed as impacting on the community's access to the planning process. A new Authority must add value to a quantifiable extent and should replace existing arrangements rather than duplicate roles or resource allocations. For example, it should not duplicate the state planning functions of the WAPC but could include the renewal functions of Department for Planning and Infrastructure and Department of Housing and Works.

Considerations when proposing to establish a Redevelopment Board should include at least;

- Is there local government support? It should be an exception to the rule, with very clear and compelling need, before a Board would be declared without local government support.
- There is a clear strategic State priority policy purpose.
- A Redevelopment Authority can be demonstrated to have a significant natural competitive advantage over all reasonable alternatives.
- The redevelopment area proposed extends over more than one local government and cooperation can not be achieved without intervention.
- Particularly difficult sites, such as those involving site contamination.
- Matters of extreme urgency (although experience may argue that the Authority may not be able to achieve its results significantly faster than through an established Scheme).

What Model?

The model which includes Landcorp as a Division is the Minister's current preferred model. The alternative model presented for consideration is similar but excludes Landcorp from the structure. There may be substantial benefits by including LandCorp in the structure. However there is no clear justification available for analysis at this time. Given the potential conflicts of interest for Landcorp a final view on the appropriateness of the "preferred model" should be

deferred until more complete information on which a sound judgement can be based is available.

Consideration should also be given to whether there is an alternative model which could be developed by WALGA and offered to the Minister for consideration. For example it may be possible to conceive an alternative model which is able to address the in built conflicts of interest which are inherent in the models currently under consideration.

Establishment Agreements

Unambiguous legal agreements which are binding on the parties must be the basis for arrangements when a Redevelopment Authority is declared. Parties to the agreement should be the State, the local government, or local governments if there is more than one, and any private parties. Given the long term nature of these Authorities such Agreements must be "future proof". For example, able to survive the change of Governments, changes to Council membership and changes to key staff.

The Agreements should include at least;

- A clear statement of principle based on triple bottom line objectives. The recognition of the community benefit obligation over straight developer profit is essential. Without this there can be no justification for establishing an Authority when a private developer can be commissioned to do an efficient profit based development.
- A clear statement of the purpose of the Authority and its objectives.
- Time based KPIs.
- Provisions for the life of the Authority, conditions under which it may be extended and when and how it may be wound up.
- Clear provisions for "normalisation" of the declared area when the Authority is disbanded.
- Unambiguous and fair provisions regarding financing, including, when appropriate, profit share.

WALGA could coordinate a "Model Agreement" for the Redevelopment Authority and Local Government. It is acknowledged that "one size will not fit all" and the model agreement could not apply to all circumstances. However it would assist as a template for developing future agreements. This could be particularly valuable in capturing the lessons learned by local governments which have already had direct experience with a Redevelopment Authority.

It needs to be acknowledged that legislation and legal agreements cannot govern human relationships. At the interpersonal level a commitment to open, honest and genuine communication and cooperation is essential. A maturity of relationship is required, acknowledging that there will be differences of opinion and priorities, but able to confront and deal with them rather than try to avoid the

hard work by hiding behind systems or rules which hinder rather than assist understanding and cooperation.

Governance

Both models presented by the Minister have a "global board".

This Board would be selected to incorporate skill sets seen on the existing Redevelopment Authority Boards and the Board of Landcorp, that is business, urban planning, sustainability, finance, property development, housing and community affairs.

The governing board will be responsible for

- Strategic governance
- Business planning
- Finance – including business cases and feasibility studies
- Undertaking, promoting and coordinating the redevelopment of land in the redevelopment areas.

However all statutory planning rests with the local project boards.

The size of this Board is yet to be determined. Membership will be by Ministerial appointment and consideration is being given to a 7 or 9 member board, with at least one member also being a member of the WA Planning Commission. This Board would report to the Minister for Planning and Infrastructure.

Consideration should be given to the membership of this Board, including representation from local government. It is unclear if local government membership is proposed by the Minister. Local government representation of three of nine board positions is considered a reasonable expectation which should be pursued as a condition of support for the establishment of the new Authority and statutory framework. Further consideration to the make up of the balance of the Board should focus on its role. The skill sets presently suggested may be most appropriate within the local Project Boards. The Global Board may be better served with a different but complementary skill base.

Urban Renewal Division

Both Models have an Urban Renewal Division.

This division of the Authority would be responsible for servicing the Project Boards. This division employs the staff engaged in project planning and implementation. This division is proposed to exercise planning powers within a declared project area as well as be the developer.

Individual Project Boards will be established under this division. When a project area has been declared a Project Board will be established. The Board is to have a membership of:

- 2 local councillors
- 2 Board members from the WA Land Redevelopment and Renewal Authority (the new agency)
- 1 other member.

The prime concern of local government should be to address potential conflicts of interest. The starting point is the appointment of the Project Board Chairman. This should be the independent member of the Board (not a local government or agency member). The Minister should consult with the local government and give proper consideration to its views before appointing the Chairman.

An obvious conflict of interest between the planning approval role and development role should be acknowledged and addressed. This conflict is not as evident in any alternative statutory process. For example where a local government has a dual role it remains subject to the WAPC powers, the provisions of the MRS or other regional scheme and the call in powers of the Minister. A further concern is the secrecy surrounding the workings of the Boards. The existing authorities (SRA and EPRA) are referred to as models. Their practices should be considered totally inappropriate and unacceptable.

In these established authorities the level of confidentiality required of local government representatives is "total": So much so that there is effectively no public accountability mechanism in the process. The need for a degree of commercial in confidence business practice is acknowledged and accepted. But this should not be an explanation for complete secrecy on decision making, and especially not when the Board is planning authority and developer. A principle that processes should be open and accountable unless proper (defined) reasons justify an exception should be insisted upon as a condition of local government support. A further consideration may be for planning functions of the Board to be subject to sign off by the WAPC.

A further consideration is to ensure a process by which the Authority must have regard for the strategic direction of the local government. It would be highly inappropriate for a community future vision developed by the local government in partnership with its community to be ignored and possibly undermined by the planning of the Authority.

Landcorp

The Minister's preferred model includes Landcorp as a division of the Authority. Landcorp would be a separate business unit within the model and not have any

planning powers. However its staff will be engaged by the larger entity and available to work on projects.

The preferred proposed model, bringing Landcorp in as a division, is seen by the Minister as having significant additional benefits in terms of:

- the benefits of project boards being able to access the combined skills and expertise of existing Landcorp and EPRA staff;
- the expected improvement in staff morale and retention due to the increased security of employment and enhanced career opportunities.

More information about how Landcorp will operate within the structure will be needed before a judgement is possible about this initiative. In particular the question of independence to operate within its charter, the arrangements under which Landcorp would be the delivery agency for redevelopment and how potential conflicts of interest within the Authority can be managed need to be considered. There must be a concern that the independence which Landcorp now enjoys will be undermined and its ability to deliver high level outcomes hindered, not increased in the proposed structure.

Consultation Processes

Local government operates in an extremely open and accountable environment. Broad consultation is an integral part of local government process. It should be no surprise that local government becomes concerned when consultation reverts to tokenism and process is shrouded in secrecy. The establishment of any new agency must be based on the premise of open and transparent processes. This is a basic requirement to address perceptions about conflicts of interest and mixed messages about the agency's focus (profit or community benefit?). It is particularly vital when local government is a financial partner. In that circumstance it is entitled to complete, accurate and timely financial information.

Arrangements between the Authority and the local government should be firmly based on an assumption of cooperation and exchange of information. Local government should not be viewed as a stakeholder, but rather as a partner or ally in delivering a community benefit. Local government representatives on the Boards must be able to provide comprehensive and detailed information to their Council, even if this is done in confidential meetings. Only in extreme circumstances should it be necessary to restrict the flow of information provided to the local government, for example commercial in confidence matters. Other than the few exceptions the presumption should be that there is a full, timely and frank exchange of information.

Where a formal consultation process is involved, such as a planning process, local government submissions should be both fully and properly considered and seen to be properly considered. It is not appropriate for the process to be secret

and there to be no way for the local government to access how its input has been treated.

Operational Arrangements

The need for open and cooperative arrangements based on high levels of integrity at officer level is as clear as it is elsewhere in arrangements between the Authority and local government. There must be a commitment to open, honest and frank communication and cooperation. A professional relationship is required, acknowledging that there will be differences of opinion and priorities, but able to confront and deal with them rather than let issues escalate and affect the working relationship, level of trust and cooperation.

It is of particular importance that the Authority recognises from the start that the end goal is to pass various public assets to the local government for future care and control. With this understanding must come the realisation that the development standards will be compatible with those of the local government. It is not acceptable to create and pass on sub-standard public assets. Equally the Authority should not develop to an unsustainably high standard which the Council will be unlikely to be able to maintain as the assets age.

Finance

The Minister proposes that where a local government has an interest in a redevelopment area as a landowner or a contributor of funds to the redevelopment the financial arrangements will be the subject of a legally binding agreement between the State and the Local Government. This agreement should cover detailed arrangements, including timeframes for releasing dividends. This appears to be a basic minimum arrangement. Other issues for consideration should include:

- A grant system should be put in place to support Local Government facilitated redevelopment. This system should be administered by the Global Board and replace the existing ad-hoc allocation of funds with a competitive process based on established criteria.
- The financial integrity and independence of the Individual Redevelopment Projects should be considered. To be effective the Authority should receive an annual grant allocation from Treasury of \$10-\$20 million per year. This should ensure a degree of financial independence and to avoid the risk of cross subsidisation from an Individual Redevelopment Project (where it is cash flow positive) to another Project which is cash flow negative, at the expense of best community and planning outcomes.
- Monetary return should not prejudice good planning outcomes for the Individual Redevelopment Projects – this should be addressed in the charter for the agency.
- Rate equivalent payments should be paid by the Authority on its land holdings. These should not be paid to the State. Two alternatives can be

considered. Desirably the rates equivalent should be paid to the local government. An alternative is that the rates equivalent be quantified and then retained within the project. The funds would then become equity for the local government in the project and entitle it to receive dividends on that equity.

- Financial accountability is essential to ensure that cross subsidisation between projects does not occur. This would be an issue of the highest order in circumstances where a local government or private party had a financial stake in a project. Such parties must be able to see how costs are apportioned and that their project is allocated only costs properly incurred for the project.

AMENDMENT MOTION 0063.DEV.3/2005

That:

1. The Minister for Planning and Infrastructure, Hon Alannah MacTiernan MLA and the Premier, Hon Geoff Gallop MLA be advised that the lack of consultation with Local Government on the concept of a single Land Redevelopment and Renewal Authority, prior to it being reported in the media, is completely unacceptable and contrary to the State – Local Government Partnership Agreement.
2. The draft “Proposed WA Redevelopment and Renewal Authority Issues Paper” prepared by the Association be endorsed for submission to the Minister for Planning and Infrastructure.
3. The Minister for Planning and Infrastructure is advised that WALGA is prepared to continue working on the establishment of a single Land Redevelopment and Renewal Authority subject to the issues identified in WALGA’s Issues Paper being satisfactorily addressed and/or incorporated as appropriate.
4. WALGA proactively engage the Minister during development of the Redevelopment Authority concept and any associated legislation to ensure that the identified issues are resolved to the satisfaction of Local Government.

Moved Cr Kelly / Seconded Cr Clarey

CARRIED

THE AMENDMENT MOTION BECAME TH
SUBSTANTIVE MOTION AND WAS CARRIED

MODEL ONE

**WA LAND REDEVELOPMENT &
RENEWAL AUTHORITY**

GLOBAL BOARD

NB: No statutory planning function

EXECUTIVE CHAIRMAN

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- HR
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- Land development
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URBAN RENEWAL DIVISION

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- Cockburn Coast ?

Membership: 2 local councillors, 2 Board Members from WA Land Redevelopment & Renewal Authority, and one other member

Function: Determining Strategic & Statutory Planning

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MODEL TWO

WA REDEVELOPMENT AUTHORITY
CHARTER:
Urban Renewal
Brownfields
Infill Projects In Established Areas

BOARD

- HR
- Business Development
- Financial Management

NB: No statutory planning function

CEO

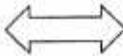
- Urban Designers
- Planners
- Architects
- Business Managers

INDIVIDUAL PROJECT BOARDS:

- East Perth
- Subiaco
- Cockburn Coast ?

Includes 2 local Councillors, 2 Board Members from WA Redevelopment Authority, and one other member

FUNCTION: Determining Strategic And Statutory Planning



Draft for discussion only

Matrix of issues identified in the WALGA Issues Paper and additional issues submitted by Local Government

Issue	Issues Paper Recommendation	Additional/Alternative Local Government Recommendation
1 Local Government Role	<ul style="list-style-type: none"> • "First principle" recognition of local government's proper role is required. The role is to include active participation of local government within the new arrangements. 	
2 Role of Redevelopment Authority		<p>The Authority should demonstrate by its strategies and actions a commitment to sustainability and innovation with a long term vision. It is too easy to focus on the attraction of immediate financial profits. (Belmont)</p> <p>A clear statement of the purpose of the Authority, its charter and objectives is required. (Belmont)</p> <p>There should be the opportunity for Joint Ventures with private developers. (Belmont)</p> <p>A Competition Policy ruling should be obtained given the potential inclusion in the authority Structure of a commercially oriented land redevelopment agency of the State. (Claremont)</p>
3 Preferred model	<ul style="list-style-type: none"> • Local Governments preferred model will be based on consideration of more detailed information 	<p>Model one is preferred. (Kalgoorlie Boulder)</p> <p>Model two is preferred over model one but with a need to amend reporting structures. (Yilgarn)</p> <p>Model 2 is preferred (Perth)</p> <p>Alternative models need to be compared against the currently proposed Models. (Subiaco)</p> <p>The Model should not include any State land development agency. (Claremont)</p> <p>Local Governments should retain planning Power within its</p>

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		<p>electorate. (Yilgarn)</p> <p>Utilise existing legislative structure to facilitate Redevelopment opportunities rather than create a new Authority. (Yilgarn)</p>
<p>4 Global Board</p>	<ul style="list-style-type: none"> • Local government representation in 3 of 9 positions • The Global Board may be better served by a different complementary skill base (the proposed structure of the global board is more appropriate for the Local Project Boards) 	
<p>5 Urban Renewal Division</p> <ul style="list-style-type: none"> • Openness and accountability • Coordinated strategic planning • Avoiding conflict of interest 	<ul style="list-style-type: none"> • Processes are to be open and accountable (exceptions include commercial in confidence matters) • Local Government Representatives must be able to provide comprehensive and detailed information to their Councils • Where a formal consultation process is involved, such as a planning process, local government submissions should be both fully and properly considered <u>and seen</u> to be properly considered • The Authority must have regard to the strategic direction of the Local Government • Project Board chairman to be independent • The conflict of interest between the planning approval role and the development role (that exists within the current redevelopment authorities) is to be addressed • WALGA could consider alternative models to address conflict of interest that are likely to exist (as per the Existing Redevelopment areas) 	<p>Requirements for secrecy of Local Government representatives on the boards are not acceptable (Claremont)</p> <p>The power of the Authority to decide land use and forms of development must be reviewed. The planning function should ultimately rest with the Western Australian Planning Commission and the Minister for Planning and Infrastructure. (Belmont)</p>

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<ul style="list-style-type: none"> Operational Arrangements 	<ul style="list-style-type: none"> There must be a commitment to open, honest and frank communication and cooperation the development standards for public infrastructure is to be compatible with those of the local government. 	
<ul style="list-style-type: none"> Establishing a Local Redevelopment Area 		<p>A statutory mechanism needs to be established to begin the involvement of the Authority. This could be a decision that rests with the WAPC following recommendations by local government. It may arise where smaller areas having political or general environmental difficulties may justify the intervention of the Authority. There may not necessarily be, as a prerequisite for a project, a regional purpose to involve the Authority. (Belmont)</p> <p>Parliamentary approval/disallowance of new Individual Project Areas is required. (Claremont)</p>
<ul style="list-style-type: none"> Conclusion of Individual Project Boards 		<p>Clear provisions are required for 'normalisation' of the declared area when the redevelopment area is completed. (Belmont)</p>
<ul style="list-style-type: none"> Existing Redevelopment Authorities 		<p>The SRA should be excluded from the WALRRA. (Subiaco)</p> <p>The ARA should be excluded from the WALRRA. (ARA)</p>
<ul style="list-style-type: none"> Mechanisms for effective implementation 		<p>A statutory mechanism needs to be established to begin the involvement of the Authority. This could be a decision that rests with the WAPC following recommendations by local government. It may arise where smaller areas having political or general environmental difficulties may justify the intervention of the Authority. There may not necessarily be, as a prerequisite for a project, a regional purpose to involve the Authority. (Belmont)</p>

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		<p>There should be no role for Ministerial discretion. (Claremont)</p> <p>Town Planning Scheme changes and development proposals should be subject to EPA requirements. (Claremont)</p> <p>There should be no compulsory levy to cover the cost of any Individual Project Area. (Claremont)</p> <p>The Individual Project Areas must be tailored to the specific qualities of the localities. (Moora)</p>
<ul style="list-style-type: none"> Monitoring individual project areas 		<p>Regular reports to Parliament on activities and expenditure of funds. (Claremont)</p>
<ul style="list-style-type: none"> When is an Individual Project Area Appropriate 	<p>Clarify the circumstances when the utilisation of the new agency's powers will be appropriate. Alternatives to a new agency include:</p> <ul style="list-style-type: none"> Individual partnership agreements involving local government; Joint Venture arrangements or project agreements involving private sector land developers; and Less formal approaches involving Memorandums of Understanding and community envisioning projects. <p>Considerations when proposing to establish a Redevelopment Board should include at least;</p> <ul style="list-style-type: none"> Is there local government support? It should be an exception to the rule, with very clear and compelling need, before a Board would be declared without local government support. There is a clear strategic State priority policy purpose. A Individual Project Area can be demonstrated to have a significant natural competitive advantage over all reasonable alternatives. 	<p>Further details are required in relation to when an individual project board would be appropriate, particularly the process that will be undertaken to decide on sites. (Belmont)</p> <p>There should be provisions for the life of the Authority, conditions under which it may be extended and when and how it may be wound up. (Belmont)</p> <p>The Authority should take over all the other disparate redevelopment functions of State and Local Government as previously identified. This will avoid confusion and duplication of resources. (Belmont)</p> <p>Additional criteria for establishing an Individual Project Area:</p> <ul style="list-style-type: none"> ongoing approval of the Local Government is required; (Claremont) The Project Area Board should have at least an equal number of representatives of local government as non-local government; (Claremont) Local Government representation should be appointed by

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	<ul style="list-style-type: none"> • The Individual Project Area proposed extends over more than one local government and cooperation can not be achieved without intervention. • Particularly difficult sites, such as those involving site contamination. • Matters of extreme urgency (although experience may argue that the Authority may not be able to achieve its results significantly faster than through an established Scheme). 	<p>the Minister on the nomination of WALGA; (Claremont)</p> <ul style="list-style-type: none"> • Individual Project Areas should only be contemplated where major state regional infrastructure projects or facilities form the core of the project and broader strategic community outcomes are required. (Swan) <p>Parliamentary approval/disallowance of new Individual Project Areas is required. (Claremont)</p>
<ul style="list-style-type: none"> • Establishment agreements 	<p>Unambiguous legal agreements which are binding on the parties must be the basis for arrangements when a Redevelopment Authority is declared. Parties to the agreement should be the State, the local government, or local governments if there is more than one, and any private parties. Given the long term nature of these Authorities such Agreements must be "future proof". For example, able to survive the change of Governments, changes to Council membership and changes to key staff.</p> <p>The Agreements should include at least;</p> <ul style="list-style-type: none"> • A clear statement of principle based on triple bottom line objectives. The recognition of the community benefit obligation over straight developer profit is essential. Without this there can be no justification for establishing an Authority when a private developer can be commissioned to do an efficient profit based development. • A clear statement of the purpose of the Authority and its objectives. • Time based KPIs. • Provisions for the life of the Authority, conditions under which it may be extended and when and how it may be wound up. 	<p>WALGA should be involved in a 'Model Agreement' for the Redevelopment Authority and Local Government. It is acknowledged that "one size will not fit all" and the model agreement could not apply in all circumstances. It would assist as a template for developing future agreements. This could be particularly valuable in capturing the lessons learned by local governments that have already had direct experience with a Redevelopment Authority. (Belmont)</p> <p>Legal Agreement should be in place prior to establishment of the Individual Project Areas. (Perth)</p>

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	<ul style="list-style-type: none"> • Clear provisions for "normalisation" of the declared area when the Authority is disbanded. • Unambiguous and fair provisions regarding financing, including, when appropriate, profit share. 	
6 Role of Landcorp	<p>More information about how Landcorp will operate within the structure is needed. Particular matters to be addressed include:</p> <ul style="list-style-type: none"> • Independence of Landcorp to operate within its charter • The arrangements for Landcorp as a delivery agency for redevelopment • Management of conflict of interest with Landcorp as developer and being part of the State Redevelopment Authority. 	<p>The preferred model must only improve Landcorp's ability to progress projects in continuing cooperation with Local Government (Kalgoorlie Boulder)</p> <p>Landcorp's functions should be reviewed to provide a broader focus on creating sustainable development projects in greenfields areas involving environmental and social outcomes. (Swan)</p> <p>Staffing issues are not a valid reason for inclusion of Landcorp within model one. (Perth)</p>
7 Finance	<ul style="list-style-type: none"> • The financial arrangements of any legal agreement between State and Local Government should cover detailed arrangements, including timeframes for releasing dividends. This appears to be a basic minimum arrangement • Financial accountability is essential to ensure that cross subsidisation between projects does not occur • Rate equivalent payments should be paid by the Authority on its land holdings • Monetary return should not prejudice good planning outcomes for the Individual Redevelopment Projects – this should be addressed in the charter for the agency. • Monetary return should not prejudice good planning outcomes for the Individual Redevelopment Projects • The financial integrity and independence of the Individual Redevelopment Projects should be considered by an appropriate annual grant allocation from Treasury. 	<p>Concerns regarding loss of revenue resulting from loss of Development Applications. (Moora)</p>