



STANDING COMMITTEE ON PLANNING TRANSPORT AND CITY SERVICES  
Jo Clay MLA (Chair), Suzanne Orr MLA (Deputy Chair), Mark Parton MLA

**Inquiry into ACT Budget 2021–22**  
**QUESTION ON NOTICE**

Asked by Peter Cain: To ask the Minister for Housing and Suburban Development

Ref: Suburban Land Agency, Budget Statements E 2021-22

In relation to:

Conflicts of interest

1. Do you have a conflict of interest policy, and if so, when was it last updated?
2. Are all staff required to declare conflicts of interest?
3. Are all board directors, and their spouses or domestic partners, required to declare conflicts of interest?
4. On how many occasions in the past two years has a board director recused themselves from a board meeting due to a conflict?

SLA operations

5. Please clarify whether the below high level description of your operations is correct:
  - a. There are three stages in the SLA's core business:
    - i. land development
    - ii. releasing land for sale to the market
    - iii. completing sales.

Interstate land purchase

6. Regarding the *City Renewal Authority and Suburban Land Agency Amendment Bill 2021*:
  - a. What land is the government proposing to purchase interstate?
  - b. Is it the government's intent to bring any land purchased interstate under the jurisdiction of the ACT Government?
    - i. If yes, how do you propose to go about this?
    - ii. If not, is it your intent to own and develop land that you won't be able to charge rates for?
  - c. How does this align to the government's 70/30 infill agenda to limit urban sprawl?
  - d. Does it require Commonwealth Government involvement?

Targets

7. Do you have separate land delivery, release, sales and revenue targets?
  - a. If yes, what were your targets in each of those categories for the past three financial years?
  - b. What have your results been against each of these targets?

8. Can you confirm that you've consistently delivered [and sold] less land than your target for at least the past two financial years?
9. What are the top three reasons you have not met your development targets?
  - a. Are any of those reasons under your control?
10. Is it more challenging to meet land delivery, release or sales targets?
11. Do you think your land delivery, release and sales targets are reasonable?

#### Development of Indicative Land Release Program

12. How much input does the SLA have in setting the ILRP?
  - a. When the targets are set, is the SLA's capacity to deliver taken into account?
  - b. Have you increased your resourcing to improve your capacity to deliver noting the rising market?
  - c. The Auditor-General's report in 2020 on land supply and release found "the policy and procedural guidance to inform the development and delivery of the indicative land release program is not yet effective" (p. 1). What processes and procedures have you changed since the Auditor-General's findings were released?
  - d. When coming up with the ILRP release target number, did you use actual figures of dwellings in the pipeline, per recommendation 3 of the Auditor-General's report from 2020, which the government agreed to in its response to the report?
  - e. Regarding the 356 'infill' single residential blocks (ILRP 2025-26, p. 7) identified for release between now and 2026, where will those be located?

#### Use of agents for the sale of ACT Government land

13. What is the average commission paid to agents, disaggregated by single residential blocks vs larger sites?
14. Has the SLA done a cost benefit analysis on selling directly to the public rather than using agents?
15. Has the SLA received any complaints from the public about agents?
  - a. If so, were the complaints investigated and what were the consequences?
  - b. Have any agents been removed from the panel?

#### Marketing budget

16. How much did the SLA spend on marketing for the financial years 2017-18 to 2020-21?
17. Adding the marketing costs to the commission paid to agents, what is the effective rate of commission on property sales as a percentage for each of those financial years in question 7.

**Minister Berry MLA:** The answer to the Member's question is as follows:–

#### Conflicts of interest

1. Yes. The Suburban Land Agency (the Agency) complies with the ACTPS Conflict of Interest Policy issued by Head of Service in June 2021. In addition, the Agency has developed a training package, Conflict of Interest fact sheet and Purchase of Land by Staff Declaration form.
2. Yes. Within the first two weeks of the employee commencing with the Agency, they receive a letter from the Chief Executive Officer regarding Conflicts of Interest and are required to sign and return the letter. The Agency facilitates in-house Conflicts of Interest training every eight weeks. All existing staff have attended, and new starters are required to attend this mandatory training as part of their induction.
3. Yes. The Suburban Land Agency Board Conflicts of Interest policy aligns with the requirements of the *Financial Management Act 1996* (FMA). The policy is codified in the Suburban Land Agency Board Charter which requires that the agenda for each meeting must include an item requiring any material interest in an issue to be considered at the meeting to be disclosed at the meeting. Each Board member must declare any potential or actual conflicts of interest at the start of the meeting or before any discussion of the relevant agenda or topic.
4. There has been one occasion in the past two years where a Board member has recused themselves from a meeting discussion.

#### SLA operations

5. The SLA's core business is to deliver land and housing to meet the needs and expectations of Canberrans. Its objectives are listed in the Statement of Intent, and they are in turn set by the Minister's Statement of Expectations.

#### Interstate land purchase

6.
  - a. The purpose of the legislation is to provide the possibility of future land purchases and any such negotiations would be commercial in-confidence.
  - b. It is not necessary that land purchased interstate be brought into the jurisdiction of the ACT Government. The Chief Minister has publicly spoken about the benefits of moving the border to support the development of the Ginninderry Joint Venture. Engagement and discussions with the New South Wales Government and Commonwealth Government are ongoing on this question.
  - c. The ACT Planning Strategy 2018 includes a strategic direction of "...working towards delivering up to 70% of new housing within our existing urban footprint...". It also highlights continuing to maintain a supply of greenfield housing in a variety of locations over the longer term.
  - d. Commonwealth involvement is not required for the ACT to acquire land in other jurisdictions.

#### Targets

7. The Agency's annual Statement of Intent and Annual Report provides information on its Key Performance Indicators which include land releases and land sales revenue. Land delivery is an element of land release and sales are included in 'Revenue'.
  - a. Refer to the published Statements of Intent and Annual Reports.
  - b. Refer to the published Statements of Intent and Annual Reports.

8. Delivery of the Indicative Land Release Program (ILRP) for the last two years has exceeded the published targets.

The 2019-20 sales from contracts with customers was \$204.8 million compared to a budget of \$434.9 million. The 2020-21 sales from contracts with customers was \$812.7 million compared to a budget of \$812.2 million. The Agency did not meet the sales and revenue budgeted in the 2019-20 financial year largely due to the impacts on the housing market of tighter financial and credit conditions and the onset of COVID-19, but met the budget in 2020-21.

9. Not applicable.
10. It is important to acknowledge that the ILRP is 'indicative' by definition. It is the Government's forecast of expected land releases in a financial year and that refinement and adjustment of those release numbers may occur during the year. Annual land releases are complex processes. They can be impacted by a range of issues, including planning and environmental process outcomes, completing necessary due diligence processes, community engagement and consultation processes, legal issues, and commercial/market impacts.
11. The Agency seeks to deliver the annual published ILRP. The Suburban Land Agency Board approves the budget forecasts and the Statement of Intent is signed by the responsible Minister, Treasurer and Board Chair.

#### Development of Indicative Land Release Program

- 12.
- a) Yes. The Suburban Land Agency (the Agency) is involved in the development of the ILRP through the governance arrangements established by EPSDD. The cross-agency forums function to, among other things, monitor and report on risks, delays and emerging issues impacting the delivery of the program of release, which includes the Agency's capacity to deliver the ILRP. In July 2019, the Director-General of EPSDD established the ILRP Steering Committee to have oversight of the Government's ILRP and to provide high level direction on matters relating to the ILRP. The ILRP Working Group was established to support the function of the steering committee.
  - b) The Agency regularly analyses its program of works to ensure that resources are appropriate to deliver on the work program.
  - c) In response to the Auditor-General's report, the Land Supply and Release Policy and Procedural Guidance for the Development of the Indicative Land Release Program (ILRP) was updated to reflect current governance arrangements, including the role of the ILRP Steering Committee and the ILRP Working Group in developing and monitoring the delivery of the program. The guidance was endorsed as final by the ILRP Steering Committee in March 2021.

Refer to response 2 in QON 46 for additional information.

- d) Refer to response 2 in QON 46.
- e) Refer to response 4 in QON 46.

#### Use of agents for the sale of ACT Government land

13. The single residential commissions paid during 2020-21 ranged from \$1,550-\$2,100 per block (inclusive of GST). Commissions for non-single residential sites are typically 1% of the sale price.
14. Yes, the Agency has undertaken a cost benefit analysis on selling directly to the public for single residential blocks.
15. From time to time the Agency receives feedback and complaints from the public about sales agents. However, the number is very small relative to our subscriber database and the number of registrants for land releases. The Agency has a mature and well developed process for dealing with feedback and complaints. In accordance with the requirements of the *Public Interest Disclosure Act 2012* and the *Integrity Commission Act 2018* serious allegations are assessed in accordance with our obligations and may be referred to the Integrity Commission for assessment.
  - a. Since the Agency was established on 1 July 2017, we have referred two complaints relating to sales agents. The Integrity Commission advised it had determined one matter does not justify investigation. The other is still being assessed.
  - b. No companies appointed under the Residential and Commercial Sales Agent Panel have been removed.

#### Marketing budget

16. The following table outlines the marketing spend for the relevant financial years:

	2017-2018	2018-2019	2019-2020	2020-2021	Total
Marketing	\$1,587,812	\$1,374,541	\$2,849,487	\$1,419,228	\$7,231,068

17. The effective rate of commission paid is the actual commissions paid to sales agents. Marketing costs are not included. Agent commissions paid in the relevant financial years are outlined in the table below:

	2018-2019	2019-2020	2020-2021
Agent Commissions \$	\$1,379,220	\$1,386,108	\$3,646,410
Agent Commissions %	0.28%	0.68%	0.45%

Approved for circulation to the Standing Committee on Planning, Transport and City Services

Signature:

Date:

16/11/21

By the Minister for Housing and Suburban Development, Yvette Berry