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Dear Peter

PREVIEW DRAFT SUBMISSION - SUSTAINABILITY STRATEGY

On behalf of John Ellis, who is away from the office following a family bereavement, I would like to take advantage of your offer to preview our submission to the State Sustainability Strategy (attached).

We realise you require submissions before the end of April and because the creation of this draft at LandCorp has been an inclusive process, we would appreciate a couple of days to address any comments you may make.

Having coordinated this draft, I am best placed to clarify any points we raise, the background to our thinking or any questions relating to ambiguous style.

Yours sincerely

Daniel Marsh
MARKETING MANAGER

15 May 2002

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State Sustainability Strategy

Draft Submission from LandCorp version 24 April 2002

Executive Summary

As part of the State Sustainability Strategy, LandCorp can:

- Ensure the Harvest Lakes at Atwell project includes innovations that will make it an Australian benchmark in urban development during the next three to five years
- Work towards making the Hope Valley Wattleup industrial land project a model of best practice sustainability
- Audit the industrial processes in its industrial parks to assess by-products that may have secondary markets and may attract new industrial land buyers
- Work with the Department of Environmental Protection to clean up contaminated sites for which the State is responsible and which are identified as priorities
- Assess its impact on the environment and report it along with financial and social impact assessments
- Extend the use of detailed community plans into all significant projects
- Continue to seek infrastructure-saving infill development in near city locations
- Continue to examine commercial opportunities for transport-oriented development around Metropolitan railway stations

Given the appropriate policy setting, LandCorp could:

- Relate its triple bottom line impact to whole-of-Government targets
- Provide suitable locations for renewable energy industry manufacturing
- Participate in the debate on increased densities in near city suburbs
- Support the regional development agencies to build on competitive locational advantages and assist in targeting realistic industrial processes
- Assist the initial establishment of community land trusts with advice on structure and land development procedures

Full Submission

LandCorp - the State Government's land and property development agency - fosters major Government land and infrastructure projects to assist the achievement of economic and social prosperity.

The Authority's major areas of activity include:

- Creating and enhancing regional centres and new towns such as Bunbury Marlston Hill, Joondalup and Mandurah Ocean Marina;
- Ensuring an adequate supply of industrial land;
- Being the primary State Government agency by which government entities can dispose of surplus land assets and assist in urban renewal; and
- The timely release and development of land in country towns across the State.

Additionally, the Authority has expertise in project managing the clean up of contaminated sites and is working with the Department of Environmental Protection on systems that will see priority sites across the State made safer.

As a statutory agency, LandCorp is self-funding, trades commercially paying all normal rates and taxes, and returns a dividend to Government from annual profits. Funding arrangements with WA Treasury allow the Authority to undertake Government's strategic land development projects whilst making transparent intra-government transfers.

This submission is split into two parts:

1. The role LandCorp could play in advancing the aims of a State Sustainability Strategy
2. The role such a strategy could play in setting a policy environment conducive to more sustainable land development.

The process of compiling the submission included:

- A small working group of LandCorp staff pooling views on the core ideas
- Research around issues identified by this group and others
- A briefing at a general agency staff meeting with subsequent comment solicited
- Discussions with land development agencies in other States
- A meeting with Professor Peter Newman and his team

To date, it has not included:

- Extensive discussions with private sector land developers or other Government entities that include land development among their activities
- Discussions with conservation groups
- The advice of environmental scientists with which LandCorp works on its projects
- The advice of community development consultants working on LandCorp projects
- Discussion with the key stakeholders and members of the public

1. LANDCORP ROLE & POSSIBLE INITIATIVES

Natural Resource Management & Biological Diversity

GreenSmart Initiative

LandCorp is taking a leading role in the Housing Industry Association's GreenSmart initiative. As well as demonstrating practical implementation of low environmental impact land development and housing design strategies, LandCorp is actively supporting the HIA's consumer promotion and industry education initiatives. Participation involves training of nominated LandCorp staff on sustainability issues and innovative land development and building techniques. Environmental awareness training is a key element of LandCorp's recently endorsed environment policy.

The Harvest Lakes project at Atwell will be Australia's largest GreenSmart Village. LandCorp is piloting mandatory energy-saving residential home design guidelines. These guidelines work by mandating certain design features and then allowing the consumer to choose a minimum of four from a menu of eight.

Local authorities across the State could adopt such guidelines if they are shown to be popular. LandCorp has begun investigating the likely market reaction to a similar scheme for factories and warehouses.

The Sustainability Unit could coordinate a whole of State Government submission to proposed changes to the Building Codes of Australia. The Codes are the basis of State and Territory building control legislation. The Australian Building Codes Board (www.abcd.gov.au) is inviting comment until 28th June 2002 on provisional new codes laid out in a document, "Energy Efficient Measures for BCA Volume Two (Housing Provisions)".

If the Government so wished and made provisions for LandCorp's commercial arrangements, the Authority could work with interested local authorities and builders to build demonstration 'green' homes and commercial spaces reflecting practical cost-saving and low environmental impact designs in established suburbs. LandCorp is well-placed to facilitate the participation of product suppliers in post-build information presentations and promotional efforts – a burden that might otherwise fall exclusively on local government's Ecologically Sustainable Development advisory committees, or local governments themselves.

Rehabilitation of Contaminated Sites

There are likely to be more contaminated sites in the State than the community seems able and willing to pay to rehabilitate. Creative solutions to finance the work are required but it is widely acknowledged that projects where little is initially known about the contamination carry a high degree of financial risk. Add to this the challenge of communicating appropriately with the concerned community, means such work is seldom attractive to the private sector in its entirety.

LandCorp offers the Government a route to maintaining control over sensitive delivery of clean ups. In conjunction with the Department for Environmental Protection, a framework is being developed for the Authority to be the proponent for the clean up of contaminated sites for which the State is responsible.

Eco-Efficient Industrial Estate

LandCorp aims to make the challenging Hope Valley Wattleup Redevelopment Project a model of sustainability best practice. The initial project vision is in place and LandCorp will seek the expertise of the Sustainability Unit and the networks that it develops to further clarify and deliver on this vision.

Cleaner Production

Co-location of similar industrial processes to reduce common costs is a major rationale behind the State's Heavy and Special Industrial Areas. Big business is very good at finding its optimum location, for example, where it can take the waste of an existing process and use it as the input to its own process. Small and medium enterprises have fewer resources for such research.

LandCorp can help itself to sell its special and heavy industrial land through cooperative arrangements with Department of Industry and Technology, and the Department of Minerals and Petroleum Resources to promote the availability of significant wastes.

When market conditions allow such a sales incentive, LandCorp will consider providing 'cleaner production audits' as part of an industrial land solution package for smaller businesses. Such third party audits will grow the fledgling 'green audit' industry and encourage businesses to consider energy and resource consumption savings prior to layout of its plant and design of its facility.

Sustainability, Governance & Society

Corporate Impact & Project Impact Reporting

LandCorp has outcomes expected of it and key performance indicators by which it accounts for performance against those objectives. While LandCorp carefully manages each of its projects to minimise its impact on the environment, like many other Western Australian land developing organisations in the public and private sectors, it has no environmental performance measures at the corporate level.

LandCorp has been discussing this issue with government land development agencies in other States, with land developers in WA, and has researched State and world best practice (including Global Reporting Initiative standards and the Bellagio principles). It has consulted the indicators set out in the Future Perth publications.

At the Hope Valley Wattleup Redevelopment Project, the LandCorp team is using a sustainability decision support methodology developed by Ove Arup & Partners and trialed on major projects in the UK and Queensland.

LandCorp aims to take a lead role in devising a menu of practical and effective performance indicators that can be used as a standard by all land developers in WA or even interstate to report corporate performance and support project decisions across the three dimensions of the triple-bottom line.

It is hoped in this way, there will be economies of scale in collecting data and comparisons between organisations will be more valid. The corporate level indicators should dovetail into any State based performance reporting resulting from the Strategy.

The first priority for LandCorp is to better understand the overall impact of its operations on the environment and resources of developments.

Social Strategies for Sustainability

Community Plans

Starting with the end in mind, LandCorp has begun formalising community development aspects of project plans. At the Harvest Lakes residential project at Atwell South, LandCorp has developed a comprehensive community development plan that has strategies to enhance: community life; safety; community support and access; learning; wellness; arts and culture; environment; information technology; economic vitality; urban planning; and governance.

Such community planning makes commercial sense as a product leadership strategy. In the course of making Harvest Lakes a more pleasant and healthy place to live, LandCorp expects to recoup its investment in this social infrastructure (clubs, societies, friendships) from higher take up rates and higher overall margins.

LandCorp is investigating appropriate indicators of sustainability that would be created in the early stages of a project and would be useful to the community that inherits the assets in measuring progress towards its vision. When a suitable methodology is developed, it may be useful to other WA Government land-developers, local authorities, private sector land developers and interstate government land developers.

Suburban Degradation

Adverse social effects of low-density suburban sprawl and the degradation of third-tier retail centres are becoming problems in some parts of the US and Europe. Perth experiences similar problems within isolated pockets. The Livable Neighbourhoods code gives direction to new developments and designated redevelopment areas, but there is currently no program to 'retro-fit' urban villages in suburbs that have no real middle and the commercially viable solutions are not readily apparent.

The City of Gosnells and the City of Joondalup with varying degrees of success, have pioneered various aspects of retro-fitting increases in residential density and place-making. The areas around Fortitude Valley in Brisbane (although an inner city setting) are one model for redevelopment. Governments played a leadership role in

facilitating an acceptable and practical common vision among the various land-holders and stakeholders and the area is now being redeveloped largely with private finance and steered by local government.

LandCorp is well-placed, if requested and duly funded by Government, to assist the Department of Planning and Infrastructure to look at opportunities and mechanisms that might deliver the objectives of the Liveable Neighbourhoods codes in existing suburbs. It may be such work would lead to the establishment of a 'Building Better Suburbs' program to attract funding from a variety of public and private sector sources.

Housing Diversity

Proposals to joint venture with private sector builders at inner-city renewal sites will allow the Authority to more heavily influence sustainable development in the built form.

Initiatives in this area are likely to include so-called 'smart housing – homes that can be easily altered over its lifetime to accommodate changing needs (eg. lower benchtops for wheelchair-bound) and income levels (homes designed with the intention to add more floor space in the future). More aesthetically pleasing group housing and low impact factories/warehouses are likely to be another focus for such initiatives.

LandCorp can often assist social housing entities (housing co-operatives, housing associations, Homeswest) to provide housing to clients by custom-designing appropriate lots in LandCorp subdivisions that can be sold 'off-the-plan' to the entity at market rates.

Education and Research

LandCorp will help educate the general public, land-buyers and builders in the course of developing and later selling commercially viable homes at its key projects.

It will construct case studies on key aspects of its processes to add to the body of knowledge on managing sustainable outcomes and encourage schools and universities to continue to use LandCorp staff as a resource.

Where appropriate, detailed technical reports on aspects of a project will be made available on LandCorp's web sites to raise the level of debate on possible solutions.

Economic Strategies for Sustainability

Liveable Neighbourhoods & Traditional Neighbourhood Design

LandCorp has extensive and World-renowned experience in developing new towns and significant precincts. Parts of Joondalup pre-date the Liveable Neighbourhoods documentation but are consistent with the principles laid down. Where population is expected to grow and there is pressure to expand the developed area (for example the coastal South West region or the north west suburbs of the Metropolitan Region) LandCorp is well placed to provide Government with new town solutions.

LandCorp pioneered the provision of housing diversity with the introduction of smaller 450sqm lots at Joondalup Golf Course in 1983. Joondalup City North provided further diversity in the area by pioneering mixed use zoning – a predecessor of the Liveable Neighbourhoods policy.

Planning is already under-way for a higher density development nodes at Cockburn Central and Alkimos. The aim is to create an attractive town centre that will work towards alleviating the problems associated with urban sprawl, make maximum use of public infrastructure and deliver assets that are economically manageable by the community that inherits them.

Infill Development

High and medium density development on under-utilised public sector land may deliver a number of sustainability benefits to the State.

Currently, the underlying demand for dwellings in the Metropolitan area may be around 15-18,000 dwellings per year. This number of dwellings built as larger lots of perhaps 550sqm on the edge of the city increases the physical footprint of the City and requires the clearing of vegetation. Building some of these dwellings built on previously used land and successfully marketing blocks as small as 200sqm, greatly reduces the pressure to consume agricultural land.

Sensitive infill development makes best use of existing infrastructure. There is a significant cost to the State of providing capital infrastructure (eg. rail, road or sewers) to outlying, low-density suburbs. There are ongoing budgetary pressures to supply services where a lack of population makes them borderline viable (eg. bus services or health services).

Infill development may help social cohesion. Less homogenous social demographics, the ability of family members to live in relative proximity and the re-vitalisation of aging suburbs are the dividends of building on previously used land.

Over the past four years, LandCorp has helped release over \$150m of under-utilised government land and is organisationally designed to add value to such projects in the Metropolitan area and right across the State.

Transport Oriented Development

With the Department of Planning and Infrastructure, LandCorp is active in assessing the opportunities for urban renewal and higher density development nodes based around existing suburban Metropolitan train stations. Such development has the potential to increase the ratio of public transport use to population.

In such developments, household budget savings from not having to maintain additional cars, can make living more affordable in otherwise inaccessible areas. In the United States, the additional mortgage repayment ability households enjoy from public transport use and energy efficient home designs, make purchasers in such

development eligible for higher mortgages than they would otherwise qualify. This can make housing more accessible and communities more diverse.

2. SUPPORTIVE POLICY ENVIRONMENT

In addition to initiatives which it can influence, LandCorp notes opportunities where Government policy can help reach the goals of the State Sustainability Strategy.

Natural Resource Management & Biological Diversity

Renewable Energy

LandCorp recognises the Government has a Sustainable Energy Development Unit in the Office of Energy. Among the initiatives it could consider are 'buy local' provisions in purchasing contracts for renewable energy plant.

Supporting local industry into partnerships for the Australian manufacture of wind turbines, pylons, blades or gas turbines would build on Western Australia's competitive heavy fabrication capabilities. LandCorp could then help with locating such businesses into one of its industrial estates.

Sustainability, Governance & Society

Headline Sustainability Indicators

As LandCorp develops corporate level triple-bottom-line reporting indicators, these will influence the sustainability performance measures at the level of a project. In the same way, sustainability goals for the whole of the community will help LandCorp adjust its operations to support that direction. The State Sustainability Strategy should to propose an all-of-government report card and guidelines on how to practically measure social and environmental performance.

Caution is urged if the Strategy fixes detailed indicators. Consideration must be given to the whole of the systems that these indicators will impact upon. In the sense that it is expected government departments will deliver what is measured, the Strategy needs to be certain that all unintended routes to achieving the measures can have no adverse impact on economic, social or environmental performance. For example, should bird populations come to represent a performance measure for land developers, we may find developers importing birds wholesale from elsewhere with impacts on the ecology from where they were taken.

Residential Density Information Campaign

The quality of public debate on the issues involved in sustainable land development should be improved. In particular, government entities have not always focused on explaining the benefits that can come from sensitive medium and high-density development. There is often community opposition to such unpopular arguments. A leadership role exists for Government to stimulate debate on the pros and cons of increased density.

Aside from better-informed public participation in debate leading to superior planning decisions, such an information campaign has the potential to save significant costs to State and local governments during consultation processes.

Economic Strategies for Sustainability

Entrepreneurial Culture Support

Regional economic development planning can have a tendency to neglect the entrepreneurial contribution of established business and focus on inward investment and relocation. This can result in lost opportunity to build a common sense of purpose for a region firmly rooted in realistic possibilities.

A closer working relationship between economic development planners and the private sector might take two main forms:

1. Short-term secondments from larger private sector organisations into governments to assist with strategic planning and culture change projects. This may optimise decisions and build wider support for the work of Government agencies.
2. A regional economic development approach that has the specific goal of seeking out key entrepreneurs and facilitating forums for creative problem-solving that may or may not involve subsequent provision of services by Government. This route may more easily identify opportunities to attract businesses viable in that location.

If devising such an approach to regional economic development were part of the Strategy, LandCorp could support the Regional Development Commissions as it does on major Government taskforces (for example, Mandurah Ocean Marina). LandCorp, if requested by Government to perform this role, would need to charge for its project management services.

LandCorp's support of the regional development commissions and taskforces have been shown to provide:

- Step-by-step control of the scope of initial studies and accountability to Cabinet
- Specific area/location focus and flexibility
- Local ownership of resulting concepts
- Realistic community expectations due to the 'deliberative inquiry' approach
- Encourages 'joined-up Government' solutions to community issues

Inter-Generational Equity

The nature of LandCorp projects encourages the Authority to take a long-term view of development. It remains easier for the community at large to view preservation and improvement of the natural environment as fair on future generations, than it does on ensuring sufficient investment is made to generate economic activity for future generations or the importance of the State retaining its AAA credit rating. Investment in education, research and small business facilitation, and infrastructure needs to be made at the expense of current consumption if there is to be inter-generational equity.

The rationale behind such investment decisions needs to be better explained to the WA community and participation sought in deciding on investment priorities. In the same way as the Drug Summit brought focus and energy to solving the State's drug problems, an Education Summit could address issues of investment priorities. A major Economic Development Forum could build understanding of the longer-term challenges; 'de-silo' governments and private industry thinking; promote action-oriented economic development models; and send a signal to the investment community that WA is responsive to targeted inward investment and a welcoming environment for business.

LandCorp could be an active participant if such forums were part of the Strategy.

Social Strategies for Sustainability

Citizenship, Volunteering & Community

The social health of a community may be indicated by the preparedness of people to volunteer on community projects. Land and community development benefits from enthusiastic and representative community participation.

Progressive WA employers recognise the motivational benefits and encourage volunteering. For example, Woodside subsidiary Metasource encourages its staff to make their expertise available to the not-for-profit sector for one day per fortnight. The State Government could similarly unlock additional value to the community and raise the motivation of employees by designing, say, up to 10 days per year of work for not-for-profit organisations into appropriate jobs descriptions.

LandCorp staff currently contribute to education as guest lecturers. With appropriate support of Government, this could be extended across Government and to the broader not-for-profit as a skills transfer.

Community Development /Land Trusts

Urban renewal through direct government action does not necessarily create the same sense of community confidence and self-esteem as projects directed by a local community. Community trusts have worked in other jurisdictions to deliver jobs, a strong sense of place and affordable housing options.

If requested to and funded by Government, LandCorp could assist in providing initial facilitation of such proposed projects.