

KARRATHA DEVELOPMENT

New Lib link in property deal

EXCLUSIVE

■ Daniel Emerson

Fresh details have emerged of close links between the private companies behind Karratha's Pelago East high-rise development and the political parties in Government that used taxpayers' money to get it off the ground.

The West Australian can reveal that Peter McDowell, project manager with builder Hanssen when Pelago East was in the concept phase, is the Karratha branch president of the Liberal Party.

He is the second local political figure involved in the project after National Party Karratha branch president Robin Vandenberg, who helped spruik it as a member of the Pilbara Development Commission before joining developer Finbar to sell the units.

Using Royalties for Regions funds, the Government paid \$30 million, including \$24 million upfront, for 50 apartments at the 178-unit Pelago East, but is struggling to sell 28 of them in a falling property market in competition with Finbar.

The Opposition has accused the Government of ploughing taxpayers' money into a speculative venture with businesses it was too close to.

Mr McDowell yesterday rejected the accusation but said he could understand the perception.

"It's difficult to influence people's perceptions, they'll believe whatever they want," he said.

Mr McDowell said he had no

role in Hanssen's decision to donate \$50,000 to the Nationals for the first time in July 2012, two weeks after Cabinet signed off on the \$30 million investment.

Finbar and an associated entity donated \$75,000 to the Liberals in the 2012-13 election year including \$20,000 on the eve of the March 9 State election.

The Government has declared the donations had nothing to do with the Pelago project.

Mr McDowell, who oversaw construction of the development's first phase — Pelago West — and left Hanssen in 2012, said Government backing was crucial to Pelago East. "I know that stage two would never have got a start because the sales on stage one were very slow," he said.

Asked when the public could expect a return on its investment given average Karratha property prices had fallen 25 per cent since apartments were bought, Housing Minister Bill Marmion said the Government may choose not to sell the units.

"You haven't made a loss until you sell them," he told Parliament yesterday.

Opposition Leader Mark McGowan said the Liberal-National Government and their lay members had been involved in Pelago's conception, funding, steering, construction and sales.