

# **PUBLIC ACCOUNTS COMMITTEE**

## **INQUIRY INTO DEVELOPER CONTRIBUTIONS FOR INFRASTRUCTURE COSTS ASSOCIATED WITH LAND DEVELOPMENT**

**TRANSCRIPT OF EVIDENCE TAKEN  
AT ALBANY  
ON MONDAY, 22 MARCH 2004**

### **SESSION 3**

#### **Members**

**Mr J.B. D'Orazio (Chairman)**  
**Mr M.G. House (Deputy Chairman)**  
**Mr J.L. Bradshaw**  
**Mr A.J. Dean**  
**Ms J.A. Radisich**

**ROBERTSON, MR GRAEME JAMES**  
**Managing Director, RC Developments,**  
**PO Box 140,**  
**Claremont, examined:**

**The CHAIRMAN:** The committee hearing is a proceeding of the Parliament and warrants the same respect that proceedings in the House itself demand. Even though you are not required to give evidence on oath, any deliberate misleading of the committee may be regarded as contempt of Parliament. Have you completed the "Details of Witness" form?

**Mr Robertson:** I have.

**The CHAIRMAN:** Do you understand the notes attached to it?

**Mr Robertson:** I do.

**The CHAIRMAN:** Did you receive and read an information for witness briefing sheet regarding giving evidence before the committee?

**Mr Robertson:** I did.

**The CHAIRMAN:** Please state the capacity in which you appear before the committee.

**Mr Robertson:** I appear as a developer. I basically specialise in regional and country town developments.

**The CHAIRMAN:** Excellent. Have you made a written submission?

**Mr Robertson:** I have not.

**The CHAIRMAN:** Thank you for appearing before us. As a developer in regional Western Australia, do you want to explain to us some of the problems that you face?

**Mr Robertson:** Yes. I agree with Robert Fenn in so far as we do have a problem with the State Government; it is mainly with the state government agencies, which have a policy for all of Western Australia. However, the differences are immense when it comes to even comparing what we were just talking about and hearing about the expansion of Albany and projects, for instance, in Shark Bay, Broome or Walpole, which is close to where we are now.

**The CHAIRMAN:** Have you done developments in those places?

**Mr Robertson:** Yes. Would you like to hear about my background?

**The CHAIRMAN:** Yes, if you could do that.

**Mr Robertson:** I am a master builder and I have been involved in developments. My first development was in Port Hedland in 1967, then in Newman in 1968 and Karratha in 1969. I have done other developments in the Shire of Murray. I have developments in Shark Bay, Albany and Walpole. I have decided that because I like to live where I work, I will generally concentrate most of my stuff now on the south coast, although I still have interests in Shark Bay. The difference is immense. When we hear about what you have to do for infill here and compare that, for instance, with Walpole - could I concentrate on Walpole?

**The CHAIRMAN:** Absolutely

**Mr Robertson:** The western moiety of Walpole was owned by the State and was called Boronia Ridge. It was 37 hectares of land. DOLA started to subdivide it. Thirty years ago it was zoned R10. A subdivision plan was done at that stage on a basic grid pattern, which was the thing of the day. DOLA did the first 20-odd lots. When DOLA discovered that the green movement was caning it, it decided it might not be a bad idea to get a private developer to come in and cop the flak.

There was lots of it. Three of us put up our hands. At the time there was no sewerage in Walpole and it did not look like there was ever going to be any, so we did the design so that we could use ATUs. There was scheme water but no sewerage. One of the fundamental complaints of those who would like to call themselves environmentalists was that they felt, and it was true, that the septic systems in Walpole were doing such a good job that they were mutating the foreshore vegetation because of the amount of fertiliser going in there. There was a problem. We came in with our scheme, which was accepted against two others. We were given the green light. It is not a bad way to do it. DOLA leased the ground to us for 21 years with the right for us to freehold it when we were halfway through each rolling section, which we split up into 40 or 50 lots at a time. Unfortunately for us we got to the point at which we were ready to roll with stage 1 and the infill sewerage program came along. We were told that there would be a sewer condition on it immediately, so we had to go back and redesign back to R10, from 2 000-metre lots to 1 000 square metre lots. The other small problem when looked at from afar is that Walpole, as we all know, is surrounded by state forest; as is Denmark for that matter. One-third of the shire of Denmark is privately owned and two-thirds is either state forest or national park. Walpole is part of the Manjimup shire and is in a similar position. For starters, we do not believe that people who want to live in those sorts of places want to take Subi to the bush; they go to those locations because they believe that they need to expand and have a bit more space around them. The Western Australian Planning Commission of the day said that Walpole was surrounded and would not be able to expand anywhere ever in the future - in 20 or 30 years - because it would still have a national park around it. The green movement tightened its grip around that. There was little chance of it going outside that area, so the WAPC suggested that, now that the deep sewer was coming in, we should rezone it to 850 square metre lots. As you are aware, rezoning requires public input. If the shire did not support it, we had nowhere to go. We knew what we were up against. We had a couple of public meetings, which turned into shouting matches. The main aim of the locals was to stop anything there at all. Of course, with the rezoning they could. We said that we would stay with the R10. We were about to move into this and we had let the contracts. The question we first put was: when is the sewerage treatment plant coming in? I was told, "It will be there by the time the first house is built, so you do not have to worry about it Mr Robertson. You take your main to the hot side of Highway 1 and it will all be taken care of." So we proceeded. Of course, to sign off on any subdivision you have to get each authority to sign off. The water authority had by this stage discovered that it was up against the same green movement, which was trying desperately to stop the sewerage treatment plant from being built on the basis that it would stop the world going around. They managed to do that quite adequately for three years. The water authority then said, "Well, Robertson, in that case if you want your clearances, you have to put up a \$420 000 bond right now and \$120 000 of that will be towards carting your sewage in trucks somewhere." The Denmark shire would not take it but the Albany shire would, so we were then stuck carting sewage across three shires to get rid of it. It is an expensive process. The difficulty was exacerbated by the fact that we had already paid headworks for a sewerage treatment plant that was not there. We had acted in good faith. We were now paying for the cartage of the sewage from the people who had shifted in first up, and we were also being charged sewerage rates on our vacant blocks. Talk about a double whammy! I went to the various ministers concerned and to the water authority. The water authority obviously has a very un-level playing field; all the good bits are down its end. It decided that it did not want to set a precedent, so we just had to suffer. In the end I said that we would not pay these rates because it was ridiculous. They put a moratorium over the whole development so that whenever I sold a block it took them anyway. I decided that the only way to counter this argument was to stop selling blocks, so I stopped selling blocks for a while and then it sued me. At this stage, the \$65 000 of water authority back rates -

**Mr M.G. HOUSE:** I am glad you can still smile about this. It is a wonder.

**Mr Robertson:** The outcome was that I said that I would relish the opportunity to stand in front of a reasonable judge with all of this, because it had been going on for long enough that the evidence was all before us. We had a look at what the legal costs would be and the water authority also had a look and saw that it did not have the best case, although legally everything it was doing it could do. Under the Act, as soon as you have your block and the sewerage is in, it can charge you. It is irrelevant whether you are doing it for the water authority or it is doing it for you. It is a different department.

**Mr J.L. BRADSHAW:** If you have nowhere to pump it, surely the system does not work.

**The CHAIRMAN:** It is not a sewerage system.

**Mr Robertson:** It is a sewerage system, if we wanted to get title to our blocks. This was the problem; we had people who had signed up to buy blocks of land and they wanted to live there. We had to proceed and comply with the conditions that were enforced upon us at clearance time. That meant that we had tankers full of sewage going to Albany. That is not a good thing. At the end of the day's play, a compromise was met that we would pay half of it. Instead of going to court we ended up coughing up half of it because the water authority knew that it -

**The CHAIRMAN:** Half the cost of the pumping station?

**Mr Robertson:** No; we paid for all the pumping station in the end. We paid half of our sewerage rates. We were still done in the eye. There was no doubt.

**Mr M.G. HOUSE:** So you did not have a service but legally you had to pay half the costs.

**Mr Robertson:** Exactly.

**Mr M.G. HOUSE:** In fact, legally you were supposed to pay all the costs.

**Mr Robertson:** Absolutely. That has to be looked at. That is a nonsense. If we are serious about regional development, you cannot expect developers to go into these open-ended arrangements. I unfortunately took their word; I thought they were going to be fair people. I did a 300-lot canal subdivision in the Shire of Murray. That was where a dryland subdivision had been approved with no sewerage. The water authority came to me and said, "Look, we now have a sewerage treatment plant in there. The deal is that if you put in deep sewerage, we will not charge you headworks because we need that to make ours work." That was fair. There was a time when you could get some sense out of the system, but that seems to have gone altogether.

**The CHAIRMAN:** When did the Walpole subdivision occur? Was it recent?

**Mr Robertson:** I still have another 120 lots to do. I am in the middle of it right now.

**Mr M.G. HOUSE:** It started about 10 years ago.

**Mr Robertson:** It did. We now have a sewerage treatment plant.

**Mr M.G. HOUSE:** Which the green movement is still saying is not adequate, is it not?

**Mr Robertson:** Yes. In the meantime we could not afford to continue with the second stage of the subdivision because we worked out that we needed a supertanker every day. It was a nonsense, so we stopped. Because we stopped, the three years went by and we had to reapply with new conditions. Getting down to conditions and community involvement etc, in towns like Denmark and Walpole, why on earth do you need public open space that the Shire of Manjimup would have to come over 100 kilometres to maintain when you have more inlet, more foreshore, more forest and more everything? It is not a smart move to put in little squares of unused land for the Coke bottles to be slung into. We can compare that with the city, where the betterment goes into the front of the subdivision and everyone loves it and it is terrific. However, here we have country towns where the public open space is a laugh.

**Ms J.A. RADISICH:** Could you not give cash in lieu which could be used to upgrade the parks that already exist?

**Mr Robertson:** We will get back to Walpole. The next thing on our plan was that we had a footy field, but that was going to drain into an area where there was a Gondwana land plant, *Reedia spathacea*. Therefore, we were told that we were not allowed to do that. We had to take all the filling away. We contributed \$50 000 to the new sporting complex in the town. We were already into that. If we look at Denmark, we currently have a staged development called the Highlands of Denmark. If you want to see a very nice subdivision in a regional area, I suggest the Highlands of Denmark is worth looking at. The Walnut Grove section, which we are finishing off this week, is the recipe for Denmark. Basically, it has 4 000 square metre lots with underground power and scheme water. There is no sewerage because there is very good karri loam with very high phosphorus retention factors. You test your ground and make your subdivision to suit what you can do with an ATU or on-site disposal.

**The CHAIRMAN:** With that subdivision, what cost per lot for servicing would you encounter?

**Mr Robertson:** In the stage we have just done it has been \$2.4 million for 60 lots.

**The CHAIRMAN:** I do not have my calculator here. I have not quite worked it out.

**Mr Robertson:** \$40 000.

**The CHAIRMAN:** Is \$40 000 per lot the actual cost of development?

**Ms J.A. RADISICH:** Roughly how much are the lots going for?

**Mr Robertson:** It is quite interesting. People go down there for the view. In one street, if you just go over the crest of the hill, you can get \$62 000 for a block and if you go over the hill the other way, we have pre-sold them, and they are being re-sold again before settlement for around the \$190 000 mark.

**The CHAIRMAN:** Do they have views of the ocean?

**Mr Robertson:** And the inlet. They are magnificent blocks.

**Mr M.G. HOUSE:** That is the one Kim was talking about this morning.

**Mr Robertson:** There is a big variance. People go down there because they want to see the karri trees and the views. One of the gripes I have as a developer is that I very much supported the GST, which I thought was going to replace stamp duty. We now have a situation in which we pay our 10 per cent GST and then the poor fellow who comes along must find another 6.5 per cent for stamp duty. We really have a 16.5 per cent whack on top of everything we do. I thought the GST would be a state tax and would go back in there. If we are looking at what developers should and should not provide, you have my sentiments on public open space in these places, although Walnut Grove has 28 per cent public open space as well. If a developer is concentrating on these areas, it is like carbon credits. I think we should be given some credit for the other stuff we do around the town. I built the airport for free for Denmark and donated it to the community because we have an ageing population and the flying doctor can now come in and out etc. I built a fairly substantial resort on the top of the hill there, quite selfishly because there was nowhere decent for people to stay who were going to be able to afford to buy a \$140 000 block of land. If you look at the overall on the world from 30 000 feet, you see you have to do various things in a community and for a town if you are to concentrate on doing something decent for that area. But we never get any credit for the voluntary things we do that we can see are obviously a lot better for the town than a quarter-acre block down the bottom corner full of coke bottles.

**The CHAIRMAN:** I have been involved in planning for a long time, and I know that some developers do things fantastically well and go overboard in the provision of things because they see the bigger picture, but some developers will do only the bare minimum. How do you get that balance? I understand where you are coming from and by the sounds of it, you are the exception

nowadays. Some developers will provide everything to the best degree because they understand that adds value to their subdivision and getting a return on their investment. What do you do about those ones who just want to ride on your coat-tails and take advantage of the fact that there is an airport and all those other services, but put in the basic services and keep the costs as low as possible and try to up their return? What do you do?

**Mr Robertson:** I think what you must do is, as I said, look at it a little like the carbon credits. You say that these guys have done this, this and this and therefore they are not liable to cash in lieu of or whatever because they have already put in millions of dollars in other areas for the benefit of the community.

**Mr M.G. HOUSE:** I agree with your principle. Who will make the decision?

**Mr A.J. DEAN:** You have mentioned public open space. I also agree philosophically with what you are saying. What other offsets besides public open space would you envisage as a credit?

**Mr Robertson:** As we said today, contributions to the library, the sporting complex and all the other things that are needed, and if people are not prepared to do that, you take their cash instead.

**The CHAIRMAN:** Are you saying that you think that developers should be making contributions to these soft community infrastructure type things?

**Mr Robertson:** I think they should, yes.

**Mr M.G. HOUSE:** Although I agree with your philosophy, I want to know who you want to make the decision, because we have demonstrated that the public service does not like making decisions. That is its problem, is it not?

**Mr Robertson:** It is not good at it.

**Mr M.G. HOUSE:** You have put it in better words than I have. In this chain of decision making as you go through development, who will make the decision? As a developer, who would you be comfortable saying, "In this development we will not have public open space and in lieu of that we want you to make X development to X in town"?

**Mr Robertson:** I do not personally agree with the giant department that we now have called Planning and Infrastructure, but the one advantage is that everything is in there. Perhaps there is room for something as big as that to have such an officer or a department or, God forbid, another department, but you have to be able to talk to somebody. Of course, the bigger the department gets, the harder it is to talk to the minister, because he or she is too busy.

I will give you another example at the other end of the scale at the other end of the State. Before I go there, we have these policies now, for instance, that all rural residential lots, which are our old special rural lots, have to have scheme water. Here we are with half the dams in the State empty and down on the south coast we are getting over a metre of rain a year, and the next one I have to do will cost me \$2.5 million to run a water main for nobody to use, because they do not want it. I do not agree with an overall policy that says that that is what you must do. I have a 100 000 litre tank that my house runs off and I checked it this morning before I came here so that I could comment wisely. It is still two-thirds full and it is the end of March. It is rainwater and you do not have to chlorinate it; it is fantastic stuff. We have plenty of ground water for gardens and the whole bit. If you have a five, four, three, two or a 10-acre lot, why on earth would you want to drain on the public bit and run water to it? It just does not make sense. That is an overall state policy because they have looked at Jurien Bay or wherever. We have such a large State that we really cannot afford to have blanket decisions made that would suit Albany, not Denmark and Shark Bay. If we look at those two places, Shark Bay gets 200 millimetres of rain a year and has three and a half or four metres of evaporation, and Walpole is the only town in the State that has more precipitation than evaporation, and they are all dealt with under the same rules. That is nonsense.

**Mr J.L. BRADSHAW:** I think the problem arose in that place just north of Mandurah where they had polluted ground water and they then demanded a reticulated water scheme. I guess Governments do not like coming in afterwards and filling the bill. I would say that is where that rule came from.

**Mr Robertson:** I have no doubt that you are absolutely right, because you have different soil types and different aquifers at different levels. It takes that long to get an approval, surely someone in the system could say that that does not have to apply there, but it has to apply there - a bit of discretion.

**The CHAIRMAN:** I was involved in the Planning Commission for a long time and made a lot of those decision in my previous life. The problem is that you immediately have exceptions. You have developers pushing the envelope, because they say that if it is good enough for Albany, why can they not have it in Bunbury or Busselton.

**Mr M.G. HOUSE:** You lay down the principles, like Graeme said, and I suppose someone has to cop that.

**Mr Robertson:** The principle is that if you can prove that you have adequate water coming out of the sky and in the ground, why would you want to drain the system? We have global warming and all the things that we know about, and half the dams in the town are empty and then, out of the blue, you decide that you are going to enforce this. Surely there must be criteria that says that providing your rainfall is X and the water can be proved, it becomes one of the other 24 conditions of a subdivision. It is easy stuff really.

**The CHAIRMAN:** In relation to that, what was the cost per lot to provide this water supply to the special rural lots?

**Mr Robertson:** Of course, here is the other thing. Because you will have to provide it, you are going to try to get the lots as small as you can. The market down where I am likes about eight acres, and that is about the ideal size of a special rural lot and it just does not work.

**The CHAIRMAN:** What would be cost on an eight-acre lot subdivision? Have you done those exercises?

**Mr Robertson:** I have not, no. If I do not like the conditions under which I am buying the land, I am out of there. You have been in the business. I have been developing Denmark for 20 years, and I was buying hundred-acre lots for \$40 000. The last nearly 78 hectare - nearly 200-acre lot - that I am negotiating is \$1.8 million, because they just multiply the finished product and you have to try to explain to them that a few other things have to go in there before you can do that. You are dealing with people who have been on the land for two or three generations, and you cannot blame them for having a go but in the meantime it all has to work or nothing happens. That was just one point I was trying to make with regard to the conditions that apply climatically to various areas. If we have time, can we focus on Shark Bay?

**The CHAIRMAN:** Absolutely.

**Mr Robertson:** The State in its wisdom back in 1987-88 under Brian Burke decided that the dolphins of Monkey Mia were a miracle and, to get the best out of them, we should build a road to Monkey Mia, which was not a bad idea. At the time I think Pam Beggs donated a little timber building that was the dolphin information centre and a toilet block. That was the end of the State's commitment to infrastructure there, where there was a caravan park that was zoned for 120 vans and, therefore, under the Health Act could take 1 200 people. We had a lessee who had only a 21-year lease. The public toilets and the caravan park had ordinary septic systems in which the leach drains went up and down with the tide. You do not have to be an engineer to know that that pumping system is not good. We took it over on Easter Thursday 1988 and the EPA came and closed all the septic off that afternoon - welcome to Monkey Mia! The first thing we had to do was to design and get approved a sewerage system. In 1967 I put in the normal oxidation-type ponds at a development in Port Hedland. Phil Lockyer now owns them and it is getting along quite nicely

now. There is a way of treating sewage in that area efficiently and economically, which we were not allowed to use because CALM said that wading birds would come and jump in the ponds and get their feet dirty. We had to put the whole lot underground. What I was not aware of was that if raw sewage is going 1.6 kilometres up a black pipe just under the ground and the temperature gets over 37°C, it makes hydrochloric acid, which immediately dissolves your septic systems and everything around them. We had a huge maintenance problem on our hands. It was exacerbated by the fact that of the 120 000 people who went to Monkey Mia, only 37 000 stayed with us; the rest of them were the public and the public of course were using the toilets and the whole bit. We were treating it for them and, at that stage, getting no help at all from any other government agencies. We ended up in a position in which we had a big maintenance cost on our sewerage treatment plant. The water that came out of the ground came out at 44°C, was not potable and needed a lot done to it before you could drink it. The previous lessee had been carting his water from Denham in a truck every day for 1 200 people, which was quite an operation. The power was a diesel motor thumping around, that turned off at nine o'clock every night. Now we are talking about an icon - as they now call it - destination. It was like a Third World refugee camp of the worst type - no trees. I had just built a house down in Denmark and the friend who took me up there said, "What do you think?" I said that if we do the deal while I am here, we will do the deal, but if I go home and take my smart pills, never. Just then a busload of Japanese tourists poured out of this airconditioned coach with its motor thumping, and the only thing they had for shade was how to pat a dolphin. I said that there is a human need here; there has to be a quid in it. So we bought the place and proceeded to try to make it better, which was a big job, because in the end we had to put in a 600-kilowatt power station, a huge water treatment and sewerage plant, and collect all the rubbish and everything from the public bins - do the whole lot; we were the Government. Meanwhile, two-thirds of the people who came there were giving money to CALM at the front gate at the rate of about \$600 000 a year and, of course, because of the efficiencies in that particular department there was not even enough money to pay for the wages of the guys who were doing it. They had none left over at all and, in the end, could not maintain the public toilet block to the point where I could not stand looking at it any more and said we have to clean this thing. It had holes in the walls that you could look through, so now we have spent \$34 000 on the public toilet block, we maintain it, we do the cleaning stuff - the whole bit. The number of rangers has gone from one when we went there to 32 now, so you can see where the money goes. We are in the middle of a PER to extend the resort because we turn away 3 000 or 4 000 visitors a year. We find ourselves in the beginning of this and we are now talking about contributions to public amenity. We could not get onto any of the international wholesalers' books because you are getting an enormous amount of free TV publicity there, and we were getting people rocking up in taxis from Carnarvon because the travel agent in Naples did not know that -

**The CHAIRMAN:** How far away it was.

**Mr Robertson:** They thought they had been hijacked. Not only that, they had the next plane to catch four hours later. It was not a good thing. We examined the real problem. The real problem was that you were getting TV crews from all around the world coming to this icon place with very good sunlight and very good TV possibilities. The subject matter was easy and they were going home with not five minutes footage but about 15 or 20 minutes, so we were getting three or four good sessions in prime time in Rome and North America. Market Force had a bit of a look at this and discovered that we were getting about \$18 million worth of free ads worldwide a year, but people had no idea about how to get there. They look at a map of Australia and they always get the bloody mileage wrong and think that they can pedal their bikes there on a Sunday. Do not laugh. I came across a German fellow on his bike and he had to be back in Perth in two days. True story. He put his bike on the plane, took it off in Darwin, had ridden his bike from Darwin down to Monkey Mia, was sitting there and wondering. I said, "You look a bit sad son; what is your problem?" He said, "Well I've only got two days to get to Perth." I said, "Hook your bike on the back of this bus and you'll be fine." We decided that the only way to go was to build an airport, so

I approached the shire and various other agencies and said that we needed a jet strip for Shark Bay; this is nonsense. Keeping in mind Denham, with 700 people, and more than half of them over 60, who had all gone there to get off the wheel, not on it, so they were hardly pro-development. The fact remains that the shire could not raise the bread, and I did a JV with one of the other hotel operators who has since gone away, so we ended up carrying the can for \$1.8 million worth of jet strip. Now we have to comply with all the CASA rules and I have a re-seal coming up this year that is going to cost a quarter of a million, and I can assure you there is no money in running airstrips. We get five flights a week. We find ourselves in a position in which we own and operate the airstrip at a loss, we provide sewerage, power and desalinated water to everybody who goes to Monkey Mia, and we provide accommodation for up to 12 international research people all the time. Therefore, it took quite a while before we turned things around and made a profit. I have in the system up there an interesting project called Denham Quays - looking at the bigger picture again, I have put a proposition to the shire and the community and it has now gone to the Department for Planning and Infrastructure - to form a marina on a very shallow sandbank just south of Denham, which goes dry three or four times a year. I thought, "What a great place to put a marina." The shire itself has been trying to build a marina but public funds are not available and there is nowhere to park the commercial fishing fleet in a cyclone-proof anything. As part of our 300-lot subdivision we have incorporated a commercial marina and 30 or 40 boat bays for the locals. Of all the canal blocks, it is the first one other than perhaps Port Catherine recently. The problem we have with doing the numbers on that is that I know how much it will cost, more or less, to develop each block but the State cannot tell me how much it will charge me for the land after we have built it. We can lease the land, and, because of the transparency business that is now required, it will go out for public comment and public interest and we might be lucky and get the land and then we can lease it for a period while we go through all the environmental issues. You must keep in mind that, believe it or not, Denham is very much the same as Walpole, except that it is surrounded by a World Heritage area and they cannot go anywhere. Why did I select this piece of ground? It is not in a marine park; it is in the town area and it is not in the World Heritage area. We do not have the same problem with the thick-billed grass wren that we do at Monkey Mia. The issue of the thick-billed grass wren held us up for a year and half because it had to go to Canberra to Environment Australia because the wren is a named bird. It did not like the scrubby stuff, so a sandbank looked pretty good. At the end of the day's play, if we get to that point and I live long enough, we will have provided the only decent harbour, the airport for town and all the infrastructure for Monkey Mia. Do any of the public facility companies ever receive us as being a contributor? Not in your life. We wanted power - just power - to the airport. You can see the windmills; they are six kilometres away. They wanted \$450 000 from us - private enterprise - to illuminate a public airport. There is absolutely no flexibility in the system at all, so we will have to put a stand-alone generator at the airport so that night lighting can go in. Fortunately, under the regional airport development scheme, we are getting the first contribution - of about \$150 000 - from the State that I have ever had towards anything I have ever done for the Shark Bay airport. If you focus on those areas that are primary pioneering rather than infills or anything else, and if the developer is serious and wants it to go, you are in for the long haul and you are in for a huge commitment. The only way I can see that you will get people really interested in regional development like that is if there can be some concessions. For instance, with subdivisions, as the developer puts in everything, I do not think we should have to pay any state taxes. There should be a moratorium from when we finish the subdivision until it is taken over by the owner. It is cyclical in places other than regional areas. We went five years for the first bit at Boronia Ridge, and we are still paying shire rates, taxes and the whole bit. In the meantime, the State has picked up its 10 per cent and its 6.5 per cent and we are still carrying the can.

**Mr M.G. HOUSE:** Can I broaden the issue a little? Tell me if you think I am on the wrong track. You are obviously highly intelligent and you know the issues. Let us consider the development of Queensland in the Bjelke-Petersen years, when what has now been famously termed the white shoe

brigade developed. As a consequence of that - if you have read the Fitzgerald royal commission reports - a number of fingers were pointed at people but there was very little proof that there was corruption. However, there was certainly an element of corruption about land development. If you go to Queensland now and look at what was done, although you might disagree with a lot of it, you will find that a helluva lot of things got done that have now led to further development. For example, international airstrips have been put in places like Townsville, which then led to further development etc. With that long-winded introduction, although I agree with your principles and I think other people here probably do too, how do you put in place a system that stops that view that there is corruption in giving a developer something? For example, if the minister says to you that Western Power will put in a line out there because you have done a fair bit and that is a fair deal. They are the sorts of things that happened in Queensland. They happened with marina developments more than any others at that time. I agree with your principles and where you are going, and I want regional development because I am a regional person. How do you put in place a process so that someone can make a decision without the corruption issue being pointed at you?

**Mr Robertson:** Since all those commissions have occurred, and as all government agencies are very familiar with them and the whole thing is very transparent, I cannot see that it would be a huge problem, particularly if the developer has already done it. He cannot take it back. I did get a concession at Shark Bay. David Smith, the then minister for everything, said that if I built the airport and finished it, he would sell me the land under it for \$56 000. That was terrific; I paid only \$56 000 for the land. However, of course, once you put an airstrip on it is not worth anything. That was a consideration. The other thing that we could look at as an example is the tourism industry generally. The reason that they all want more of the tourism zones as residential areas is that there is no damn money in tourism for the first three, four or five years, because people plan their holidays well ahead and all the operators want to see the thing built and done before they will commit to it etc. In the meantime, however, tourism employs a helluva lot more people than the mining industry, that is for sure. The Burrup is an example. Various plants have been put forward there, and the State in that situation has said to very wealthy multinationals that to make it work, the State will put in the infrastructure. What is the difference? Why can that same system not be employed in the land development process? While Michael Kailis was still alive, he and I tried to do something up on Ningaloo Reef. It was nothing like the Mauds Landing deal. The point was that we had to go to the Shire of Exmouth, and the shire, because it wanted everything to happen in Exmouth, would not approve the zoning or everything else and it never saw the light of day. None of those things does. There is no agency available to those sorts of developments that you can go to like you could if you were in the minerals and energy area. You say that this is important to the State; it is too important for the Shire of Exmouth or the Shire of Shark Bay to make decisions. I was amazed that, when I tried to explain to the Shire of Shark Bay why I wanted to do A, B, C or D, I would get that flat-eyed look. I discovered that none of them had ever been out of the State. One of the guys was quite wrapped on the fact that he went to Bunbury and saw cafes that were on the footpath - and I am talking about this year. When you have important assets of the State, I think it is important that they be viewed as state assets and dealt with not through local government.

**The CHAIRMAN:** You are suggesting that the state development corporation would need to take over, for example, tourism-type developments. I find it very difficult to see how the state development authority could have input to residential subdivisions, because it would be more difficult. However, for tourism-type facilities for which you need to provide the infrastructure -

**Mr Robertson:** You have to put everything there. There is nothing.

**The CHAIRMAN:** Someone needs to have the ability to influence the process.

**Mr Robertson:** For instance, the Minister for Tourism should, but he has no part in it at all. You could build a 20-storey Sheraton in the middle of wherever you want and he would not come into the equation. The first thing you have to do is go to the local government to get your zoning right,

and if it does not like it - they get scared stiff of that sort of thing - you have a fair chance that it will go no further and there is no room for appeal. I knew the CEO at Exmouth. I asked him how many of these deals he sees. We researched it well. We spent a heap of dough and it would have worked well. He said, "We get about five or six of those a year and people come in and they have the money and would like to do it, but the councillors do not want them to happen so they do not happen."

**The CHAIRMAN:** You have the ability to ask the State to bring down a region scheme and bypass the council if you want.

**Mr Robertson:** On this particular occasion, we went to the Premier himself, but what he did not tell us at the time was that he was trying to get something rolling at Exmouth for the State.

**The CHAIRMAN:** There is a process whereby you can get around the council saying that it does not want to initiate something. Although it needs to review the scheme every five years, it cannot approve the town planning scheme until it puts this zone in place. There are a lot of things you can do. Although, initially, if you have a town planning scheme in place that is supposed to be the map for the next period, you need council approval to change it. There are ways around it.

**Mr Robertson:** There are ways around it, but it is a long road now. For seven years the State has agreed that we can extend by only three and a half hectares this Monkey Mia thing. For seven years we have been going through the environmental bit, without a day going by when we do not push some button to try to make it work.

**Mr M.G. HOUSE:** I worked very closely with Roger Fletcher when the abattoir here was built. At the end of that process, because I had a huge interest in making it happen, he said to me that we had all this back to front and what we needed to do was say to the people who want to spend X number of million dollars to go ahead and spend it but if what comes out at the other end of it creates this problem, we will shut the door. He said to me that he would not do it. He would not spend \$50 million or \$60 million without knowing that the water coming out of the end of this was pure enough to go into the stream, because he did not want his \$50 million or \$60 million shut down. The way this process works now you have to prove that will not happen before you build whatever it is. What he said made sense to me. You have to reverse the process that is the Environmental Protection Act completely. Do you agree with that?

**Mr Robertson:** I agree with that because, in the end, the onus will be on the guy who owns whatever it is. If we were dumb enough to make the dolphins at Monkey Mia go away, we would be the biggest losers; there is no doubt. The difficulty is that because of the arse-covering in all the departments, you end up spending so much on the environmental process that the end user - the guy who buys the block and pays GST and the 6.5 per cent on top - is also paying that on perhaps a four or five year delay created by all this stuff. The same applies with subdivisions. I would not mind if at the end of the day when you have spent all this money, you end up with a better product. You never do. At the end of the day, you have already done your own sums and you have your own consultants who have told you that if it wants to look nice and work nicely, this is how it is going to be. However, you are right; you then have to convince a heap of very nervous civil servants that where you are going is okay. We also know that a lot of them do not like the fact that they cannot afford one. That comes into it very much.

**The CHAIRMAN:** You are saying that as a developer who has the responsibility and who will wear the can, but that is not necessarily so. The complaint we get from most local authorities is that you do everything wonderfully and then hand it over to the council or somebody else to look after, whether it is the landowner or whoever. If you do what Monty suggested and flog it, and it is on-sold, the council will say that it is the Government's responsibility, because somebody must solve the problem. It is always the Government that has to solve the problem.

**Mr Robertson:** Unfortunately, you are right. What Joan Watters did on the Yunderup Canal development is a perfect example of how not to do it.

**The CHAIRMAN:** Exactly. As a bureaucrat and as a Government, you want to ensure that you have not inherited a problem and that the developer does not take the profits while the Government ends up with the costs.

**Mr Robertson:** What Monty and I were talking about was an entirely different situation. We were talking about something that was going to be owned and operated, not sold on. That is a bit different from your normal blocks of land, for instance.

**The CHAIRMAN:** Even in the case of the abattoir, if that company flogged it off to another company, that other company would say "I have bought this", thinking it would all be good.

**Mr Robertson:** Due diligence.

**The CHAIRMAN:** I do not want to know your affairs, but is Monkey Mia now profitable?

**Mr Robertson:** Yes. It would be the most profitable tourist development on the west coast, but then again it is the only one on the beach on the west coast, which is another indictment against our planning system.

**The CHAIRMAN:** Is that to be expanded?

**Mr Robertson:** Yes. We have just spent \$3.5 million, and we finished it two weeks ago. We will keep going. We have just put another 177-bed backpackers lodge in there.

**Mr M.G. HOUSE:** When you made the comment about the State not being able to put a valuation on the land, were you including in that the marina development?

**Mr Robertson:** I was directing that entirely at the other thing that we are doing called Denham Quays

**Mr M.G. HOUSE:** So, are you going to sell the marina development?

**Mr Robertson:** No. We transferred the marina development. There is no retail development in it, because what we are trying to do is prop up Main Street.

**Mr M.G. HOUSE:** I asked that question because we are looking at the proposed development at Coogee, and the issue there is what value does the seabed have when you put that sort of development on it.

**Mr Robertson:** This is the problem we have now: what value does seabed have when you turn it into 800 square metre lots and sell it?

**Mr J.L. BRADSHAW:** But how can you do a development without knowing that cost?

**Mr Robertson:** John, thank you!

**Mr J.L. BRADSHAW:** What I am trying to ask is: how do you do it?

**Mr Robertson:** What we will do is when we have leased the land and we have got our foot on it and the intellectual property has been recognised as ours, we will then be in a position to say "Okay, we have done all this, but before we start to turn a sod, Mr Government, how much are you going to charge us?"

**The CHAIRMAN:** Then you have the problem that Monty raised earlier; namely, the insinuation in relation to Port Coogee that the seabed was given up for free, and that that was incorrect and should have been paid for, and then all the arguments about who should pay for it.

**Mr Robertson:** It will be paid for. Nobody denies that it has to be paid for. All we want to know is how much, because if you know how much you will then know whether you will be go or woe.

**Mr J.L. BRADSHAW:** Coogee got that for free.

**Mr Robertson:** I do not mind that! Can I use that as a -

**Mr M.G. HOUSE:** No! That is not exactly right.

**The CHAIRMAN:** They did not have to pay for the seabed, but they had to provide the infrastructure that went with it, such as the marina.

**Mr Robertson:** My argument when we get down to that end of the trail will be “Hang on. I will do you a swap for an airport. Would you like that?”

**The CHAIRMAN:** Nice try! Is there anything you want to add?

**Mr Robertson:** I appreciate your listening to my ramblings.

**The CHAIRMAN:** It has been very interesting. It gives us a different perspective of the process.

**Mr Robertson:** I did not touch on Broome, and I will not, but thanks for your time.

**The CHAIRMAN:** We might want to talk to you again during this process. There are some interesting aspects that we might want to consider.

**Mr Robertson:** I would appreciate that.