

Macquarie Point Development Corporation Bill 2012

Second Reading Speech

Mr Speaker, I move that the Bill now be read a second time.

The objective of this Bill is to establish the Macquarie Point Development Corporation, a State Service Agency whose principle purpose is the remediation and redevelopment of the Macquarie Point railyards site.

An additional role of the Corporation will be to advise me, as Minister for Economic Development, on the funding and development plan for the redevelopment of Brooke Street Pier.

Tasmania has been extremely successful in its bid to obtain Australian Government funding to help remediate the Macquarie Point railyards site.

This followed the preparation of a compelling proposal to Infrastructure Australia entitled, *Hobart: a world class-liveable waterfront city*, along with strong support from both state and federal government representatives.

As a result, on 22 June this year the Australian Government Minister for Infrastructure and I signed a Project Agreement that provides the basis for \$50 million in funding from the Australian Government for the remediation and redevelopment of this important site.

The Macquarie Point railyards site will have a major influence on the economic and social growth and development of Hobart for the next

50 years, and we now have an important opportunity to realise its full potential.

While we have already begun the consultation process, a critical requirement of the Project Agreement was the establishment of a separate entity to oversee the remediation of the railyards site and its preparation for future redevelopment.

This is the purpose of the Bill now before the House.

Mr Speaker, the Bill establishes the Corporation and provides it with important powers to deliver a range of objectives. Before addressing these specific powers, I wish to comment on the approach that is being proposed, which will involve a two-stage legislative process.

It might seem, on the surface, that establishing the Corporation is a straight-forward task. However, there are some significant complexities that require in-depth investigation and consideration before defining the full range of the Corporation's powers, particularly in relation to the ongoing development of the site.

These largely relate to the capacity of the Corporation to enter into commercial dealings with the property development industry. To understand this we need to have a very clear understanding of the means by which the land will be released onto the market, the development models that are appropriate and relevant for the site, and the property market in Tasmania more generally.

It is for this reason that the Bill now before the House seeks to establish the Corporation with the roles and powers currently required, but with a view to amending the legislation at a later time, when the range of property market and development models is much better understood.

In this way we are able to charge the Corporation with the responsibility of examining and analysing the property market, which will include in-depth consultation with the property industry. Following this it can make a recommendation to the government on the best means of releasing the land to the market.

We are simply not in a position at this time, Mr Speaker, to make informed comments on whether we should proceed by means of an open tender process, public/private partnerships, land lease arrangements, or freehold sale.

Each of these mechanisms will have an influence on the powers and capabilities that need to be assigned to the Corporation. These, along with associated land-use planning matters, will be considered as part of the second stage.

We could, of course, wait until this analysis has been done before bringing any legislation forward. However, it is intended the Corporation will have the responsibility of examining these property development issues and providing advice to the government on the

legislative framework, corporate powers and commercial functions needed to proceed to the development phase.

As such, the legislation before the House establishes the Corporation and charges it with the role of advising the government on the development model and future legislation required.

This will require a comprehensive community and stakeholder consultation process, which will help inform our thinking on the manner in which the site will be remediated.

While there is an expectation the site will be remediated between now and mid-2016 (as articulated in the Project Agreement), the nature and scale of the remediation works will depend very heavily on future developments on the site.

This, in turn, is largely reliant on the decisions about site development options. The consultation process must be completed before any final concept decisions are made and, given the role the site will have for the future growth and development of Hobart, it will be important to have broad community support.

The final concept for the site will, of course, have a significant influence over the development models that are considered. For this reason, oversight of the consultation process is one of the roles this Bill seeks to establish for the Corporation.

It is worthwhile noting that other similar Crown property development projects around Australia, such as Barangaroo, the Darwin Waterfront and Docklands, has each undergone significant legislative amendments over time, as the respective projects have progressed through the different development phases.

As the development of the Macquarie Point railyards site is expected to proceed over a 10 to 15 year period, future amendment of the legislation is also anticipated.

The two-stage approach to the legislation's development recognises this and provides an ideal framework for a considered and effective approach.

I would now like to outline the key elements of the legislation and the roles, functions and powers the Bill will establish for the Corporation.

These include:

- remediation of the Macquarie Point land in accordance with the Project Agreement;
- redevelopment of the railyards site; and
- redevelopment of Brooke Street Pier.

Underpinning these roles and functions is the requirement that the Corporation must ensure the site:

- becomes a vibrant and active area with a mix of uses that connects with and complements adjacent areas within Hobart;
- encourages inner-city living;
- delivers sustainable social and economic benefits to Hobart; and
- is redeveloped in accordance with sound planning, urban design and environmental principles.

The Bill establishes the core functions of the Corporation, which include:

- remediation and redevelopment of the Macquarie Point site;
- consultation with the Tasmanian community in relation to options for redevelopment of the site;
- providing advice to the Minister regarding the redevelopment of the site; and
- advising the Minister on the legislation that may be required to facilitate the future redevelopment of the site.

The Bill also outlines the Corporation's functions in relation to the redevelopment or replacement of Brooke Street Pier, including advising the Minister on financing of the pier.

The Bill sets out the nature of the Corporation and the powers and duties of the Board, its directors and staff.

Mr Speaker, I think it is worthwhile noting that it was a requirement of the Project Agreement signed with the Australian Government that the management of the Project be overseen by a separate entity that is arms-length from the government.

It is important to point out that while the Bill gives the responsible Minister the power to direct the Board of the Corporation in relation to its functions and duties, it does not allow the Minister to direct the Board to enter into or terminate any contract on behalf of the Corporation.

In this way, the Corporation can remain at arm's length from the government, as required in the Project Agreement, while at the same time ensuring the owner of the land, the State Government, can be confident future development of the site is in keeping with the objectives of the government of the day.

The Bill also provides for the creation of a redevelopment plan for the site which is subject to the approval of the Minister.

As I have stated earlier Mr Speaker, this 8.4 hectare site will have a major influence over Hobart's future economic and social growth and development. This is not only important for the State Government but also for the city of Hobart and greater Hobart more generally.

The decision regarding the future development of the site is clearly one for the State Government to make, in consultation with the greater Hobart councils.

The role of the Corporation is to provide expert advice to the government on potential development, following consultation with the community and key stakeholders.

This is clearly laid out in the Bill and will ensure that wider economic, social, cultural and community development opportunities are well considered, along with the commercial development opportunities the site represents.

Mr Speaker, I believe we have a once in a lifetime opportunity to get this right and I am of the view the processes and checks and balances in the Bill have been prepared with this objective in mind.

The Bill also requires the Corporation to prepare, for the approval of the Minister, a corporate plan. This is also an important component of the legislation, providing the government of the day with a level of confidence in the operating plans and direction of the Corporation.

The Bill also contemplates the need for the railyards site land to be vested in the Corporation so that the Corporation can, ultimately, deal directly with property developers and infrastructure providers in delivering the project outcomes.

It is important to note, however, that the Bill requires the written permission of the Minister before the Corporation can lease, sell, gift or purchase any land. These are the same provisions that are in place for similar Crown property projects around Australia.

The Bill also provides the Corporation with the capacity to invest and borrow funds.

While \$50 million has been granted by the Australian Government to assist in remediating the site, there has been no funding provision made for the operation of the Corporation.

Approval has been granted by the Treasurer for the Corporation to retain any interest earned on these funds, which is also supported by the Australian Government.

This interest will go some way towards assisting with the operating funds of the Corporation. However, over time the \$50 million in capital funds will diminish as the project proceeds and, hence, the interest earned will, in time, also diminish.

There are currently no specific plans for the Corporation to borrow funds and the need for this will be a matter for the Corporation to determine when preparing its corporate plan.

However, it is considered prudent that the Bill makes provision for this.

The Bill exempts the Corporation from the payment of any State taxes. The main tax likely to be incurred would be stamp duty payable on transfer of the land. However, as the Corporation is in effect remediating and developing the land on behalf of the Crown, the payment of stamp duty and potentially other State taxes is not considered appropriate.

Finally, Mr Speaker, as is the case with the other similar Crown property projects around Australia, the Bill provides for the transfer of existing State Service employees to the Corporation while maintaining their appointments in accordance with the provisions of the *State Service Act 2000*.

I should also point out that the Bill allows for the person holding the position of General Manager, Macquarie Point Development Project at the commencement of the Act to be appointed as the chief executive officer of the Corporation.

Given the very limited budget available for the operation of the Corporation, it is expected to be a relatively small organisation, of between six and 10 staff.

As with other jurisdictions managing similar Crown property projects, it is expected staff will be drawn from both the State Service and the private sector, but will be supported by management contractors and expert advisers where these skills and capabilities are needed.

The small size of the organisation will necessitate it utilising existing departmental corporate services, to avoid the need to establish separate administrative arrangements. Indeed, a whole new corporate services capability for such a small organisation would clearly be inappropriate.

We must ensure we deliver this project effectively, with a delivery model that assists us to do that. I believe this Bill will help achieve this. It is worth noting that the proposed organisational structure and delivery model is very similar to projects such as Barangaroo in Sydney, albeit on a significantly smaller scale.

Mr Speaker, in closing I wish to again note what an important opportunity we have been afforded through the Australian Government's funding contribution to the development of this asset, here on the door-step of the city.

This is an opportunity many people are rightly passionate about, and wish to see reach its full potential. The most important step at this time is to establish the right management framework for the project to give all of us the confidence that the best outcomes for Hobart will be delivered.

It is my strong view the *Macquarie Point Development Corporation Bill 2012* does just that.

Mr Speaker, I commend the Bill to the House.