

GOVERNMENT 'INVESTMENT'

Top agent queries units deal

■ Phoebe Wearne

A prominent Karratha real estate agent has questioned whether the State Government did its due diligence before it paid up-front for 50 apartments in the town's second high-rise residential complex.

The Government paid \$24 million for the units in the 178-apartment Pelago East tower in October 2012 after Cabinet decided to buy them for \$30 million in June that year.

The tower was completed in November and 22 of the apartments are now allocated to government workers. The Government has struggled to sell the other 28 units, all of which are now being offered under shared equity.

The Opposition on Tuesday blasted the Government for acting as "property speculators" and risking taxpayer money to "underwrite" the development.

Richard Naulls, the Real Estate Institute of WA's Karratha branch chairman and a local agent of nine years, said the Karratha property market peaked in 2011 and started to fall at the start of 2012.

Mr Naulls said it was clear by September 2012 — a month before the Government paid \$24 million into a trust account with the developer Finbar — that the market was in steady decline.

He questioned why the Govern-

ment paid up-front when "every other investor" paid a deposit and then paid the balance when the development had been completed.

Mr Naulls expected the apartments would sell when the next big project brought buyers back to the Karratha market.

"The statistics show that from January 2012 to today the market has dropped significantly — about a 30 per cent reduction in sale price and the number of sales has probably dropped by 35 to 40 per cent over that period," he said.

Mr Naulls' comments came as Pilbara MP Brendon Grylls admitted that local Nationals branch president Robin Vandenberg handed out how-to-vote cards for him at the last State Election.

Mr Vandenberg says it was several months before he was employed by Finbar to sell their apartments.

Asked about donations by Finbar of \$75,000 to the Liberal Party, Mr Grylls told ABC radio he rejected suggestions that the Government made the investment off the back of a donation. Regional Development Minister Terry Redman said the apartments were bought at 15 per cent below the listing price.

Premier Colin Barnett told Parliament taxpayers would get a return on their investment.

■ OPINION P21