

EDITORIAL

Bad smell hangs over State's role in tower project

The Barnett Government's involvement in the development of a luxury apartment project in Karratha highlights the potential problems when a government gets too close to business. It is a murky story of political donations, party links to a property developer and the Nationals' push to increase their political power.

There appears to have been a disturbing lack of due diligence about the Government's purchase of 50 units in Finbar's Pelago Towers project. The original plan to use 30 of the apartments for local health workers fell through and the Government has been left with 28 empty units, which it is trying to sell in a cooling market.

The background to this story is the strong push from the Government, through the Nationals, to maximise the success of its Pilbara Cities initiative at the same time as then Nationals leader Brendon Grylls was hatching a plan to take the seat of Pilbara from Labor.

Pelago Towers was a transformative project for Karratha and a key part of Pilbara Cities. It was conceived with good intentions at a time when an acute undersupply of housing was causing rocketing prices as the Pilbara boomed from the iron ore and gas upswing.

But so eager was the Government to encourage the development, it practically underwrote the 178-unit Pelago East tower by paying \$24 million for 50 units from the Royalties for Regions fund. Instead of paying a deposit as is customary, and as all other Pelago buyers did, the Government paid Finbar up-front, a year before the tower was finished.

The links between Finbar and the Government parties are multi-pronged.

Parliament was told this week that Finbar and an associated entity donated \$75,000 to the Liberal Party, and the developer's preferred builder Hanssen gave \$50,000 to the Nationals in 2012-13.

Local Nationals branch president Robin

Vandenberg, who handed out how-to-vote cards for Mr Grylls last year, later worked for Finbar, selling Pelago units for them. And Peter McDowell, project manager with Hanssen when Pelago East was in the concept phase, is the Karratha branch president of the Liberal Party.

These facts in themselves do not point to wrongdoing by anyone but they create a perception of a cosy arrangement in which developer and political parties benefit.

There are many questions hanging over this affair, most importantly why the Government thought it necessary to get into what amounted to property speculation with up to \$30 million of taxpayers' money. So far it has been slow to provide answers.

The stench surrounding this deal needs to be aired publicly. An open, independent inquiry is needed.