

# PUBLIC

**THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON TUESDAY 31 MARCH 2026.**

## **SALE OF WILKINSONS POINT**

---

### **Office of the Valuer-General**

**The Committee met at 1:32 pm.**

**CHAIR** (Ms Forrest) - Well, welcome, Mr Naish, to the Public Accounts Committee inquiry into the matters related to Wilkinsons Point. I understand that this is your first appearance before such a Committee, so welcome. It is a public hearing. Everything you say is covered by parliamentary privilege while you're before the Committee; that may not extend beyond the Committee hearing. If there were matters of a confidential nature you wish to share with the Committee, you could make that request and the Committee would consider that, but otherwise it is all public. It is being transcribed by Hansard and broadcast. Some of the evidence may form part of our Committee report. Do you have any questions before we start?

**Mr NAISH** - No further questions.

**CHAIR** - So I will invite you to do the statutory declaration, and then if you wish to make some opening comments about your role in the Wilkinsons Point process today, there's been public information through the Auditor-General's report and others, so you may wish to make some comments initially. If you can just start by taking the statutory declaration and then we will move on.

**Mr GUY NAISH**, VALUER-GENERAL, OFFICE OF THE VALUER-GENERAL, MADE THE STATUTORY DECLARATION, WAS SWORN AND WAS EXAMINED.

**Mr NAISH** - My name is Guy Naish. I'm the Valuer-General of Tasmania, appointed under section 5 of the *Valuation of Land Act* [2001 (Tas)]. Among other things, one of my statutory duties is to prepare and provide independent, objective, evidence-based valuation advice to government. While in this context I sit within the Department of Natural Resources and Environment Tasmania, I act separately. I provide all government departments with independent valuation advice that's dictated under section 51 of the *Valuation of Land Act*, and those terms are set out pretty clearly in that piece of legislation. My advice is not influenced by commercial negotiations or political considerations. My duty is to make sure that the valuations provided to government are defensible, transparent, consistent and supported by market evidence. This is really important to maintain confidence in the valuation system, that I adhere to those principles. I think I will probably leave it there.

**CHAIR** - Are you able to outline the process that you undertook in valuing the land at Wilkinsons Point?

**Mr NAISH** - Absolutely. So, like most valuation advice we provide to agencies, we get requested under section 51. Normally, this comes in the form of a request. We look at that request and we make sure we clarify exactly what the agency needs in terms of the advice. Sometimes the requests come through as a fairly straightforward request. Sometimes they come

# PUBLIC

through as a few permutations and combinations of different scenarios that they might need as inputs into their final decision-making process.

So in mid-2024, we were requested by the Department of State Growth to provide valuations on the subject sites. There are a number of questions we were asked in relation to this matter. There were a number of different lots. There was valuing it as at the present date, but also a retrospective valuation back to 2018. We were asked to value the properties on an encumbered basis as well as an unencumbered basis, and we were also asked to value the properties as if they were sold separately, on separate titles, as well as what we call an all-in-line or an amalgamated valuation.

The information we were provided by State Growth was a proposed plan, so, you know, these are sort of non-final survey plans. This is what we know now. We were provided information in terms of planning advice from DSG, pitt&sherry, and a number of other different important inputs into the valuation so that we could actually have our assumptions that we could proceed with evaluation.

We provided that advice to DSG<sup>1</sup>. Around December [2024], we were asked to provide some further addendum advice. There was really nothing new in terms of proposed lots that were there; it was really just, 'Can you give it to us in a few different combinations and permutations?'

**CHAIR** - Different lots together or?

**Mr NAISH** - Yeah. So you know, we were asked to value - there's two Lot-1s; there was a Lot 2, a Lot 3 and a Lot 7. The queries - you know, if you wanted to get into that later, I can do. But it was really, well, if we sell these separately, what would be the valuation of each lot if we combine Lot 1 and Lot 3? What would that look like?

That's, I suppose, a very high-level summary of the valuation process. Now, what the Office of the Valuer-General did, obviously because it's a high-profile site and we wanted some specialist eyes on it, we did outsource the valuation to private firm, Acumentis, and when that valuation came back in - high-quality assured advice that was fit for purpose. It also provided a bit of a separation and check and balance, too. We had, I guess, two sets of professional eyes on it, that we got consensus that seems to be a sound valuation for those properties.

**CHAIR** - So you did what you would - well, the process wasn't out of the ordinary that you undertook it?

**Mr NAISH** - It definitely wasn't out of the ordinary. We provide a wide range of valuation advice to Government. Some of those can be just: 'Here is a final survey plan, and we want a hard number for what we could possibly put forward as a submission to set a reserve price under the *Crown Lands Act*.'<sup>2</sup>

Other times it's a moving feast, and they're in the middle of negotiations, and so there's a lot of what-ifs, and that's what I would probably categorise this valuation as: a lot of what-ifs

---

<sup>1</sup> Department of State Growth

<sup>2</sup> *Crown Lands Act 1976* (Tas)

## PUBLIC

and different valuation scenarios, and that would inform the decision-maker as the negotiations progressed.

**CHAIR** - So in terms of what was provided, one assumes, to Department of State Growth - you provided a valuation to them. From what I hear, it probably wasn't one document - or it might have been one document but it contained a variety of different valuations based on decisions made. Is that true?

**Mr NAISH** - We had a number of - it was the one valuation report to start with, the initial one, and it had a number of different scenarios. So we provided a valuation for each of those scenarios quite clearly.

**CHAIR** - The Government provided the scenarios?

**Mr NAISH** - The Department of State Growth, in their instructions to us, provided the different scenarios. We valued those properties based on those different scenarios.

**CHAIR** - It was one report that you provided to the Government, or to the Department of State Growth?

**Mr NAISH** - That's correct.

**CHAIR** - With the valuation of a number of different scenarios within it?

**Mr NAISH** - Yes. We provided one report in September 2024, and then we provided an addendum to that report in December 2024. The addendum report was, 'Well, these are the scenarios that we asked you to provide us. Could you provide us one or two more scenarios. What would that look like?' So, we were able to use the information that we had from the September report, just to update the advice that we gave the Department of State Growth.

**CHAIR** - So, the report now is a report and an addendum, or two documents? Do you know?

**Mr NAISH** - It's effectively two documents. It's a report and an addendum to that report, if that makes sense.

**CHAIR** - Do they need to be read together to make sense?

**Mr NAISH** - They absolutely do, and we do make that quite clear in the addendum, that they need to be read in conjunction with each other. Because the addendum is really just focusing on those two additional scenarios and what the new values are, whereas all the facts that support how we got to those values, in terms of sales evidence, is in the original report.

**Ms THOMAS** - Mr Nash, you've mentioned that you were asked mid-2024 by the Department of State Growth to provide the valuation on the site. I'm just referring to the transcript of a Public Works Committee hearing of 7 December 2020, when then-secretary of the Department of State Growth, Mr Kim Evans, referred to a high-level term sheet underpinning negotiations with LK Group around sponsorship of the JackJumpers, redevelopment of the Derwent Entertainment Centre, and the proposed sale of land. In that transcript, the high-level term sheet confirms it sets the boundaries, and Mr Evans says 'that

## PUBLIC

requires Mr Kestelman to pay us a deposit of 10 per cent of \$6 million, which would be purchase price for the surrounding land' - again discussed with the Valuer-General - and to pay the holding costs while he's working out his development. There's reference there to a figure of \$6 million that, according to Mr Evans, had been discussed with you. So, were you, at any time prior to mid-2024, requested to provide a valuation of that land for this purpose?

**Mr NAISH** - No, I personally wasn't. I did commence as the Valuer-General in late 2022. What I probably could say is the valuation by the former Valuer-General back then likely could've been based on different areas, different assumptions, and different market dynamics that would've occurred at the time. From our point of view, we didn't use that as an anchor, or an influence, on our most recent valuation. We looked at it with fresh eyes, using market evidence that was around at the time, and just approached it as a fresh exercise.

**Ms THOMAS** - Okay.

**Mr WINTER** - I know you weren't the valuer at that time, so there was a formal valuation provided by your office at that time?

**Mr NAISH** - I personally haven't been able to locate that particular piece of valuation advice.

**CHAIR** - You have looked for it?

**Mr NAISH** - I have looked for it but, look, I understand it was obviously raised and known at the time. But in terms of - I haven't been through the exercise of finding it, dissecting it, and seeing what basis it was done on.

**Mr WINTER** - Or what particular part of land, I suppose, because you were looking at different scenarios so it's hard to know what -

**Mr NAISH** - Exactly. We proceeded on the proposed lots that Department of State Growth put forward to us in mid-2024. That was, sort of, our laser-focus of our exercise, to provide that valuation advice to Government.

**Mr WINTER** - I know it's difficult without the report, but does \$6 million sound like the right sort of ballpark figure for land like that?

**Mr NAISH** - Look, it's hard to retrospectively analyse what may have been back at that particular time. We were given, you know, particular areas, particular planning advice from an external consultant. So, there may be things that were known now that may not have been known back then, but it's probably not really appropriate for me to comment on an evaluation that was done at a past point.

**CHAIR** - I'll ask a question and then come back to you, Bec.

You said you were, in part of the valuation that you undertook, you went back and did a retrospective valuation that went on to 2018.

**Mr NAISH** - Yes.

# PUBLIC

**CHAIR** - When you did that, how did you then undertake that? Is this when you found the other report wasn't available or couldn't be found?

**Mr NAISH** - The way that we approach the retrospective valuation of 2018, and with the benefit of time and hindsight, a lot of sales have settled in the last two, three to four years. So, it was, perhaps, advantageous that we may have had more information that came to light in the last couple of years. But no, the short answer is: I didn't seek out the 2018 valuation to compare it to what we've provided in 2024. We just approached it with fresh eyes, based on the evidence that was available before us.

**Ms THOMAS** - Is it common practice for a department to ask for a retrospective value, and is it common practice for a Valuer-General to actually provide a retrospective value?

**Mr NAISH** - First up, yes, it does occur - and there can be many reasons that's the case. From our point of view, we're providing the inputs into a bigger decision-making process, and there may have been reasons that that information was relevant to decide what they might put forward as a final price, but it's not uncommon. It's certainly an easier exercise to do a retrospective valuation because it's well and truly in the past and you have probably more evidence of sales that have occurred.

In terms of what that information was being used for, we don't have visibility of why that was requested, and it's really the role of the valuer-general just to provide the valuation advice based on what they need.

**Mr WINTER** - What impacts would, or did the upgrades to MyState Arena have on the valuation, if any?

**Mr NAISH** - The subject properties that were valued were just the land value only, but having, you know, the services available to the properties.

In terms of what the uplift might have been or may not have been, it was our view that we just looked to see what was out there in the market to compare it to. There were a number of community and general residential properties that we were able to directly compare to. It would have been very difficult to assign a number and percentage to say, yes, this would cause an uplift, but also, two, the exercise of a market value is not to ascribe a value to a particular purchaser. It's what would be the value of the land if it was exposed to the open market.

**Mr WINTER** - When you do a retrospective valuation on 2018, correct me if I'm wrong, I know there's been a master - has there been a zoning change on the site since 2018?

**Mr NAISH** - There was a specific plan that was in force.

**Mr WINTER** - When you do a retrospective valuation on it in 2018, are you doing it based on the planning that was there at the time or based on what's currently there with the specific purpose plan?

**Mr NAISH** - For a retrospective, yes. The legal and permissible use at that date is taken into account, and if that's different to the legal and permissible use at 2024, yes, that is definitely taken into account. Whether or not that materially changes the value, it's really about how the

## PUBLIC

market treats the site - the risks attached to the development. So, if it still has a community-type use, you know, the market may not treat it materially different, if that makes sense.

**Ms THOMAS** - Is your valuation for the land as it is, or does it take into account any investment the Government intends to make in getting the land development-ready, because over the last few years we've heard anywhere from \$12 million that the Government had committed in a budget to make this land development-ready to more recently a department estimating \$100 million. How is that factored in, if at all, to your valuation?

**Mr NAISH** - Our instructions were to value the property as is, with services available to the property. Yes, an as-is valuation.

**Ms THOMAS** - With existing services available?

**Mr NAISH** - Yes.

**Ms THOMAS** - Okay. You mentioned Lots 1, 2, 3 and 7. Are you able to tell the Committee the specific, you know, property identifier numbers of those parcels of land? There is some community interest in the different parcels of land and what's being considered in and out of this proposed sale; is there any sort of documentation you can provide to the Committee about that?

**Mr NAISH** - There is. I guess I could provide a lot of - plans of the proposed lots. In terms of what's on the table to be sold and what combination, I'm not able to provide that information. I can certainly provide what we were asked to value.

**CHAIR** - That would be really helpful. Do you want us to write to you to get that information?

**Mr NAISH** - I was just thinking that it may be prudent, rather than going in camera, but that's something definitely we could provide, if that's -

**CHAIR** - If there are elements of your response that should remain in confidence, you can just indicate those in your response. We will write to you on that matter.

**Ms THOMAS** - Thank you. I think you may have already answered this: in terms of the valuation that you provide to the Government, is that equivalent to what the land's highest value is and best use is in an open market scenario? Is that how you determine your valuation?

**Mr NAISH** - That's correct. It's not a valuation or a value to a particular purchaser. It's what you'd reasonably expect if it was exposed on the open market, given the purchases that are in the environment, and what has recently transacted and what has actually been done; what you realistically expect it would be developed into. There's obviously zoning and there's obviously some permissible uses there, and yes, some of those permissible uses may be legally permissible, but there's also the market consideration to take into account as well, whether the market is there to actually support it.

**Ms THOMAS** - In terms of the proposed development scenario, then, there have been certain concept plans made public at different stages. I think the case is that that doesn't come

## PUBLIC

into your valuation at all - the proposed development, the proposed use of the land doesn't come into your valuation. Can you just confirm that that's the case?

**Mr NAISH** - That's correct. It focused on the zoning and what was legally permissible at that time.

**Ms THOMAS** - In terms of the Auditor-General's report into this proposed disposal of land, one of the findings of the Auditor-General, 3.10 on page 14 of the report says:

State Growth sought advice from the Valuer-General on the report's disclosure and the Valuer-General advised State Growth that they should not share the valuation report with the proponent, because the report states it is not to be relied upon by third parties, and providing the valuation to a potential purchaser is considered a potential misuse of information in some Australian jurisdictions.

Can you talk us through that advice that you provided and any thoughts you have on that advice not being followed?

**Mr NAISH** - No problems. I suppose part of my role as the Valuer-General is to provide frank and fearless advice. My advice to any government department would be the general advice which I did provide, but at the end of the day, I'm not privy to negotiations or what's happening behind that curtain, because of the independence that I have to have in maintaining - providing the valuation advice, rather than being in the mix of doing the negotiations. In the email advice that I provided the Department of State Growth, I did preface it to say, well, of course this is up to you, but my advice is it's not best practice to share the valuation report. That's our, I suppose, information to you to consider in your negotiations and make a transaction. The report, itself, that we provide, makes that pretty clear - that it's for a specific purpose and a specific client.

And, I did make the suggestion that - if I'm looking in other jurisdictions, for example New South Wales, they actually say it's definitely not best practice because it could be seen as giving a particular proponent information that may not be available to other potential purchasers. But again, I will preface it by saying I don't know the conversations that the Department of State Growth was having with the proponent at the time. So, that was general advice. They came back and informed me that they were going to hand the report over -

**CHAIR** - Before they did it?

**Mr NAISH** - Yes, I understand they did and I think my response was, 'Okay, that's fine.' Again, that's something that each government agency, whatever they're doing with their negotiations - there may be a lot of things, a lot of situations that I'm not particularly aware of, but I'll give them the benefit of my experience and my advice - and how agencies take that is really up to them.

**CHAIR** - So, did you reiterate that point - the reasons why you believe it's not appropriate to share that valuation report?

**Mr NAISH** - I did. I think my original advice, in writing, was pretty clear and I think that's mirrored well in the Auditor-General's report. In terms of, you know, whether I

## PUBLIC

have - look, I can't prevent agencies from sharing the advice, that's outside my remit, all I can do is say, well, these are the potential disadvantages of sharing that advice. But, at the end of the day, I wasn't close to the negotiations or the details or the minutiae.

**CHAIR** - Are you aware of other valuations done by your office, either yourself or, if you weren't there, prior to you being appointed Valuer-General that have been shared with proponents or possible proponents?

**Mr NAISH** - No. And, I suppose my alternative advice would be for the agency who receives our advice, as their advice to inform themselves to do their negotiations, to encourage the proponent to get their own valuation advice and, if that is markedly different, then the Office of the Valuer-General will assist the agencies in sitting down with the valuer or the expert of the proponent and talk through the areas where they're different and where they're the same, and then report separately back to our respective clients.

**Ms THOMAS** - I'm just going back to the - you've had a look for any reports provided prior to your time in the role. In terms of record-keeping within the office, are prior reports generally kept on file, so that they would be readily locatable by a new Valuer-General coming in?

**Mr NAISH** - Yes: and I suppose there were records of back and forward correspondence, but I wasn't able to locate the actual valuation. So at - I'm not particularly sure whether it was, maybe a memo that was perhaps confidential or was perhaps given verbally, but, I have tried and haven't been able to uncover that particular document.

**Ms THOMAS** - Okay. Finally, in terms of the most recent advice you've provided, are you able to tell us what date you provided the most recent valuation report?

**Mr NAISH** - Yes, so we were - the original valuation report we provided was September 2024. We provided a further addendum in December 2024. And then we did provide some further advice in May 2025. So there were no new lots: it was really still just, 'Can you give us a different combination and permutation of the lots you've already valued and what's that look like? What does that look like if we have these as separate lots capable of sale, and what's that look like if we actually amalgamate these together?'

**CHAIR** - Okay, 25 on - is that a further addendum report to the report, or is that something separate?

**Mr NAISH** - That's a further addendum, and again it references the original September valuation.

**CHAIR** - It needs to be read in context.

**Ms THOMAS** - Just finally, then, so in May 2025, the actual valuation of the land itself wasn't updated. It was just splitting up the land differently?

**Mr NAISH** - That is correct.

## PUBLIC

**Ms THOMAS** - That's right. So would it be reasonable to expect that, now we're March and April, almost a year on, 2026, that the land ought to be valued again if it's to be sold at today's value before any final deal is done?

**Mr NAISH** - I think, for a couple of reasons, normal valuations once they get over six-months old are really considered almost out of date, because you could have new market evidence that needs to be considered. I guess it really would depend on whether the proposed plan has moved closer to a more final plan and what that looks like and how that might change may significantly impact the valuation as well. So for all these reasons there's an expectation that we would be asked to provide an updated advice.

**Ms THOMAS** - Okay, thank you.

**CHAIR** - You haven't been asked by them?

**Mr NAISH** - I haven't been requested to provide any further advice.

**Ms THOMAS** - Thank you.

**Mr JAENSCH** - Thank you. Mr Naish, Roger Jaensch, thank you for joining us today. Just back to that question of the provision of valuation to a purchaser. I recall a number of instances fairly routinely where Crown land has been disposed of or transferred to a local government council - I think in some cases, too, where a piece of sort of redundant cadastre is surrounded by another landholding, and there's a procedure there for disposal of Crown land which involves a transfer at valuation to an identified purchaser. I assume those valuations are done by your office?

**Mr NAISH** - That is correct. And that comes from the instructions of Crown Property Services. Look, in those cases it may very well be that the most likely purchaser is an adjoining owner or an owner with -

**Mr JAENSCH** - a council or something like that.

**Mr NAISH** - Yeah, there's no other practical access to another individual. And so the way that we would look at that valuation exercise is: what is the added value of that land to the existing holding as an adhesion valuation exercise.

**Mr JAENSCH** - So there are circumstances there where Crown land is transacted with a valuation as not informing a market process, but being the basis for the transaction so that there is a - your understanding the value of the public's asset that's being transferred in that. Yeah?

**Mr NAISH** - That is correct, yes.

**Mr JAENSCH** - Okay. And so those valuations will be done - similar methodology, but perhaps with fewer caveats on the use of the information is that. Is that what would happen?

**Mr NAISH** - Yes -

## PUBLIC

**Mr JAENSCH** - Because you would be sharing that information with the purchaser is my point.

**Mr NAISH** - It is likely that Crown Property Services would share that information with the purchasers. We would get our instructions from Crown Property Services. We would provide that back to Crown Property Services, and I would imagine that the Crown Property Services would disclose to the applicant that we've received some valuation advice from the Office of the Valuer-General and this is what we're looking at. And then I guess it's a bit of to and fro until some sort of purchase is made.

**Mr JAENSCH** - Yes. I think it's a relevant - different, but there's some parallels in the process there, which I just wanted to explore. Thanks.

**CHAIR** - Can I just clarify: that relates to public land being sold to another public owner, like school land -

**Mr NAISH** - No.

**CHAIR** - being sold for housing or something: is that what you're talking about? I just want to be clear. We need to be careful to compare apples with apples here.

**Mr NAISH** - Yes, if I may, I think it may have been talking about some examples, or for example, under the *Crown Lands Act*, if there's a piece of road that's no longer used and going to be closed, that can be closed, converted to freehold and amalgamated in with the adjoining owner, and that can be triggered by an application from a member of the public.

**Mr JAENSCH** - But I think there are also examples that I'm aware of where we've had Crown lands that might have been leased to a local government, council, for the purpose of a recreation ground or something like that, or public open space at a sort of peppercorn arrangement, and council subsequently saw an opportunity to develop that land for housing purposes in the local area, and identified that that would be a better use for it than public open space, and then has made application; and I think that the advice has been that the Government is in a position, for our purpose, to transfer the land to the council, but at a valuation, because the council would then be on-selling it. So, where there is a value to be realised which the State is prepared to support, there's been a valuation component to that, to define the value of the transaction to make that happen, where you've got one buyer, one seller.

**Ms THOMAS** - Chair, may I just have one final question: in terms of the information you take on notice about what was requested by DSG, are you also able to provide to the Committee copies of the reports and the addendums provided to DSG on the valuation as confidential material? Or is there anything in the act that prohibits you doing that?

**Mr NAISH** - If it would assist the Committee, that should be something that we would provide in confidence.

**Ms THOMAS** - Yes, okay. We will add that to our letter.

**CHAIR** - We will write to you on that.

**Mr NAISH** - This is a copy of our valuation?

# PUBLIC

**Ms THOMAS** - Yes.

**Mr WINTER** - I mean, it just strikes me, Chair: this is public land. The developer has a copy of the valuation, yet Tasmanians who own the land - we're saying we have to keep this in confidence. I mean, it strikes me as unusual, this situation: are we prohibited by law from seeing the valuation, or -

**Mr NAISH** - I have an obligation for secrecy, but the agency that holds the valuation, that's a matter for them, if that makes sense.

**Mr WINTER** - The Department of State Growth in this case.

**Ms THOMAS** - That's a question we can ask them.

**CHAIR** - Okay. Well, thank you very much for your time. We have run out of time, but we appreciate you being very clear in your process and we will write to you with those couple of matters and appreciate the time and information you've provided to us. Thank you.

**The witness withdrew.**

# PUBLIC

## Glenorchy City Council

**CHAIR** (Ms Forrest) - Thank you, Mr Reale, for appearing before the Public Accounts Committee. This is our public hearing into Wilkinsons Point and the processes around the disposal and sale of that land. We acknowledge that Glenorchy City Council's role was somewhat back a bit, but we still have questions we'd like to put to you.

Thank you for appearing. Everything you say before the Committee is covered by parliamentary privilege. That may not extend beyond the Committee room. Just keep that in mind if you're speaking about this outside of the Committee process. It is a public hearing. Everything is being transcribed and the hearing is being broadcast. If there is anything of a confidential nature you wish to share with this Committee, you can make that request to the Committee, and the Committee will consider that request.

Do you have any questions before we start?

**Mr REALE** - No.

**CHAIR** - I will invite you first to do the statutory declaration. Then, I'm not sure if you wish to make some opening comments about Glenorchy City Council's role in this, in that body of land and the interest in it up until the point you no longer were, or are.

**Mr EMILIO REALE**, CHIEF EXECUTIVE OFFICER, GLENORCHY CITY COUNCIL, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**Mr REALE** - As an opening statement, I would like the Committee to know that I came back to work for Glenorchy City Council in April 2021. At that point, the sale process was well and truly underway. In fact, I think it had just been completed. I arrived on the tail end of it, so any prior dealings or negotiations were done before I arrived back at council. I say 'back at council' because I did work at Glenorchy council some years earlier as well.

**CHAIR** - When you say it was 'well underway', at what point did you understand it to be at?

**Mr REALE** - The sale process was virtually just being completed, and there were still some contractual obligations on the Crown to tidy up land titles, some survey work and that sort of thing that had to be completed.

**Ms THOMAS** - Thank you. Before I start, I will put on the record as well that I was a member of the Glenorchy City Council from 2018 to 2024, so I was around the table when the decision was made to sell the land and the then-Derwent Entertainment Centre to the Tasmanian Government.

I'm interested now, Emilio, in hearing about what council's role is now in the proposed development land, particularly as a planning authority, if you can outline that? And, what recent consultation has the council had with the state government and/or the proponent in relation to the proposed sale and development?

## PUBLIC

**Mr REALE** - After the sale process was completed, there was some work that was being undertaken by State Growth to build a community basketball court. So, there was work being undertaken from the Glenorchy, well, planning side of things to look at the proposal and how it would work in the suggested location, which was behind the Derwent Entertainment Centre.

There were a few overlays and things that had to be worked through - like, there was a seagrass refugia area that had to be lifted. There were a few issues with the seawall that had to be repaired and just the general zoning of the land. I think there were some access issues. So, we were still involved in working through that process with representatives of State Growth, mostly from Infrastructure Tasmania. They appointed a consultant to handle the more detailed planning side of things, and it reached a point where we had a design and we had lodgement of a DA,<sup>3</sup> but there were still lots of details missing. But the Department of State Growth had realised that there was a lot of additional works that needed to be undertaken for the proposed multiple basketball courts could progress, like road upgrades, sewer/water upgrades, power infrastructure and intersection upgrades. And I think there was an additional \$20 million that had to be invested, so that was the main decision to stop and withdraw the community basketball courts from that Wilkinsons Point area.

Since then, there's been very little consultation and engagement, apart from where the ferry terminal is going at the end of Wilkinsons Point. There's been a lot of discussion about an access road into that site, because originally there was an access road and then, I think, through negotiations between State Growth and the Kestelman Group, they didn't really want to provide an access road because I guess it used up valuable land near the water's edge, and they're proposing that we access the site through their development area. We weren't in agreement with that as a council because we would have to service the ferry terminal and the reserve, and that would make it difficult to get our equipment through. We lobbied pretty hard to maintain that access road which State Growth has agreed to, and is shown in a draft plan that they've got.

**Ms THOMAS** - In terms of the broader development of land and the proposed sale, Council has a role, my understanding as planning authority, and there was a special area plan developed. It was under development around the same time the sale was occurring from Glenorchy City Council to the State Government: where is that at?

**Mr REALE** - There hasn't been any further discussion or lodgement of any other plans on it. From my understanding, the special area plan [SAP] that was in place got amended to allow for sports retail down in the Wilkinsons Point development area because it was proposed to be an entertainment precinct, and once that SAP was adjusted, there was a master plan that was put out as a draft. Since that time, there's been no further development or lodgement of any plans from the Kestelman Group or State Growth.

**Ms THOMAS** - Can you remember when that draft master plan was provided to Council?

**Mr REALE** - It was around May 2025.

**Ms THOMAS** - Okay. As far as you're aware, it's still in draft form?

---

<sup>3</sup> Development application

## PUBLIC

**Mr REALE** - Still in draft form, because I believe there's still a few changes that have been proposed by the Kestelman Group and we haven't actually - it took a long time before we saw a draft master plan that was provided to us by their planning consultant, but I believe State Growth was working with the Kestelman Group in the development of the master plan, because they had mentioned it to us a few times, but we hadn't actually seen a draft until May last year.

**Ms THOMAS** - Okay. Did they provide that to you for feedback? Were they seeking your feedback from a planning perspective?

**Mr REALE** - It was provided to get some early advice from the planning team, asking a few questions around what would be the requirements around the master plan. Our strategic planner did respond and provide some advice under a number of headings, just to help guide their consultant planner.

**CHAIR** - When was that? When did the planning people reply?

**Mr REALE** - They responded on 19 June 2025.

**CHAIR** - Can I just follow up on that for a moment, Bec. I don't come from local government land, unlike everybody else at the table.

**Mr WINTER** - That's a shame, Chair.

**CHAIR** - I think it's quite an advantage, so I can ask really dumb questions.

**Mr WINTER** - You haven't done your apprenticeship, that's what it is.

**CHAIR** - I'm just interested in whether, as a Council, you would expect - the draft master plan May 2025 - presented to Council for feedback - feedback provided 19 June 2025: would you expect to have a more updated plan or even a final master plan presented - in what sort of timeframe?

**Mr REALE** - It's not uncommon for developers to provide a plan to get some early engagement to say, 'Here's what we're thinking, are there any show stoppers here?' That's not uncommon at all.

**CHAIR** - Was that the sort of master plan that was provided. Are there any show stoppers here, or is it more developed than that?

**Mr REALE** - It was very much a concept.

**CHAIR** - Right, okay.

**Mr REALE** - There are not really any real design plans. It's just blocks on land saying, 'This is where we want to put a car park; this is where we want to put an entertainment hub; this is where we want to put accommodation.' It was really at that level. That's not uncommon, and then with the advice that we'd give the developer, they would go away and then refine the plan a little bit more, and most likely lodge a DA from that. We haven't actually got a lodged development application.

## PUBLIC

**CHAIR** - Would you have expected to have something more formal in that timeframe, or is it quite unusual that it takes -

**Mr REALE** - No, it's pretty open-ended. Sometimes people will come back pretty quickly depending on how keen they are to get the development up and running; sometimes we don't hear from developers for a couple of years, and then all of a sudden they will pop up out of the woodwork. It's just unpredictable.

**Ms THOMAS** - In that case, then, did it come as a surprise to you, or to Council, that the Premier announced that there was an agreement to sell the land, when the Council hasn't even seen a final master plan, let alone had a development application lodged on the site?

**Mr REALE** - No. It didn't surprise me because, I guess, sometimes these large-scale developments are an iterative process. They might start with one part of it and then develop more. I guess for a developer it would be about securing the site. So it gives them certainty to work on stages of the plan, because that was one request: could it be staged? And Council had said yes, we would look at staging. My understanding was that the sale process was always going to happen anyway, as far as the purchase of the Derwent Entertainment Centre, and then at that time, there was going to be the community basketball courts - then an area for future development.

**Ms THOMAS** - In terms of the agreement with the State Government, my recollection was that there was some level of rates remission that the State Government was granted by the Glenorchy City Council as part of that sale agreement. That was linked to the development of the basketball courts, and further-stage development of the land. Are you able to tell the Committee where that part of the agreement is at, given that basketball court no longer is going ahead?

**Mr REALE** - Yes. Part of the sale agreement was that there was a rates holiday granted on the Derwent Entertainment Centre until the community basketball courts were built and operated. They were to provide a community benefit, but then rates would recommence once the facility was open, up and running: but when we had the announcement that the community basketball courts was going to be split, the JackJumpers high-performance centre was going to Kingborough, and the four community courts would stay in Glenorchy somewhere, once we had that announcement finalised, we made the decision - well, the general manager, but I was in consultation with the general manager at the time - to commence the charging of rates, because now the commitment, or the agreement, that was in place was no longer in place.

**Ms THOMAS** - So the State Government is now paying rates on both the MyState Bank Arena-Derwent Entertainment Centre asset, and the land more broadly, the Wilkinsons Point land?

**Mr REALE** - Yes, because it is all still one title.

**Ms THOMAS** - Right, okay.

**Mr REALE** - There was something else that had to be completed. So the subdivision of land, the DEC was supposed to be on its own title, and then the development land on another title. That was part of completing the sale agreement. That hasn't progressed as yet.

## PUBLIC

**Ms THOMAS** - So it's still all one title?

**Mr REALE** - It's still one title: even the land that was committed to come back to Council as reserve land is still on that one title under the Crown.

**CHAIR** - So there aren't separate lots?

**Mr REALE** - No, because it was all taken as Crown land.

**CHAIR** - So we did hear from - and I'm not questioning the Valuer-General here, I'm just trying to understand this. The Valuer-General told us that he was requested to value various lots, Lot 1, 2, 3 and 7 of that land: but you're telling us it's all one lot?

**Mr REALE** - Well, originally Wilkinsons Point did have a number of lots. I'm just trying to find -

**CHAIR** - They were then joined, were they?

**Mr REALE** - My understanding is -

**Ms THOMAS** - My understanding is there's a number of different PIDs. They're called property identifier descriptors, and there's a number of different ones of those across the land.

**Mr WINTER** - There's seven.

**Ms THOMAS** - Have you got it up on The LIST there?

**Mr WINTER** - Yes. I can't find Glenorchy. I'm only joking.

**CHAIR** - It's up the river.

**Mr WINTER** - I'm just trying to upset my friend.

**Mr REALE** - It is still shown as different lots, but my understanding is it's one title.

**Ms THOMAS** - One title: so you can have one title with a number of different lots. Okay.

**Mr REALE** - I mean don't quote me as that's 100 per cent: but that was my understanding, that it was a number of PIDs, but one title.

**CHAIR** - So what you were saying was that the title was going to be split into a number of titles as well: is that correct?

**Mr REALE** - Yes. So where the Derwent Entertainment Centre and the car park is, was going to be one title; and where the community basketball court was, if I remember rightly, it was going to be another title; and then there was a development area.

**CHAIR** - What about the foreshore?

## PUBLIC

**Mr REALE** - Foreshore was to be split as another separate title to be given back to Council as public reserve land.

**Ms THOMAS** - That's part of the agreement?

**CHAIR** - It hasn't happened, though.

**Mr REALE** - No. There was some early survey work undertaken, but that hasn't been lodged or completed.

**Ms THOMAS** - Is it fair to say it's fairly important to the Council that that work is undertaken before any sale occurs of Crown land? Because that foreshore land is incredibly important to the community that that's retained in public ownership.

**Mr REALE** - We are getting questions from the public asking because the, I think when this matter hit the newspapers, they quoted the total amount of land area, and somebody had worked out that that includes the reserve land. So there was a question at a Council meeting during public Question Time about the area of land and what was coming back to council. But it is a condition of the agreement that the land does come back to Council and the condition is that we can continue to use it and we are to maintain it as normal until the formal process is completed.

**Mr WINTER** - I just wanted to go back a little way, Chair, to the rates remission component of this that Ms Thomas was asking about. It seems unusual to me that the State - what was the rationale behind the State not paying rates for that period of time?

**Mr REALE** - Really it was about saving money, and I guess a little bit more of a Council contribution towards the community basketball courts. I think rates for the Derwent Entertainment Centre is reasonably high in the, I think it's in the \$50s or \$60,000 per annum.

It was to provide a bit of a saving on operational costs while they got it up and running. Then, once the development was complete, they would pay the full -

**CHAIR** - So it was only a holiday not an exemption?

**Mr REALE** - It was a holiday, not a permanent arrangement.

**Ms THOMAS** - Like an in-kind contribution by the Council to the community basketball courts.

**Mr REALE** - Yeah. Because when the Council owned it, obviously we didn't charge ourselves rates. So we just continued that until the community courts were to be completed.

**Mr WINTER** - Was that being - was that remission, though - was this about the tenant though, or was it about the State? The LK Group got a lease of the Derwent Entertainment Centre for 50 years, from recollection. Was it about saving their costs or was it about saving the State cost?

**Mr REALE** - It was more about saving the State costs. It was negotiated with the State.

## PUBLIC

**CHAIR** - [inaudible] the State past that saving onto the tenant. That's a matter for them.

**Ms THOMAS** - In terms of the works, we've heard various estimations of the works that would need to be undertaken for the land at Wilkinsons Point to be development-ready for whatever is proposed. We've heard the Government commit \$12 million in one budget towards making the land development-ready. You just mentioned before that even for the proposed basketball courts, there was a likely investment of around \$20 million of infrastructure upgrades needed to make that facility buildable. We've in more recent times heard estimates of up to \$100 million needed. Is Glenorchy City Council on the hook for any of the work that's required in the area?

**Mr REALE** - No, but the last figure that was put to me was that when - basically we were right at the end of negotiating the community basketball courts, and I think when they'd made the determination that it wasn't going to go there because of the extra cost, the figure that was put to me was \$23 million of additional infrastructure costs. That was to upgrade intersections, road, water, sewer and power infrastructure. Council was not up for any of the cost for upgrading any of that infrastructure because it was pretty much all within the development site. The only thing that was in the original sale agreement was that, if the community basketball courts were going to go ahead, the internal road, Loyd Road [Dowsing Point], had to be realigned around those courts, because the way the road is aligned at the moment, it actually goes straight through the middle of where the proposed site was going to be. That was a \$2.4 million cost that was agreed, under the sale agreement, that Council would put back to the road, I think it was \$2.7 [million] with GST. It was to be done by a certain date, which has well and truly passed and expired.

The only other area of infrastructure, and it's not really related to the development site, although it is all on the same title at the moment, is the ferry terminal at the end of Wilkinsons Point. Council, in conjunction with - Hobart, Clarence and Glenorchy received a grant of \$20 million to provide the ferry terminal infrastructure to try to get a ferry service running between those three municipal areas.

As part of that grant all three councils were required to co-contribute \$500,000 each. Glenorchy will have to contribute that once the ferry terminal is up and running. We would like it to be a commuter ferry service, however, State Growth informs us that it will only be events-based to start with until the demand for it reaches certain other thresholds. If Dowsing Point is developed for housing, which I know is only a very early proposal at this stage, then there would be more demand.

**CHAIR** - How do they measure demand in that? I mean, how do they know if people won't use it unless it's -

**Ms THOMAS** - It's all to do with time of trip, that it wouldn't actually save time.

**CHAIR** - Try to drive up the Brooker [Highway], in my experience.

**Mr REALE** - Part of the issue is there's not really any car parking there. Even though it's vacant land, the zoning doesn't allow for a car park to be built there for that commuter use. It would have to have some zoning changes, but for events-based transport it would work quite well.

## PUBLIC

**CHAIR** - Dean, did you want to say something?

**Mr HARRISS** - No, I'm okay.

**CHAIR** - We will go to Bec.

**Ms THOMAS** - You just mentioned the proposed Dowsing Point land development: has Council been consulted on that? I mean the Premier's media release made quite clear that the two are somehow interlinked - that one has the potential to support the other: has Council been consulted on that? You've said that Council hasn't really been consulted in recent times on Wilkinsons Point, so what about Dowsing Point?

**Mr REALE** - I've had no consultation directly from the Government on Dowsing Point at all. I think I mentioned from the Premier that they would like that handed to the State Government so that it could be developed for housing, but that's -

**Ms THOMAS** - The first you heard of it was the media announcement.

**Mr REALE** - Yes. I believe there was an ad in the paper for a public consultation session at the hockey centre in - I think 8 April [2026], I saw an ad in the paper.

**CHAIR** - On the use of the land, or -

**Mr REALE** - Proposed disposal of that Defence Department land, yeah.

**CHAIR** - The Commonwealth is running that process?

**Mr REALE** - Yes, they are.

**Ms THOMAS** - On the Wilkinsons Point proposal, back when LK Group first proposed developing the site, they had a pretty flashy website that had concept plans and designs for the area, which the community was quite excited about; since that time, as far as I'm aware, there's been no information provided to the community to suggest that that's changed. Certainly, this will be a question I will have for LK Group tomorrow when they come before this Committee. Obviously, it is probably a question for them to answer, but from Council's perspective, has Council been made aware that what is now being proposed is different from what still exists up on that Wilkinsons Point reimaged website?

**Mr REALE** - No. I'm not aware that we've been informed that that's changed. I think, as far as I know, the concept plan that was presented to us is still their version of what they're looking to do, but we haven't had any further discussions, or anything presented that says otherwise.

**Ms THOMAS** - The hotels, cafes, sports, retail?

**Mr REALE** - The only thing that - during the ferry terminal discussion, is that State Growth had proposed a multistorey car park that would help with the commuter use of the ferry - once the thresholds change, there's more demand. If there's development on that site, that probably will increase demand, and for people who want to come and use the entertainment

## PUBLIC

precinct - and State Growth, I believe was going to retain ownership of one of the carparks, the multi-storey car park and lease it back to LK Group or the hotel operator.

**Ms THOMAS** - In terms of community consultation on that proposal: from your knowledge, has there been any further community consultation or information provided about what's proposed, or would you expect that would come at the development application stage?

**Mr REALE** - No. There's not been any further community consultation. With a project like this, we would expect that there probably would be a little bit more engagement with the developer, but it certainly would get advertised at DA stage when the DA is past the point of when it's all assessed and looks like it's going ahead: then yes, it would be the public advertising period for the community to be informed.

**Mr EDMUNDS** - I have a question about the ferries: is the advice from the State Government that the ferry terminal to be established at Wilkinsons Point is only to be for events?

**Mr REALE** - That's the advice we've got at the moment. Originally, when the ferry terminal proposal was being looked at, it was the councils that applied for the funding and were successful from the Federal Government. Obviously, Councils don't run transport systems in Tasmania, so the ferry operator would need to be the State Government, and with that, Councils have said, 'Well, we don't really want to operate the ferry terminals.' I know a condition of the Federal Government grant is that we own and operate them for five years. Then we can hand them over to the State Government.

With Wilkinsons Point, we were under the impression, first off, that it would be commuter use, commuter based. State Growth has said there's no car parking on site, but you could get dropped off, and there's no bus service to that site.

**CHAIR** - No regular bus service.

**Mr REALE** - No regular bus service: that may change, though, if this development goes ahead and there are people who would come to use the entertainment precinct, or if there's denser population like Dowsing Point, then people would come to the site: but as far as events, MyState Bank Arena now can't comply with the planning conditions on how they manage the people in and out, because the volume of people that are coming to the games exceeds the amount of parking, and the issues that we have with access and egress in and out of the site. The ferry would help fix that. It would get people in and out of the site without cars coming on and off the highway.

**CHAIR** - There's only one way off that site, isn't there?

**Mr REALE** - There's two: there's an exit onto Goodwood Rd, which is a State Growth road: but part of that \$23 million I mentioned before was those intersections need to be upgraded to get cars in and out more efficiently.

**Mr EDMUNDS** - That original \$20 million for the terminals was part of that Greater Hobart submission, but was the condition of that, that it was to be for commuter use? Like would that put at risk any of that money if it's going to be built not for commuter use?

## PUBLIC

**Mr REALE** - I think the intent was that we all thought they were commuter use. I'm not sure it's a stipulated condition that it has to be.

**Mr EDMUNDS** - Thank you.

**CHAIR** - In the agreement from the Federal Government?

**Mr REALE** - Yes.

**CHAIR** - We ought to review that and just see, if you wouldn't mind. We will write to you just to review that - the content of the federal agreement with regard to the use of the proposed ferry terminal.

**Mr WINTER** - The Department of State Growth should know too.

**Ms THOMAS** - The agreement is with the councils, though. The councils got the money.

**CHAIR** - It sits with the councils for the first five years.

**Mr REALE** - Yes. Five years and then we can hand it over. We are trying to negotiate with the Federal Government to not have to own and operate for five years, because it doesn't make sense for councils to operate a ferry terminal, or a public transport function.

**Mr EDMUNDS** - We've got a media release here on the Premier's website that talks about this ferry network alleviating traffic on the Brooker.

**Ms THOMAS** - Well, it will on event days.

**Mr EDMUNDS** - Not sure the Bellerive ferry terminal's doing much to alleviate traffic on the Brooker.

**CHAIR** - Okay, we're pretty much out of time, has anyone got any other questions they want to ask?

**Mr WINTER** - Just one. You may have already covered it, but just for my clarity. The Premier's media release on 23 February [2025] last year outlined that the Tasmanian government has agreed to sell the land to the LK Group at a value determined by the Valuer-General to enable development of a multi-use retail precinct, a family resort and a hotel complex. Is that consistent with the draft master plan that you were presented with back in -

**Mr REALE** - The draft master plan did have a hotel for overnight stays, but it also had some units for family that are going to be there for a few days for an event, maybe, an entertainment precinct like - I think there was a bowling alley and some games-type entertainment operations, and I think there was a retail section, but the SAP only allows for sporting retail -

**Mr WINTER** - That was my next question. Did the Council form a view about whether the draft master plan was consistent with the SAP?

## PUBLIC

**Mr REALE** - At the moment, yes, but I understand they do want to change the sporting retail to just general retail, like big box retail. Council most likely won't agree to that because of basically that economic leakage out of our CBD: it will disburse the retail shoppers going to other areas rather than our CBDs, which undermines the idea of a CBD where you've got all your infrastructure and streets and footpaths and all that investment in CBD activity centres.

**CHAIR** - Is it permitted under the SAP anyway or not?

**Mr REALE** - What's permitted under the SAP is sporting retail only. So you could have your sporting -

**CHAIR** - Basketballs and uniforms and shoes -

**Mr REALE** - I'm just trying to think of one. There's one in Eastlands, like a -

**CHAIR** - A New Balance type thing?

**Mr WINTER** - Platypus or Rebel Sport?

**Mr REALE** - Rebel Sport, you could have outlets like that there because they specifically are about.

**Mr WINTER** - Because they interact with the DEC, or with MyState and

**Mr REALE** - Yeah, it follows that theme.

**Mr WINTER** - Sorry, I'm just trying to clarify in my own head. You said earlier that their proposal being a multi-use retail precinct is consistent with the SAP. But if they're proposing a multi-use retail precinct, how's that consistent?

**Mr REALE** - At the moment they are proposing sporting retail. There's been an inquiry about broadening that to general retail -

**CHAIR** - An inquiry from whom?

**Mr REALE** - From the Kestelman Group, their representative. I think his name was John Crane. We would consider it, but it's likely we would say no because of the leakage out of our activity centre.

**Ms THOMAS** - I just have one final question, if I may, Chair. When Council agreed to sell the land to the State Government and the MyState Bank Arena, the Derwent Entertainment Centre would have received a valuation from the Valuer-General. Would you take on notice considering providing a copy of that to the Committee? Yeah, thank you. We'll write to you about that as well.

**Mr REALE** - My understanding - the original MOU agreed sale price was going to be \$18.1 million. But in that there was an agreement that Council would invest \$10 million back into upgrades on that site. I guess the Government - the final sale price that was agreed - and this is like I wasn't there but I've read the documents - the agreed sale price from the Council

## PUBLIC

was \$8 million but that negated any further ability to invest in the site for any upgrade work or enhancements.

**Ms THOMAS** - Apart from the \$2.4 million toward Loyd Rd, which is now null and void.

**Mr REALE** - Well, yes. I mean, that was partly agreed to because of the realignment of the road for the basketball facility.

**Ms THOMAS** - Okay. Thank you.

**CHAIR** - Well, thank you. We will write to you with those couple of questions anyway - just to clarify them, so we're quite clear on what we're asking for. But unless there's anything you want to say in closing,

**Mr REALE** - No.

**CHAIR** - No? Well, thank you very much for your time today.

**The witness withdrew.**

**The Committee suspended at 2:50 pm.**

# PUBLIC

## Property Council of Australia

**The Committee resumed at 3:00 pm.**

**CHAIR** (Ms Forrest) - Thank you, Michael, and your team from the Property Council for appearing before the Public Accounts Committee inquiry into the disposal of the land at Wilkinsons Point. We appreciate your interest in the work of the Committee from your perspective as the Property Council. This is a public hearing, it's being recorded, will be transcribed, and is being broadcast as well. Everything you say before the Committee's is covered by parliamentary privilege. That may not extend beyond the hearing, just keep that in mind if you're speaking outside the hearing. If there are any matters of a confidential nature you wish to share with the Committee, you can make that request, otherwise it is all public. Do you have any questions before we start on that?

**WITNESSES** - No.

**Mr MICHAEL KERSCHBAUM**, INTERIM EXECUTIVE DIRECTOR, **Ms HEATHER MASON**, PRESIDENT, AND **Mr PETER SCOTT**, IMMEDIATE PAST PRESIDENT, PROPERTY COUNCIL OF AUSTRALIA WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - Thank you. Do you want to introduce your team, Michael, and then make your opening comments?

**Mr KERSCHBAUM** - I'm Michael Kerschbaum. I'm the acting Interim Executive Director for the Property Council of Australia, Tasmanian division. To my right is the President of the Property Council of Australia, Heather Mason. To my left is the immediate Past President of the Property Council, Peter Scott.

The Property Council welcomes the opportunity to talk to PAC about the sale of Wilkinsons Point land. We believe it's an important site. I guess our opening premise is that, in general terms, the sale of any Government assets, including land, should be done through an open and transparent process to test the market. Now, in this instance, we would argue that hasn't been the case.

We won't dwell on the merits of the sale, because we don't have enough detail. What we do know is that there was obviously some sort of arrangement made and we don't, to be honest, know whether that's a good thing or a bad thing for the Tasmanian public. It could be the best deal ever, it could be the worst deal ever for the Tasmanian public. We just don't know and we don't have that detail. So, we're not here probably to comment on the merits of this particular sale, in terms of whether it's a good thing or a bad thing for Tasmanians, but we're happy to talk to an open and transparent process and the divestment of Government assets in general. I guess that's where we're happy to talk.

I guess there is another component to all of this that is more recent, and that is the potential divestment of Federal Government land at Dowsing Point adjacent to Wilkinsons Point. That site's approximately twice the size of the Wilkinsons Point site. We believe that the two create a very attractive opportunity to master plan 45 hectares of land that is currently, in one form or another, in Government hands.

## PUBLIC

So, we believe that it creates a really unique opportunity, and if we were just to sell off the Wilkinsons Point site on its own, I'm sure that we would realise a great investment and some good outcomes. But we also believe that if that whole site was master planned, taking into account the need for social housing, mixed-use, retail, whatever the opportunities present themselves, including tourism, we could potentially end up with a fabulous site that is better linked and integrated with what Tasmania - southern Tasmania needs anyway.

**CHAIR** - Just from your perspective, then, you say you believe - people of Tasmania, I think most probably would agree that they would expect to see an open, transparent process around the disposal of land such as this - or even less value, but it's still public land. Can you tell us, from your perspective, what that looks like and how it differs from what we've seen?

**Mr KERSCHBAUM** - Yes, I might defer to Heather, our President, because she works in the real estate sector every day and she's used to transacting commercial properties and property generally.

**Ms MASON** - I think there's a few things to consider here. I think firstly, obviously, the proposal, I understand at the moment, is to obviously offload the parcel of land in its entirety to one developer. Obviously, again, as Michael said, we're not across the details of that arrangement or that proposal. You would usually go to market with an opportunity of this nature, particularly in its location, and around the conversations that we're openly having around shortage of housing, and, you know, development in that area, to consider all options out in the market. There needs to be transparency around the offering, transparency around what we believe the market price is for that land and how that's determined. Also basically testing the market to see who's out there. Then a more informed decision can be made around the future of the site. I don't think, at this stage, any of that has taken place. There hasn't been an opportunity to bring others to the table to discuss that and also really understand what the opportunities are there outside of perhaps what's on the table at the moment.

Again, with Dowsing Point potentially coming to market or being a second offering there, you would generally see people in that commercial space looking at a master plan and understanding how you could potentially subdivide or maximise the outcome there, versus selling it as a single lot, potentially. So, really, how I would transact in a commercial world shouldn't be any different for the Government, and certainly, I don't think that's been demonstrated in this instance.

**CHAIR** - So, you would've expected to see things like an expression of interest for the site? I'm just trying to look at the tangibles we would see.

**Ms MASON** - Yes, absolutely. Usually, you would certainly go expressions of interest, similar to what happened down at the stadium site. How that would be pieced out, potentially, and then, again, be informed around those interested parties and what they're looking to do. Obviously, their uses can impact value as well, or the overall return from a property, so understanding what the land value is out there and how that's been determined would be interesting to see.

**CHAIR** - So, in your experience, is it normal for possible purchasers to get access to the Government-done valuation?

## PUBLIC

**Ms MASON** - I would have thought, at the end of the day, you would usually use an industry professional to provide evidence around that.

**CHAIR** - To get your own valuation?

**Ms MASON** - Yes. So, there's several ways, and I think obviously Government will no doubt want to get their own valuation done as well. Whether or not, typically the Valuer-General will use historical data, perhaps not in line with what the market conditions are doing at the moment. I think that's where I think that can differ sometimes. [inaudible] also as well, just understanding, quite often we do see new benchmarks being set in certain sectors of the market. So yes, I think there would be reason for, certainly private or industry professionals, agents, to be involved in that process.

**Ms THOMAS** - Thank you. In the current environment, is there anything that would justify not taking a site like this to open market? The Government may argue this was part of a broader agreement that included a number of different terms associated with basketball teams, community basketball courts. You know, there were other factors at play here. In your experience, have you seen anything like this, where it is justified that a site like this wasn't taken to open market?

**Ms MASON** - Not in my experience. I think, again, certainly not knowing the details or whatnot, or that there's clearly reasons why this has occurred, and we're not across those. But no, certainly in my experience, it would be in everyone's interest to have a transparent and open process around this, particularly with it being Government owned.

**Ms THOMAS** - Have you received feedback from your members about this particular transaction or proposed transaction? Noting that despite the Government's announcements, so far as we understand it, the land has not yet been sold. Have you received any feedback from any of your members about the transparency, or lack of, around this and also as to whether there'd be any interest in the site?

**Ms. MASON** - Yes, certainly, I think, from a membership perspective, we have several members that would look at a site with interest and certainly be players in that space. I think probably the general feeling is when they go to find property to develop in that private sector that there are clear processes that you go through to compete in the market, purchase and develop. In this instance, they've not been able to, I suppose, be a part of this process at this stage. So, certainly I've not seen anything previously, to my knowledge, that I'm across where this has occurred before, without going to market.

**CHAIR** - Did you have a question, Roger?

**Mr JAENSCH** - I was just waving to Michael, but -

**CHAIR** - You can use the hands up little icon and I'll be sure next time that you have.

**Mr JAENSCH** - Thank you for the opportunity, I'll take it. There have been previously quite successful projects undertaken through a direct-approach, unsolicited-bid arrangement here in Tasmania: I won't bring up individual cases there. I suppose I'm wondering if your expectation would be that if a sale of a parcel of Government-owned, Crown-owned land

## PUBLIC

should, under every circumstance, go through a public process and see who was out there and what the value was.

Arguably, one outcome could be that someone, the highest bidder, acquires the land and then does nothing with it, which might sterilise that land and it might be one of the reasons why in some areas we're under pressure to extend the urban growth boundary because there's perhaps underutilised land, but it's not available to be used and therefore we have to create more of it: if not that highest bidder, then you need a process of evaluating the various offers and the offers might be commercially sensitive to the proponents. How would you envisage that that process should run, and what do you think should be the measurement of, and the proof of, the best value to Tasmania in such a disposal if it's not just highest bidder?

**Mr SCOTT** - Could I speak to that? I think the proposition that a valuable asset - Government asset is only sold and evaluated for value on the basis of its sale price is a bit simplistic. We would expect a sophisticated vendor, such as the Government, with a significant asset, to not only look at a financial return - sale price - but also to extend onto that an understanding of its obligations in that sale.

There have been discussions about potentially up to \$100 million worth of Government infrastructure being required. We need to see what the potential liabilities attached to that sale would be. Then where the Government has stated ambitions, for example: the production of social and affordable housing, we'd expect to see a sale, potentially encumbered with development guarantees that said, 'Out of this sale we expect you to build X or do Y or do so in a timeframe'; much as the way the AFL has negotiated a deal around Macquarie [Point] Stadium and they've built in development guarantees that if things are not done at certain times there's a financial penalty. We would expect the sale to be a sophisticated one, advised by appropriately qualified professionals, to allow the government to be able to then evaluate value that's not just the highest sale price, but actually returns to the Government, the best-value proposition, taking all things into consideration.

**Mr JAENSCH** - What if that process, though, was initiated by a developer or investor who sees an opportunity in Tasmania, is prepared to bring significant investment to bear and in that context the process might be seen as not solely about disposal of Government-owned land, but entertaining, negotiating and landing a significant development and investment in Tasmania, of which the value of the land may be one of the things that is a negotiable from the Government side. Does that put that in a different perspective than there should be a practice around every Government asset that is sold or to be disposed of?

**Mr KERSCHBAUM** - That is a valid point. The unsolicited bids, I guess, legislation is really, I understand, there for people who might have idea or a concept to deliver. My understanding is that in this instance it's a little bit different because what you've got is a developer who's come in who hasn't actually spent any money upgrading the stadium itself, but delivered a product, then as a side or and an adjunct to that product been gifted or offered, as an option, land. The proposal itself wasn't to develop the land or improve the land in any way: it was to offer a product which has now been sold. And, in fact, I guess the real estate deal was done as a side or an adjunct to that. Ordinarily, with unsolicited bids, as I understand it, the proponent's offering to add value to the Crown land and deliver something unusual like a cable car or whatever the case may be.

## PUBLIC

In this instance, to some extent the product offering is quite different to the development of the land and I don't necessarily see the two as connected. My understanding as well is that the State funded pretty much most or all of the stadium redevelopments. So, what you end up with was, yes, we did receive an opportunity to participate, which has been highly successful in a national franchise for sport, but to throw a real estate deal into the side of that, to me, doesn't quite fit the normal unsolicited bid process.

**Mr WINTER** - Couldn't have summed it up better myself. In relation to that property component of the deal, how many local developers in your view would have the capacity to develop a site like this?

**Mr KERSCHBAUM** - A handful. There'd be three or four that come to mind immediately.

**Mr WINTER** - It's not for lack of local developers that are able to undertake a project like this?

**Mr KERSCHBAUM** - No. There'd be a handful locally. But certainly, I think, a site like that would have the potential to attract national investors as well. I think - I'll defer to Heather's expertise in this area - but a lot of development doesn't occur in Tasmania due to a lack of scale and a 15-hectare or 30 hectare-site adjacent to it or combined makes that site much more attractive than a, say, one-hectare development.

**Ms MASON** - I think the location should be seriously considered as to the opportunities. I think in these instances, particularly with the Dowsing Point opportunity there now, whether it's a single developer or joint ventures or it could be considered to have a developer that comes in to do the residential component, versus the commercial development. I think there is opportunities there definitely for a lot of our members to be involved in components of that. I don't think that takes away from the process or from, you know, the outcomes. I think, if anything, it actually opens up the market be more successful because the risk is then limited to the areas they specialise in and, of course, have their expertise in that particular sector of the market. Someone that can come in, whether it's your Charter Hall or whoever nationally can certainly come and probably tackle a project like these across the board.

But again, if we're listening to the messaging that's out there at the moment, that we want to be helping, you know, Tasmanian businesses and industry and certainly in that construction sector, and off the back of potentially the stadium project, we're going to have plenty of people who are keen for additional work. I think, from my perspective, there's a massive opportunity there to really understand what can be developed and what the community needs. I'm not too sure that's been really thought about.

**CHAIR** - Just to follow up from that - I mean, obviously a private developer coming in to add value to the land is what you've been talking about. But when this is public land, surely that does need to align with the policy objectives of the Government, and broadly the people, because we've all got an interest in the land, even those of us who live far away. What I seem to hear you saying is that in this process that's unfolded, there's been no clear alignment with the State of policy objectives, like social affordable housing and the like. There doesn't seem to be a clear connection back to what the people of Tasmania actually need.

**Mr SCOTT** - Could I add to that?

# PUBLIC

**CHAIR** - Yes.

**Mr SCOTT** - Dean suggested that this was a development, but as far as we're aware, it's a putative land sale. No development guarantee at all. So, I would suggest that a wise vendor would be seeking development guarantees to enable them to achieve their policy ambitions. If it was simply a land sale, which is the information that, to date, we have available to us, there is no guarantee of any developments. In fact, that may speak precisely to a stalling of development, and a stalling or a prevention of the Government's ambitions in policy areas being achieved -

**Mr WINTER** - Another Kangaroo Bay, where we have a developer owning land and not actually developing anything.

**Mr SCOTT** - Our proposition is that there's a value add to be achieved by the Government potentially master-planning this site, or potentially the 45-hectare greater site, which is conjoined and linked, that aligned with Government objectives, so there could be a win for the community, a win for Government policy, and a win for the private sector. That is how you would evaluate the best value in terms of the disposal of an asset like this. In our view, that is a process that should be carried out transparently and offered to the market to see what players are available to bring forward that best value.

**Mr WINTER** - In part, you're talking about the risk of land banking, I assume, in that -

**Mr SCOTT** - A hundred per cent.

**Mr WINTER** - there's an ownership shift here to a private owner who -

**Mr SCOTT** - That's why I brought up the issue of development guarantees. If I were the vendor, and I had public policy positions I wanted to see achieved, I would not be releasing an asset in return simply for a financial contribution. I would be seeking to put obligations on the purchaser to help fulfil those policy ambitions.

**Mr WINTER** - Do you have any detail on what sort of way we can - I'll use the Kangaroo Bay example, where the Clarence City Council - you'd be very familiar with - has sold land, it hasn't been developed and is now seeking to get the land back. What options would Government have to avoid land banking? You're talking about development guarantees, can you point to any examples where that's been successfully done by Governments to ensure that there isn't land banking?

**Mr SCOTT** - No, I don't think Government necessarily have, for years, dealt with that issue as well as they could've done. But there are plenty of professional advisers able to advise about the best way to dispose of assets in a way that returns best value. Best value is very seldom measured simply on the sale price of a piece of property or asset. So, I think it could be done. This is an opportunity for Government to do best practice, transparent divestment.

**Mr KERSCHBAUM** - And I think, probably, as I said, what's really sparked the Property Council's interest is the ability to take advantage of the Dowsing Point site adjacent to that. That's created, I think, an extra dynamic that probably shouldn't be dismissed. We think the site could be greater than the sum of its parts if it was hived off in two parcels. That's one

## PUBLIC

result. But 45 hectares is a very sizeable site. We think it probably lends itself to being master planned. The other thing you can do, if the government owns that land and they've master planned it, they can roll out those parcels as and when they see fit. So you can, to some extent, with those development guarantees locked in, start to feed or trickle work into the sector. We have this constant argument - if you've been around as long as I have - about what we're going to do after the hospital, after the bridge, after the stadium. If we jumped onto this and we were able to get some sort of a master plan and procurement process delivered in the next couple of years, you could be rolling these parcels out after the stadium is built or on completion, or towards the end of the completion and you could roll out a works program that's bigger than just, you know, a 10-unit development here or a 50-unit development there, you could actually roll out a pipeline of 10 years' worth of work for the industry. Then that forms the basis of works going forward and underpins the industry, so you don't have this peaks-and-troughs type of situation.

**Mr WINTER** - One of the documents we have, through RTI, is a letter from the former secretary, Kim Evans, to the LK Group. I quote:

Therefore, to enable the State to further progress the purchase of the site, I request your confirmation that's subject to an outcome that is satisfactory to the LK Group and to the State regarding the matters outlined above, that you are prepared to purchase the balance of the land for development at a price of \$6 million as proposed by you to Council at our recent meeting.

\$6 million for that land - does that sound like a fair and reasonable value for that Wilkinsons Point site?

**Mr KERSCHBAUM** - I think I'd go back to the sale of the Transport Building 25-30 years ago. It's now an apartment block, but the sale at the bottom of Collins Street for \$1 million seemed like a ridiculously cheap figure. Speaking to the developer, the building was riddled with asbestos, and it took several million dollars to rid the building of asbestos and demolish it - I can't remember what the magnitude of millions was. It made that sale price on the headline figure look cheap, but it may have been expensive. \$6 million sounds like a cheap sort of headline figure, but so did the \$1 million the Transport Building till it took into account the other costs.

**Mr SCOTT** - I would add to that, if you've sold an asset for \$6 million and you saddled yourself with \$100 million liability and you didn't have a development guarantee: that doesn't sound like a good deal. If you sold an asset for \$6 million and you had a guarantee of a billion dollars' worth of investment that produced 1,500 jobs; you might think that's a very good deal. So, I think it's the context in which the sale is negotiated which makes all the difference to understanding the value. If that's not done transparently and with the ability to compare competing offers, then you're potentially missing the opportunity to release best value.

**CHAIR** - Do you believe it's been done transparently in this case?

**Mr SCOTT** - Well, we don't have any details.

**Mr WINTER** - What sort of representations has the Property Council made to Government since this was all announced? What's your advice to Government been?

## PUBLIC

**Mr KERSCHBAUM** - We haven't directly gone to the Government on this particular issue. It seemed like it was a deal, and again, because we don't have the details to know if the deal had been done and inked or not, whether there was an ability to not proceed with the sale or otherwise. Then, soon after that, we received an invite to attend this hearing, and we made a conscious decision that we would ... -

**Mr SCOTT** - I would say the Property Council's position is not related to this deal or a potential deal. It's related to the principle of fairness and transparency. There are jurisdictions in Australia where transparency has been compromised and they have moved to a very open and transparent process for all transactions of this nature. Now, Tasmania seems to be steering in the other direction and that, from the Property Council's perspective, is probably less than ideal.

**Ms THOMAS** - The Government may well argue that there's been no other unsolicited project proposals put to it. You know, that land has been sitting there vacant for years, although not all that time in State Government ownership, I will add. What would you say to the argument that there's possibly a missed opportunity risk here, if this is enacted upon, particularly given that the Government doesn't yet own the Dowsing Point land? The Federal Government hasn't even yet made the decision to divest of it, so that could be years away. Whilst I totally hear you and agree with you that the opportunity there is significant, should that come off, how do you weigh up, as a Property Council, the risk of missing this particular opportunity that's on the table, not yet finalised, but on the table, although we don't know what it looks like - if we knew what it looks like, it might be a different conversation that we'd be having - with potential to wait, go to market, take longer: how do you weigh up those sorts of decisions?

**Mr KERSCHBAUM** - And it's hard because we are in an information vacuum, you know, so it really is hard, like I said at the outset, for us to even know whether this a good deal or a bad deal for Tasmania as a State. I think, going back to your unsolicited bids, it was in Council hands until fairly recently, so it gave people very little opportunity to lodge an unsolicited bid offer, as I understand the legislation - I stand to be corrected. You can't offer an unsolicited bid on Council-owned land. It was in Council hands just until the JackJumpers deal was done, so, you know, it seems like this was done as part of that. So I would argue that really the private sector wasn't given ability to lodge an unsolicited bid very easily, because it was in Council hands pretty much since its inception.

**Ms THOMAS** - Is there any - in terms of, you know, proponents who might be interested in doing a deal with Government such as this, would proponents typically be willing to be forthcoming with information about what they're putting on the table to Government, what they're requesting of Government, what development guarantees they're offering, what alignment to State objectives there are: like in terms of the transparency piece here, some of that rests with the Government, some of it rests with the proponent in these situations. How typical is it for proponents to be forthcoming and engaged with the community, even, on what they're proposing for a piece of land like this?

**Mr KERSCHBAUM** - If I could just start that by saying, my experience with the unsolicited bids legislation is it is done fairly much in secret because, at the end of the day, if an unsolicited-bid project gets out there in the public domain too much, that bidder loses all competitive edge: and so the idea is that if there is an opportunity that they see, they can

## PUBLIC

approach the Government with that, and it's generally kept, as I understand it, fairly confidential until sort of a deal is landed, but I guess we're talking about a different process here. We're talking about sort of a more open process. Peter and Heather might have individual thoughts on that.

**Mr SCOTT** - Well, it's very difficult to evaluate. Dean just read out a letter which we're not apprised of until that moment. The proposition appears to be the sale of a piece of land for \$6 million, full stop. So, compare that with a Government-funded master plan for the site which sets the direction for a future development which met public policy goals, and which could then be released to market for evaluation of bids: but your point was about transparency, if one of the development guarantees sought during that divestment was public engagement, that could be embedded in the sale contract or the sale negotiation, so that there could be an evaluation both by the community and by the Government of the value of alternative propositions.

So the framing of the question is entirely in the Government's hands, not - and the evaluation, Mr Jaensch raised the issue about how do you evaluate, but there's a well-recognised industry process for assessment of bids in camera so that - and then you've got the release of a report about the successful tenderer, and you would rely on experts to advise about - if value was the proposition that was being sought, that the tenderer who offered the best value was the one who was successful in that process. The transparency is not in the evaluation: it's that the evaluation is done in accordance with the best-practice principles of probity. I think all those things are well understood in the industry and are perfectly manageable. So if the requirement for public consultation or public advertising of propositions was part of the development guarantee, that can definitely be done. Certainly you see that on the mainland, where especially broadacre and large-scale developments involve a lot of housing, they often involve a very large component of public engagement and public dialogue.

**Ms THOMAS** - Certainly it's required of local government, if local government wants to divest of a parcel of council-owned land by way of sale, lease, exchange or gift, it has to consult with community on that, so it's interesting that there's a different set of rules for State Government. That's a comment not a question.

**Mr SCOTT** - It would be different if it was a small parcel with little potential. I think the opportunity that the Property Council identified is that this is, on its own, quite a significant site and in tandem with Dowsing Point is a very significant site. It's been identified by the Government itself as being ideally placed to provide, one or other of those sites, a component of housing which addresses a clearly-stated public policy. We would have thought that opportunity should not be -

**CHAIR** - Not only is it a public policy: it is a public need.

**Mr SCOTT** - Absolutely, 100 per cent.

**CHAIR** - Anyone else have any further questions? No? Well thank you for your time; is there anything in closing you wish to say, anything we should have asked and we didn't?

**Mr KERSCHBAUM** - I think we've covered all our points. I'm looking to my left and right.

# PUBLIC

**Mr SCOTT** - I'm fine.

**CHAIR** - We appreciate the opportunity to hear from you and to talk through what a good process looks like. I mean the unsolicited bid is one process, but it's not the only way to dispose of public land.

**The witnesses withdrew.**

**The Committee suspended at 3:37 pm.**

# PUBLIC

## Department of Premier and Cabinet and Department of State Growth

**The Committee resumed at 3:55 pm.**

**CHAIR** - Thank you, Shane and Kathrine. I know it is a busy time for you, but we do appreciate you for appearing in front of the Public Accounts Committee, in our enquiry into the divestment of land at Wilkinsons Point, and the matters related to that, and partly looking at the Auditor-General's report into some of those matters as well. Acknowledging that, Shane, you're very new in the role, as far as the DSG role, but as I understand it, it was originally run by DSG and now under the purview of DPAC,<sup>4</sup> this process: am I correct in that or not?

**Mr GREGORY** - Sort of.

**CHAIR** - Yes, you can give us an update on where things are at, and where they stand. This is a public hearing, everything you say is covered by parliamentary privilege. That may not extend beyond the room, obviously. If there is anything of a confidential nature you wish to share with the Committee, you can make that request. Otherwise it is all public. I assume you do not have any questions about that? No? Would you like to take the statutory declaration, and then I invite you to make some opening comments, particularly to let us know where things are at this particular point.

**Mr SHANE GREGORY**, ACTING SECRETARY, DEPARTMENT OF STATE GROWTH, AND **Ms KATHRINE MORGAN-WICKS**, SECRETARY, DEPARTMENT OF PREMIER AND CABINET, WERE CALLED, MADE THE STATUTORY DECLARATION, AND WERE EXAMINED.

**CHAIR** - Thank you. Over to whoever is a lead on this.

**Mr GREGORY** - Thank you, Chair. I've been called to the Committee in my role as Acting Secretary of the Department of State Growth. I've been in that role for about three weeks. My substantive involvement in the Wilkinsons Point sale has been since February 2025 when I was asked to take on the role of lead negotiator to finalise the development of a short-form term sheet and then move towards finalising negotiations towards an agreement.

The project is essentially a State Growth project, and DPAC's involvement, my involvement as Associate Secretary of DPAC, was in leading the negotiations effectively for the Government through the Department of State Growth. So, in the context of how I can best provide information and assist the Committee - the information pertaining to the negotiations and how they've progressed, I'm fully across those and I can talk to those. Events that occurred prior to my involvement, I'm less able to answer those and there may be some things that pertain directly to activities of State Growth that I might not be able to answer. So just [inaudible] -

**CHAIR** - Are you happy to take those on notice if they're matters that are of particular importance to the Committee?

**Mr GREGORY** - Certainly, Chair.

---

<sup>4</sup> Department of Premier and Cabinet

# PUBLIC

**CHAIR** - Thank you.

**Ms MORGAN-WICKS** - Chair, if I may add, so from a DPAC perspective, we were asked to provide an officer to step in and assist the Department of State Growth in relation to this transaction. I think that occurred in late-2024 and into 2025 - but I just probably need to check that exact request date. That was not an unusual thing: we have stepped in to assist State Growth on several matters of State importance. For example, the development of the stadium where we were asked to step in and assist, particularly from a governance perspective. But also given the interplay between an unsolicited proposal, which is then lead into several years of negotiations and trying to shape-up this particular development. We discussed in terms of Shane's previous experience with the Calvary co-located hospital in Launceston and the unsolicited proposal and all the work that Shane led when we were at the Department of Health at that time. That probably came in to trying to work out who was an officer that could be a lead for this and assist Government.

DPAC doesn't own Wilkinsons Point as a transaction. We've probably stepped in as a good corporate citizen to try and assist the Department of State Growth to manage it. It remains within Department of State Growth. However, I, as Secretary, would attempt to stay across major matters as they're occurring across the State Service and also as Cabinet Secretary.

**CHAIR** - Okay, so where's the negotiations up to at the moment?

**Mr GREGORY** - Negotiations are currently in abeyance at the moment. There was discussion last year with the LK Group. There was some advice we provided jointly between myself and the Secretary of the Department of State Growth at the time about some options for government that resulted in a meeting in October-ish, I think, with the LK Group where I put it to them that we needed to see some better options from them. They provided a response in December [2025]. I had a meeting with them in January [2026], and the negotiations haven't progressed beyond that point.

**CHAIR** - So what's sort of things were you asking to see? A valuable piece of public land, you'd expect something to align it with Government policy positions. So what are you expecting to see from them?

**Mr GREGORY** - It was more a matter of, as we worked through the negotiations from that period from February through to July 2025. I think the expectations of the LK Group were sort of starting to drift away from the expectations of Government in terms of what an agreement might look like. We're in the process of trying to extend the short-form term sheet out to a long-form term sheet, which would then lead into documents. We'd had some drafting done. They were tending to drift away from the premise that the Government was pursuing, and so we simply went back and said, 'Look, this is getting a bit far off track and we need to bring this back and tighten up expectations'.

**CHAIR** - Can we talk about the examples of what - you say they're drifting away. What sort of things were not being done or were being done that didn't meet the Government's expectations?

**Mr GREGORY** - It wasn't really a case of what was or wasn't being done. The discussions through the process of negotiations had focused on development of the master plan

## PUBLIC

by the LK Group in terms of what they were going to develop, how the development might roll out in stages, what that meant for the subdivision of the land into various parcels and how they might be released when certain milestones were met. Where we were probably drifting away from the Government's expectations was in terms of car parking, and part of the development proposal would be built over existing car parking which would then need to be replaced. I think we had differing views on what that might cost and who should be picking up what proportion of the bill for that. We had gone back to them and said, 'Well, we thought their expectations on who would pay was drifting away from the Government's expectations'. That was [inaudible] critical issues.

**CHAIR** - Is the negotiation still going on to try to get to the long-form term sheet?

**Mr GREGORY** - No. We haven't been doing any negotiations since, effectively, late last year.

**CHAIR** - At what point would you consider there may be better uses for this parcel of land, particularly now as the Commonwealth Government has indicated they wish to divest of the Dowsing Point land - which, I'm not from there, but I understand is connected. Is this something that should be reconsidered in light of this, if this is not progressing in a way that meets the Government's expectations, as you've stated?

**Mr GREGORY** - I think it's a broader question around what role Wilkinsons Point plays in consideration of the Dowsing Point land. That's certainly broader than the remit that we've had to date and the negotiations that [inaudible] -

**CHAIR** - That's very early days, I accept.

**Mr GREGORY** - Yeah.

**CHAIR** - But because this hasn't progressed, because there's been - the Auditor-General identified a number of process matters and governance matters - quite serious governance matters - is now the time to stop and say, 'Well, actually, is there a better use? Can we actually improve the value option here for Government, for the taxpayers of Tasmania, and potentially also deliver on some of the public policy positions as stated by the Government?'

**Mr GREGORY** - I would start by saying we really need to understand what the situation is with Dowsing Point. Departments aren't talking to the Commonwealth about what is going to happen with the Dowsing Point land. The announcement was made that the Commonwealth is going to divest a large number of defence properties across the country. The expectation of the Commonwealth and certainly Defence is that they will be sold at market value and they will be able to reinvest that funding.

There is some work to do, understanding from the Commonwealth - is that the path that is going to be followed? Are there opportunities for the state to reach an agreement with the Commonwealth then that land might be transferred for a lower consideration, or no consideration, or whether the expectation is of market value? I would say that Dowsing Point is very much in the early stages, even understanding what is on the site and what would need to be done. I think that's an important piece of context in terms of thinking about do we stop, but -

## PUBLIC

**CHAIR** - Do we stop the process on Wilkinsons Point [inaudible] of the true value that that site may present?

**Mr GREGORY** - I would say that the process on Wilkinsons Point is really in abeyance at the moment. We're not progressing any conversations with the LK Group and I haven't met with them since January [2026] of this year. That was a fairly brief meeting. I am aware that Government is considering, and is alert to the context of Wilkinsons Point and Dowsing Point, and does that change anything.

**Ms MORGAN-WICKS** - May I add, Chair: it also comes back to the consideration of the original, unsolicited proposal and the way in which Governments receive those, and then determine, well, what is the package of works that they're going to approve to go into, because we've obviously also had the interaction with the Glenorchy City Council where that originally started. Certainly, I'm not speaking as an expert, I wasn't at DPAC in 2019 when this was considered, and certainly, I believe I had stepped into a Health role at that stage, but, if we're going to have a package of, for example, five or six things, we deliver the first five of the six, then it comes to the sixth, and when it's the right time to stop the sixth, or say, 'Well, actually, now Government doesn't see whether it's unique value in the sixth or whether we're considering the entire package that we've entered into, and legal commitments, or not, with a particular proponent'. I'd probably base [inaudible] -

**CHAIR** - So are there any legal commitments that would make it difficult to step back from?

**Ms MORGAN-WICKS** - I'd base it also, for example, how long we probably spent on, for example, the Calvary co-located hospital in Launceston. That was several years, in terms of going from an unsolicited proposal to the Office of the Coordinator-General: at that time I recall the Department of Health being asked to step in and try and help to negotiate a terms sheet or a type of land transfer - what are the conditions of a land transfer? We change sites several times from across the road into the mental health precinct versus the Anne O'Byrne site, et cetera.

Things changed in accordance with the context, and then, having done many, many, many negotiation meetings, we had Calvary - and this is in a nutshell - testing the market and then not able to find that value in the market and then walking away from that proposal, effectively, but still leaving themselves and government in a position where there does need to be a proposition for a private co-location with the LGH. We still don't - and are working through that decision - but should we have stepped away, you know, in six months, 12 months, two years, three years? In terms of that decision, I think that's an open question and one that we should always examine but often it's in hindsight.

**CHAIR** - Are there legal commitments made at the moment that would make it difficult to reassess the value proposition here?

**Ms MORGAN-WICKS** - No, because we haven't reached - as Shane has outlined, he was in the process of trying to get a term sheet together that was then going to facilitate a sale and land development agreement, but noting the history of the interaction with the proponent, the benefit that's been achieved at the Derwent Entertainment Centre in terms of the redevelopment, the formation and amazing success of the JackJumpers and what that's positively brought to communities, and I know, through the Deputy Chair, community and

## PUBLIC

grassroots sport participation - how many of those pieces add up, and what does that mean now for the sixth and final part of what was the original, unsolicited proposal that was being put to Government?

**CHAIR** - Just one more from me: as I understand it, the part of the sale from Glenorchy City Council to the State, there was some requirements that the land would be subdivided into lots -

**Ms THOMAS** - No. The title would be split.

**CHAIR** - The title, sorry: particularly the foreshore area, the reserve area, would be then provided back to Glenorchy City Council. Has that work been done? If it hasn't, why, what's the hold-up?

**Mr GREGORY** - The subdivisional work hasn't been done because we would like to do that in one piece of work, rather than do a piece of work to take off one component of land, we'd like to do it all together. The separation of the titles and what that subdivision looks like is dependent on any agreement that's reached. The original plan was to take off the component of land on the foreshore, that would be transferred back to Glenorchy, and the other titles would stay as they were. As we worked through the master plan process with the LK Group and started to think through what the agreement might look like and how we would protect the interests of the State, in terms of making sure land wasn't banked and it was actually developed in a sensible way, that led to a consideration of staging, which would be tied to some smaller - some further subdivision. We were wanting to land all of that, and also an understanding of what would be required for the ferry terminal and access to the ferry terminal, and the realignment of Loyd Road. All of that needed to be finalised before we did a subdivision.

**Ms THOMAS** - You mentioned earlier, the negotiations are currently in abeyance at the moment. You last had a meeting with LK Group in January [2026] this year. So, it's fair to say that negotiations are on hold: is there any understanding of when they will recommence - are they on hold because there's more scrutiny around what's going on here? Are they on hold because LK Group doesn't appear to be coming to the table with the same expectations as the Government? Where to from here, then, in what timeframe, if the negotiations are currently on hold, because I note the Premier released a talking point in the *Mercury* in February [2026], saying that, right now the State is negotiating to secure the best possible deal for Tasmanians, and when that is finalised, all the details will be made public. The narrative, I guess, that the Premier's conveying is different to what we're hearing here in that negotiations are actually on hold.

**Mr GREGORY** - Negotiations are in abeyance, and essentially, to put it really simply, I had a conversation with the Premier in January [2026], and given the number of other things that I was involved with at the time - I've been heavily involved in working with the AFL and the High Performance Centre and finalising some agreements around that - it was simply a matter, at the time in January, advising the Premier that I didn't have capacity to continue those negotiations at that time.

**CHAIR** - They didn't ask someone else to pick up the slack on that?

**Mr GREGORY** - No, well, there'd been a number of changes previously and that becomes a little bit problematic. We did have some conversations around how we might

continue the negotiations. But at the time I didn't have the capacity to continue, as once you get into these negotiations, they can be very intense. Kath referred to the Calvary negotiations - when we really got into the detail of the long form agreements that was pretty much a full-time job, with some support staff with me as well, over a period of a number of months - and legal.

**Ms THOMAS** - In terms of the unsolicited proposals process that's been mentioned, the Auditor-General's report quite clearly found that that process hadn't been followed as per the letter of the policy framework. What process is the Government relying on to justify negotiating with a single proponent rather than going to open market given the findings that that process has not been followed? Particularly in the fact that one of the first steps is running the proposal by the Coordinator-General, and that particular step wasn't followed.

**Mr GREGORY** - I don't know that the process was entirely not followed. I know that the Auditor-General raised a question about whether the proposal continued to be unique given the passage of time. That was the significant finding that I drew from the report, that that was the issue. The Auditor-General had a copy of the assessment that was undertaken at the time in 2019. But my reading of the Auditor-General's report and my conversations that I had with the Auditor-General's office was that that was the question: given that the club was established and the updates have been done at the MyState Bank Arena, was this development still unique if viewed in isolation?

**Ms THOMAS** - The Auditor-General's report talked about changing policy parameters that undermined the quality of advice and said DPAC's assessment of the proposal against the unsolicited proposals assessment criteria in 2019 was inadequate as it did not address all elements of the assessment criteria. Are you able to provide evidence to the contrary then that in fact all the criteria of the unsolicited proposals process were followed?

**Mr GREGORY** - No, I'm not able to do that. That occurred well before I became involved in the project.

**Ms THOMAS** - So the finding that the Coordinator-General didn't see the proposal and that, according to the unsolicited proposals process, is one of the requirements. At any point did - when you took over, I guess, as the lead negotiator on this - was there ever any review or reflection on the Auditor-General's findings in September [2025] last year that said that due process has not been followed here? Was there ever any review and looking at - 'Okay, well, we haven't followed that process: we owe it to the Tasmanians to now go back and actually make sure we tick those boxes?' If we are relying on the fact that this has gone through an unsolicited proposals process as the justified pathway to avoid going to open market, at least, surely, you have to demonstrate that that process has been followed and the boxes have been ticked to be able to justify not taking it to open market, and that based on the Auditor-General's findings, that has not occurred.

**Ms MORGAN-WICKS** - Deputy Chair, my understanding from reading the Auditor-General's report and also corresponding with the Auditor-General, the advice in relation to the unsolicited proposal was provided by DPAC in 2019. I wasn't involved in that and so I'm unable to give evidence in relation to that.

You're asking would I pick that process up now to try and apply? I mean, that process applied to the five or six components that I was originally talking to, so that it can't just pick

off the last component of delivery and then apply the unsolicited proposals policy only to that component: so it was treated, in my understanding, as a package which included the redevelopment of the DEC, the launch of the JackJumpers and first Tasmanian NBL and WNBL team, together with this land development and the investment that the Government was going to provide into the site. It was the subject of - and I think supported by - 2018 policy commitment of Government. It was supported by 2024 election commitment of Government, which then becomes Government policy. From a DPAC perspective, we nominated a lead to assist the Department of State Growth to work through this transaction and try to achieve the best offer and negotiated terms with the proponent, which we're yet to achieve, and which Shane has given advice in relation to.

**Mr WINTER** - Following on, so what I'm struggling to understand is the 23 February 2025 media release from the Premier. It says:

An economic boom for the northern suburbs will be activated with the Tasmanian Government reaching an agreement to stimulate private development on surplus Crown Land at Wilkinsons Point.

So presumably at that point the Premier felt that there was an agreement: what broke down to the point where clearly there isn't an agreement? What actually happened?

**Mr GREGORY** - The process of negotiating is not a linear thing: it's iterative. If we reflect on the Calvary co-location, there was an in-principle agreement through a short-form term sheet to go down a certain path, and then as you go through negotiations and develop the concept, things change and the co-location in Launceston, we got to a point where the site that was intended actually didn't work, wasn't workable. So, we shifted direction and we had an alternative site. That's the process, and it's not 'do this step, this step, this step'; it's not uncommon to have an iterative process where you're changing and the discussion that's in the agreement.

In February 2025, what we had was a short-form agreement that laid out the basic principles of what we're working towards - a short-form term sheet - that's not an agreement, that's not a signed agreement. It's a term sheet. It's an agreement in principle, if you like, to move forward. The next step is to flesh that out with all the details. So a short-form term sheet just has the basic principles in it, and the fundamentals - so that would be the State will do this, the LK Group will do that, here's the general principles of how we're going to make it work - and then there's months and months of negotiation and working with lawyers to flesh out the detail.

**Mr WINTER** - I think this is where the confusion is, because you've just said a short-form term sheet is not an agreement, but the Premier's announcement is 'the Tasmanian Government reaching an agreement to stimulate private development...!'

**Mr GREGORY** - I think what's important is there's a difference between what we might say is we have an agreement and what's a legal definition itself. So a short-form term sheet is not a legally-binding agreement. It's not a signed contract. It's an agreement in-principle to move forward. If you talk to a lawyer, if we talk to the Crown Solicitor, they would say a short-form term sheet is not an agreement: but I think most people generally would say we've reached agreement to move forward. It's just acknowledging that.

## PUBLIC

**Ms MORGAN-WICKS** - Also known as a heads of agreement, et cetera.

**Mr WINTER** - My other questions are separate, you can see what I'm saying [inaudible] -

**Ms THOMAS** - Well, on that point, though - perhaps that's a question for the Premier, actually. In terms of the steps in the disposal of land process, there's reference also in the Auditor-General's report to master plan for the site, and Stage 1 of the legislated land sale process being that parties agree on a master plan, and there was a finding in the report that that was the stage that this process was actually at, and there was still no agreed master plan. Can you provide your view on that, in terms of the legislated disposal process, the requirement for a master plan and, if there is one, where that particular master plan is at?

**Mr GREGORY** - The master plan that had been developed by the LK Group was probably about 80 or 90 per cent complete. We'd been working through that with them. Then there are elements that we hadn't resolved with them, and that included what was required in terms of Council's project to build a ferry terminal and how that needed to fit in. It was largely there, but it hadn't been finalised. LK Group had been having some conversations with Council about what the master plan looked like, but it wasn't finished and signed off.

Again, while in the Auditor-General's report these things appear in a linear fashion, in working through a planning exercise: they aren't a purely linear fashion. You will do some work, you'll come back, you'll talk about some things, 'Actually we need something different', as we work through, for example, the multistorey car park was getting bigger and bigger, so we then started to question, 'Well, what's driving the size of this?' We got some responses from LK Group and we said, 'Why would you do that? Why would that be in the master plan if it drives that outcome?' It's an iterative process. I think we were pretty close to having a master plan, but we just didn't finalise it.

**Ms MORGAN-WICKS** - I think, Deputy Chair, it would be fair to say that car parking was a significant issue in terms of the finalisation of that master plan, and differing views between proponent and Government as to the size, the responsibility for contribution, and really what that meant for the site as a whole in terms of community use and people's expectations of being able to turn up to the DEC and get a car park right out the front.

**Mr WINTER** - I wanted to talk a little bit about that. The incoming brief for the Minister for Business, amongst other things, came through on RTI. It lists the key points around this, amongst other things. It says:

On the basis that there is no certainty of development or contribution to costs from LK Group and the potential high cost to Government of around \$100 million to activate the site, the Department's current recommendation is to cease negotiations on sale of land and consider offering the surplus land to open market. A minute to this effect was submitted to the Premier.

Can you take us through the basis of that advice, particularly that \$100 million price tag and what the components of it are?

**Mr GREGORY** - There's quite a lot of detail in the number, but essentially the negotiations had been proceeding around some parameters provided by Government around

## PUBLIC

the contribution it might be prepared to make around things like the car parking and preparing the site for sale, servicing the site, and so on. The car parking was starting to look particularly expensive. I think the LK Group's estimates were extremely optimistic and -

**CHAIR** - This was the multistorey car park?

**Mr GREGORY** - The multistorey car park, yes. Also, the other consideration was the size of that car park had changed quite dramatically during the course of the master plan development. That was quite a sticking point for us. We got to the point where in terms of that sort of commitment to pay, willingness to pay, we were having some commercial negotiations around, well, if we were funding a significant component of this car park, but it was being used essentially for facilities that had been leased to the LK Group, our view was there should have been a commercial arrangement around the leasing of those car parks. That was a significant sticking point for us.

**Mr WINTER** - You've talked a lot about the car park. What were the other components of that \$100 million?

**Mr GREGORY** - The car parking was a significant part of it: another component was the realignment of Loyd Road within the site, and then the third component was getting services to the site, making sure that the site was serviced by sewer, water, electricity.

**Mr WINTER** - In terms of this, you're working with a valuation at this point, as well. How does that interact with this \$100 million price tag? Is it -

**CHAIR** - The land valuation.

**Mr WINTER** - The land valuation, sorry. It's been a long day. You're working with the land valuation at the time. How does that interact with this requirement to invest public money into infrastructure? Was this all part of the one agreement or were there separate agreements?

**Mr GREGORY** - No. There would be a single agreement that covered off what was going to be done by the LK Group, what investment they were going to make and what the site was going to deliver. As an appendix to the master plan, the agreement would lay out what was going to be done. The agreement would cover who was going to do the work, which components of work, who was responsible for funding those components of work, and it would include the staging and include the sale price for the land. That would all be part of the same agreement.

**Mr WINTER** - Can I ask, we don't have much time, Chair, I wanted to get to this: sharing the Valuer-General's advice, whose decision was it that the Valuer-General's advice would be shared with the proponent against the advice of the Valuer-General?

**Mr GREGORY** - That occurred before I became involved in the project at all. My understanding is that the Secretary of the Department of State Growth shared or the department shared the report. I think in the context of the project and the fact that an agreement had been made in 2019/2020 to sell the land to the LK Group at market value and the Auditor-General notes that there was public commentary in 2020 as to the value of the land, I don't actually find it unusual, given the in-principle agreement was to sell the land to the LK Group at market

## PUBLIC

value, or value determined by the Valuer-General. I don't think it's particularly unusual to have shared the report with them.

**Mr WINTER** - Correct me if I am wrong, Chair, but the Valuer-General couldn't point to another example where it had happened.

**Mr GREGORY** - I don't think there would be many examples. I haven't, in my time in Tasmania, been involved in an example where an agreement has been reached to sell at a particular valuation: I think that's the subtle difference in this case. The Calvary example, the land was going to be sold, but there was no agreement that it would be sold, public agreement that it be sold at a certain value. We did talk to them about the value. We didn't share the report with them.

**CHAIR** - That would be the usual way of doing things, wouldn't it?

**Mr GREGORY** - It's probably the usual way, but if you consider what damage did sharing the report do, well, I don't think it did any: because the agreement had been to sell at the value set - the Valuer-General values the land and then that's used to set the reserve price. I think, if you're going to the open market for a developable piece of land, you certainly would hold that information confidential because you wouldn't want to be signalling to a broader market what you were doing, but the discussion had already been had a number of years before to sell the land to LK Group at market value, so I think the need for confidentiality around the report is much, much less.

**Mr WINTER** - Can you share the valuation report with the Committee?

**Mr GREGORY** - I'm happy to do that.

**Ms THOMAS** - Can I follow on from that? You're saying that the in-principle agreement was made, no binding commitment was made to sell the land at the price to be determined by the Valuer-General. There's no reference to any other commitments or contractual agreements or development milestones to be met as a component of the agreement - so there was an in-principle agreement and all it was based on was the value of the land. No further sort of terms of agreement were established at that time; so how could Tasmanians possibly be assured that that was the right decision, if there were no further terms or conditions attached?

**Mr GREGORY** - Firstly, I would say I think that's taking a slightly simplistic view. I don't believe that when the commitment was made in 2019 that it was: 'We will sell you the land for this and do whatever you like with it'. It was on the understanding that there would be significant investment from the LK Group, not only in the land, but also in the basketball team and having NBL games played here. That's the context and that's the context of the unsolicited proposal that all of that came together as part of the deal. Then the process of negotiating and having a master plan and starting with the short-form term sheet was to basically lock in all of those commitments. The agreement for sale of the land is connected fundamentally with the agreement to develop. In fact, we would have an agreement for sale and development, and it would all tie together.

**Ms THOMAS** - So, it might be a simplistic view, but it's hard to take any other view when you have absolutely zero information other than that to base your assessment on: so what criteria did the Government rely on to justify that agreement and negotiating with that single

proponent, rather going open market, if the unsolicited proposals process required that the proposal be assessed by the Coordinator-General? That's what the Unsolicited Proposals Policy and Guidelines dated July 2019 says:

Stage 1. The proponent submits an unsolicited proposal for preliminary consideration and assessment against guiding principles.

Stage 2: The Assessment Panel and proponent work together to develop a full proposal and a detailed evaluation and assessment is undertaken, including a detailed financial assessment.

Stage 3: The Government awards the contract, and the parties deliver the project.

Stage 1: All proponents are strongly encouraged to discuss their proposal with the Office of the Coordinator-General on a confidential basis in order to gauge the suitability of the proposal and discuss key requirements under the policy and guideline prior to making their decision.

If that process hasn't been followed, how can Tasmanians be assured that there has been due assessment against some criteria to justify this decision being made to go down this path?

**Ms MORGAN-WICKS** - So, Deputy Chair, we're not providing evidence as to whether or not the Coordinator-General was part of that process. I reviewed the Auditor-General's report again last night - and forgive me, it was very late at night when I was doing it - but I didn't see that there was a recommendation or not, or a finding that the Coordinator-General was not part of the process, but -

**Ms THOMAS** - So, forget the Coordinator-General. What assessment was undertaken then?

**Ms MORGAN-WICKS** - The assessment occurred in 2019. If I can think, for example, the room in which we're sitting today is part of a very complex development that occurred around the 10 Murray site, for example, known as Parliament Square, which took years and years and years to deliver, which involved quite a low number in terms of the actual land valuation for this site. It involved the demolition of 10 Murray -

**Ms THOMAS** - That's fine. I'm sorry, we're short of time - I'm asking what assessment. Tasmanians deserve to see what criteria this proposal was assessed against, because -

**Ms MORGAN-WICKS** - And it was assessed in 2019.

**Ms THOMAS** - So, there's no record of it.

**Ms MORGAN-WICKS** - We are not able to provide further evidence in relation to that, because neither Shane nor I were part of that process. We're now at the end point of that process, so the very last component of this package, which was to be delivered, was to achieve a land and sale and development of Wilkinsons Point.

## PUBLIC

**Ms THOMAS** - So, as head of the State Service, you're satisfied that there's no evidence of assessment against which this proposal was assessed to ensure it's the right decision for Tasmania to proceed with it, but you're willing to proceed with it despite there being no evidence of that assessment?

**Ms MORGAN-WICKS** - I have not reviewed the original assessment that was undertaken in 2019. I haven't provided advice in relation to components 1-6, in fact, in relation to this transaction. I've provided staff and resources to assist, to ensure that Government policy and a Government commitment and transaction is negotiated. I've had conversations with staff and we've provided advice to Government and I've participated as Cabinet Secretary in terms of Cabinet considerations of the matter.

**CHAIR** - So are there any records within State Growth that you can find, Shane - or get someone in your office to find rather than do it yourself - in relation to the assessment by which this was done?

**Mr GREGORY** - Well, I understand the assessment wasn't undertaken in State Growth. It was undertaken in DPAC in 2019.

**Ms MORGAN-WICKS** - Which the Auditor-General has.

**CHAIR** - Can you go back and look?

**Mr GREGORY** - The Auditor-General has. Last year, when the Auditor-General was seeking information, we did a search of the electronic document management system and we provided everything we had to the Auditor-General. There wasn't a lot of information, but what we had, the Auditor-General has.

**CHAIR** - Okay. We might -

**Mr WINTER** - [inaudible] that same information twice?

**CHAIR** - We might write to you about that information, because that's what we're trying to get to the bottom of, so we'll write to you.

**Ms MORGAN-WICKS** - We're very happy to.

**CHAIR** - We're told the last valuation was done in September 2024 for dollar value. When would you reasonably expect that should be updated with the sale?

**Mr GREGORY** - Well, that's very old. There was a request for an updated valuation in the middle of 2025. I would say that's now out of date as well.

**CHAIR** - Well, according to the Valuer-General, that was not an update on the actual value. It was an update on combining different parcels of the land. The valuation itself was done in 2024, September 2024, so before any sale proceeds, are we likely to see a new valuation?

**Mr GREGORY** - We would certainly have to do a new valuation, if we got to the point of having a sale agreement, and we are a long way off of that, but if we got to the point of

## PUBLIC

having one, yes, part of the process would be, having got the master plan and worked through the subdivision plan, to request the Valuer-General provide a new valuation. Even one from the middle of last year is way out of date.

**Ms MORGAN-WICKS** - That's fine. One last question.

**Mr WINTER** - Yes, so you have agreed to provide the valuation report. We appreciate that. What was the valuation of the land in total?

**Mr GREGORY** - Look, off the top of my head, it was somewhere between \$6 million and \$7 million, but depending on how you configure the lots and how you sold them. I wouldn't take that as gospel.

**CHAIR** - But you'll provide the valuation report.

**Mr WINTER** - I appreciate that.

**CHAIR** - Thank you. I appreciate you're busy, and we've gone a little bit over time, so apologies for that. We will write to you on those couple of matters. Thanks for your time today.

**The witnesses withdrew.**

# PUBLIC

## Department of Treasury and Finance

**CHAIR** - Thank you, Gary, for appearing before the Public Accounts Committee Inquiry into the Disposal of Wilkinsons Point land. I don't think we need to go through all the usual procedural information, you're aware of that - both of you. James, if you could take the statutory declaration, both you and Gary. I invite you to make any opening comments, should you wish.

**Mr GARY JOHN SWAIN**, SECRETARY, AND **Mr JAMES CRAIGIE**, DEPUTY SECRETARY BUDGET AND FINANCE DIVISION, DEPARTMENT OF TREASURY AND FINANCE , WERE CALLED, MADE THE STATUTORY DECLARATION, AND WERE EXAMINED.

**Mr SWAIN** - I don't have much of an opening statement, really, because Treasury has had very limited direct involvement with this particular matter. I, as the Committee may or may not be aware, had some involvement in a past life, which obviously is not something I can bring to this Committee. But Treasury's involvement hasn't been significant in that the Treasurer hasn't asked us to get actively involved in a deal that - I was just listening into the last session - is clearly still evolving, in terms of this component of it. We haven't quite got to the point of a property transaction where Treasury would, through the statutory process, be involved. So, the only involvement I'm aware of was, other than through successive budgets, where Treasury's obviously had some involvement through Budget Committee, there was some procurement process involvement back in 2020 is the only thing that I'm aware of.

**CHAIR** - Is that all you wanted to say?

**Mr SWAIN** - Yes.

**CHAIR** - Just on the procurement processes - what processes in that space would Treasury be involved in with an unsolicited bid as it progresses through the system?

**Mr SWAIN** - They're not common, unsolicited bids, and I understand that Treasury can be asked by the Coordinator-General to be involved in evaluation, but I don't believe that it was on this occasion.

**CHAIR** - Are you aware of whether the Coordinator-General actually had any involvement themselves in that?

**Mr SWAIN** - I don't know that history. In a past life, I kind of got involved when it got to delivery of the DEC work, but I wasn't involved in the early period, which is not relevant to my current role anyway. But I don't have that sort of, in any capacity, that original history.

**CHAIR** - If this project - and we've heard that basically the negotiations have stalled or in abeyance or whatever the term that was used - should that start to progress further and long-form term sheets reached, what role does Treasury have there, if any?

**Mr SWAIN** - Well, we could be asked by the Treasurer to - the default position was, if that translates into a budgetary ask, we would be involved at that point, so if it came to budget Committee, Treasury would support the Treasurer to ask relevant questions in relation to the expenditure that's proposed and the funds that are committed.

**CHAIR** - Before or after it was signed?

**Mr SWAIN** - Well, just whenever it progressed to Budget Committee, I guess. But other than that, it's not a ministerial responsibility of the Treasurer because we're not the portfolio agency so we would only be involved if the Treasurer specifically asked us to be and, I think as you know, one of the challenges for Treasury, because it's pretty small in scale, is there's lots of things that it could be involved with, but it can't possibly be involved with them all. There is complicated transactions and capital projects and developments all over Government that we're not involved with routinely because they sit with the accountable authority and their minister. We could be asked to.

**CHAIR** - Is there a monetary threshold for where Treasury should be asked for advice?

**Mr SWAIN** - There is in relation to the Government Businesses, but not in relation to GGS, as far as I'm aware.

**CHAIR** - What is it with GBEs?

**Mr SWAIN** - It's business by business, but \$50 million for the big end, the electricity businesses, but it's less -

**CHAIR** - There's a new fiscal strategy, though, that says that all GGS should come with the exact wording now - and it's late in the day so I won't possibly remember it - in terms of having a proper business case and that sort of thing. We know that this didn't have a business case, and this is not a government business doing it either, or the GGS. So is there no real avenue where Treasury can, without being invited, make some contribution to this?

**Mr SWAIN** - Through Budget Committee: you would expect the Committee to want to understand what work has been done to understand the options assessment -

**CHAIR** - Budget ask, yes.

**Mr SWAIN** - Well, what, effectively, options assessment has been done. But I think, as you'd be aware from previous discussions, in terms of things like cost benefit analysis, it's very few of our projects that get a full cost benefit analysis. That's more common when it's a requirement through Infrastructure Australia or there's Commonwealth funding involved which requires it, like the Bridgewater Bridge was in that category. Most of the time the first analysis is: can the Government afford it? Which is a budgetary assessment. But if there's significant implications for welfare - is it the best possible option in terms of the impacts on the community? - Treasury could be asked to get involved, but we are asked rarely.

**CHAIR** - And do a cost-benefit analysis or?

**Mr SWAIN** - The accountable authority can do a cost-benefit analysis. In the past, we might be asked to comment on the work that they have done through a cost-benefit, but it was, in fact, one of the reasons - going back to this morning's separate discussion - one of the reasons Treasury has developed its own CGE modelling capability. It was so that it can provide some of that capacity across Government. The challenge with any of the economic modelling

## PUBLIC

methodologies is it is dependent also on the quality of the inputs. But on this transaction, which has quite a long history, we've had very minimal involvement outside the budget process.

**Mr WINTER** - In the Auditor-General's report, there is a discussion about the procurement processes, and Treasury - if you've got it, it's on page 11. It said, 'State Growth did not publicly disclose the DEC upgrade contract as required'. It says:

State Growth used a combination of requests for tender and direct engagement procurements, which were disclosed as required. However, there was one significant exemption to this conclusion. The exemption related to the contract with the proponent to provide design and development services for the DEC upgrade. The estimated value of this was \$41 million.

It goes on to say subsequently, 'State Growth didn't publish it', which isn't your issue. I wanted to ask about that particular component and the exemption provided. Was that exemption provided is that the proponent, being the LK Group to do this work itself? Is that the exemption?

**Mr SWAIN** - I don't have specific knowledge, but that would be my working assumption.

**Mr WINTER** - This is how it reads to me. And what sort of would Treasury have undertaken - I know you weren't there at the time, Gary - to assess that it was appropriate to issue the proponent a \$41 million contract without going to tender.

**Mr SWAIN** - I think Treasury - look, I'm sort of speculating a bit, which makes me a little uncomfortable, but I think James might have a comment - would have given advice around the merits of using any exemption power that involved the treasurer of the day, more than the development itself - the considerations for when it was appropriate to use the exemption rather than, 'This is the project and here's its merits'.

**Mr CRAIGIE** - Yes, I will just provide a couple of clarifying comments: the Treasurer's Instructions that we're talking about here are the Procurement Treasurer's instructions, so the accountable - and they pertain to the accountable authority, not to the proponent. The Secretary of State Growth would have formed a view that in order to advance the project, that they needed to get certain exemptions from the Treasurer's Instructions and an application was made to the Treasurer to seek that exemption. Treasury would have provided advice to the Treasurer of the day, on the merits or otherwise of that, and the Treasurer would have made a determination whether to exercise his discretion.

**CHAIR** - So, that process was followed? There's an exemption that was granted?

**Mr CRAIGIE** - Yes. Treasury gave advice to the Treasurer of the day regarding the exemption request from the then-Secretary of State Growth, and the then-Treasurer approved the exemption.

**Mr SWAIN** - If I could, Chair, that was in my opening comment: the procurement involvement that I was referencing.

**Mr WINTER** - Unless I misunderstand the capabilities of LK Group, they wouldn't have been able to do \$41 million worth of work themselves and, presumably, they would have used

## PUBLIC

contractors to do the work. How is it justified that they be given the tender themselves, rather than it going out on the open market?

**Mr SWAIN** - I would be guessing what arguments were made at the time. I mean, I'm aware - I think the VOS Group did the work, from memory. I'm imagining -

**Mr WINTER** - Wouldn't the exemption then go to the VOS Group rather than to the LK Group?

**Mr SWAIN** - No. Well, the agent, as I understand it, to deliver the project was the LK Group. The LK Group then contracted various parties from the private sector to do the works, so they were effectively the principal running the development. I guess it was the case that the LK Group would have had incentives to deliver the project, certainly on time: but as to the other considerations, I would be guessing.

**Ms THOMAS** - Has Treasury provided any advice on the term sheet as it's being negotiated by DPAC?

**Mr SWAIN** - No.

**Ms THOMAS** - Has Treasury provided any advice on the estimated net return to the state of a deal to redevelop Wilkinsons Point?

**Mr SWAIN** - No. We haven't been directly involved. We've got - I need to -

**CHAIR** - You haven't been asked to either?

**Mr SWAIN** - No. We do have - I don't want to kind of mislead the Committee by omission - we do have our general function around advisories to Cabinet, which I don't really want to comment on, what we have and haven't advised on, but in terms of specific advice: no.

**Mr WINTER** - Just on that, the media release from the Premier says:

By partnering with private enterprise, we're excited for what will be more than \$1 billion in economic activity that will follow.

So, that's not based on any advice from Treasury?

**Mr SWAIN** - Outside of the bits I've touched on, so the initial procurement, the involvement through Budget Committee - we haven't given specific advice. I think, as you heard from Shane, the negotiations at the moment are kind of paused. I was getting updated in the back of the room listening to where that was at.

**CHAIR** - That's why we hold public hearings, Gary. Keep you in the loop.

**Mr SWAIN** - Yes, thanks very much. I might need to pay more attention. If and when that was to progress to a budget process, then there would be the normal questions about what work has supported the budget request.

## PUBLIC

**Ms THOMAS** - I can't remember the year, was it 2024-25 in the budget, there was an allocation of \$12 million for development of land at Wilkinsons Point? Was it 2024-25, Dean, do you remember the budget where there was \$12 million?

**Mr WINTER** - No, last year's budget, 2025-26, the \$12 million.

**Ms THOMAS** - The one didn't pass?

**Mr WINTER** - Yes. Not the interim Budget, but the original one that didn't pass.

**Ms THOMAS** - The one that didn't get considered?

**CHAIR** - The May 2025-26 budget.

**Ms THOMAS** - Did Treasury provide any advice on that particular allocation for this purpose or have any information about specifically what that was for?

**Mr SWAIN** - As you noted, that budget didn't progress, so it has no standing.

**CHAIR** - But it was prepared with an expectation it would be passed, otherwise you wouldn't have done all the work.

**Mr SWAIN** - Yes. As with all the numbers that went into that budget that didn't proceed, Treasury would have been involved, was involved. Yes, as you know, it's a \$10.5 billion expenditure budget. I don't have a recollection of that particular -

**Ms THOMAS** - The specific \$12 million?

**Mr SWAIN** - No. I don't.

**Ms THOMAS** - That's okay. Just to be clear, because I think you've answered this question: but Treasury has not provided any advice or been asked for any advice from DPAC or the Department of State Growth on the disposal of land through the unsolicited proposals process, or the disposal of this parcel of land under the Treasurer's Instructions?

**Mr SWAIN** - No, not that I'm aware. We haven't got to that point. If the negotiations that Shane referred to had concluded, we might have got to that point, but we are just not there.

**CHAIR** - For someone who doesn't understand the process of that well: if, you get to that process at the - I'm just trying to understand when Treasury gets involved here. You can get a short-form term sheet, progressing to a long-term form sheet. What point is that signed off and agreed on and there are expectations on both the owner of the land and the purchaser of the land and the things that are in that agreement; at what point does Treasury actually look at it and say, 'Actually, no, that's not really a good deal for the State', or, 'It is a really good deal for the state'?

**Mr SWAIN** - James might want to add to this, but I might try and pull the processes apart. There's a budget process which is considering whether the State wants to fund things. There is the potential that some developments involve considerations beyond finances - so they go to welfare outcomes: is the community better off? Those things can bring - one of them

## PUBLIC

definitely - the budget brings Treasury in and one of them can bring Treasury in if the Treasurer requests it. The third process around property sales, in my time in Treasury, that's been - this is unusual as a property-related transaction. Mostly that's underutilised - or land that's not needed, and Treasury gets a request to support a sale process, to activate a sale process, and it checks with other parts of the Crown, like Homes Tasmania and says, 'Do you have a potential use for this land?' Usually the answer comes back 'no', so the property function is usually not connected to the budget or any potential economic assessment task. This particularly complex set of arrangements is a bit unusual.

**CHAIR** - It's unusual that something as complex as this and as important as this and as valuable as this would not get some oversight from Treasury.

**Mr SWAIN** - I guess yes and no. If you think about it, the capital program across the GGS is pretty significant. It's 800, 900 -

**CHAIR** - Which is part of the earlier problem we were talking about.

**Mr SWAIN** - Yean, and a lot of that really has come out of successive elections - Federal and State - and a lot of that Treasury isn't directly involved with, other than Treasury does have a lead role in setting a number of the frameworks which accountable authorities operate under, like the procurement framework, as an example. We're not operationally delivering much of it.

**Ms THOMAS** - Given this is unusual, my mind goes to surely, therefore, then it even more warrants a level of transparency and understanding for the public about what's going on, given that it's public-owned, so is there something missing in the frameworks that could address this? Like at the moment, there's this real dearth of information around what actually has happened here and why, and the Government has not brought the public on the journey of this, and still now today the Premier himself is saying that we're continuing negotiations, although we just heard that they're in abeyance, but the Premier's most recent statement in February [2026] was 'the negotiations are continuing to get the best outcome for Tasmanians, and Tasmanians will know the detail once the deal is done'. How are we in a position where that's the case and there's no transparency or public consultation on something so significant as this? Is there something legislatively that could be changed so that this doesn't occur?

**Mr SWAIN** - I think in a world where we were a much bigger state, you probably would use economic assessments, including cost-benefit and computerised general equilibrium and socioeconomic impact assessments more frequently than we do, but we have to be pretty pragmatic here. I think the most practical way to fix or to address that issue would be if we move to more comparative assessments of capital needs across Government. I think I talked earlier in the day about that as a potential option available to the Government that would sort of align with the findings of the FSR, that really the Government of the day could make whatever choices it wants to in terms of what it supports, but if you are chasing budget improvement, you then have to think about what other choices go alongside that, which means that the budget process needs to actively think about how projects stack up against each other. Now, if you track that through, if you have a more comparative assessment budget process, it will be harder to get your proposal up if you haven't done business cases/analysis when you might expect that's required.

Sorry, it's a very indirect answer. In a bigger jurisdiction you'd have the capacity to do more pure economic analysis but in a smaller jurisdiction, where the lead question is 'can you

## PUBLIC

afford your participation in the project', even if it does have some good outcomes for the community - because that's one of the things with cost-benefit. You can have a project which is positive cost-benefit, but it doesn't mean it's the best thing to do, but before we even get to it a positive cost-benefit, the first question is: can the Government afford its involvement? And then that's really through the budget process.

**Ms THOMAS** - So at the moment, though, there's nothing that requires that. There's no business case for this proposal. There's no assessment of whether it's in the best interest of Tasmanians. Yet here we are.

**Mr SWAIN** - We're also partway through a process, so the Government still has some decisions in front of it, and I'm not really privy to exactly what's being proposed and the scale of it, and exactly what's been asked of the Government.

**Ms THOMAS** - Not many people are, it appears.

**CHAIR** - There's not even a master plan that's finalised yet.

**Mr SWAIN** - The other point I would make was it's also not probably in this case just the headline number. It will also be, if there's a Government involvement in supporting infrastructure for the site more broadly, for example, you'd also need to think about what was going to happen under all scenarios and is it a - you're changing the timing of things that were going to happen anyway, in which case it's a time, value of money discussion; or does proceeding with the project require expenditure that otherwise would not happen at all? There's a few. I don't think it is not as simple as what's the dollar number attached to the Government's spend, because we do big road projects all the time that don't have cost-benefits or they're treated as you're going to need to do them as efficiently as you can, but it's accepted that you need to do them because the road is over-congested or whatever, or there's a safety concern. You're not really making a decision about whether they should happen or not, you're making a decision about when they should happen and are they being progressed in an efficient way.

**CHAIR** - Thanks Gary, appreciate that. Thanks for your time today on both occasions. We do appreciate it.

**The witnesses withdrew.**

**The Committee adjourned at 5:05 pm.**