



# ***TRANSPORT AND RESOURCES COMMITTEE***

**Members present:**

Mr SR King MP—Chair  
Mr LL Millar MP  
Mr BW Head MP  
Mr JR Martin MP  
Mr LA Walker MP  
Mr TJ Watts MP

**Staff present:**

Dr A Beem—Acting Committee Secretary

## **PUBLIC HEARING—INQUIRY INTO THE ECONOMIC AND REGULATORY FRAMEWORKS FOR QUEENSLAND ISLAND RESORTS**

### **TRANSCRIPT OF PROCEEDINGS**

**WEDNESDAY, 24 AUGUST 2022**

**Mackay**

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### **The committee met at 4.11 pm.**

**CHAIR:** Good afternoon. I declare open this public hearing for the committee's inquiry into economic and regulatory frameworks for Queensland island resorts. Thank you all for your interest and for your attendance here today. I would like to respectfully acknowledge the traditional custodians of the land on which we meet today and pay our respects to elders past and present. We are very fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander people, whose lands, winds and waters we all share.

My name is Shane King, the member for Kurwongbah and chair of the committee. With me here today are: Mr Lachlan Millar MP, the member for Gregory and deputy chair; Mr Bryson Head MP, the member for Callide; Mr James Martin MP, the member for Stretton; Mr Les Walker MP, the member for Mundingburra; and Mr Trevor Watts MP, the member for Toowoomba North.

On 21 February 2022, the Transport and Resources Committee resolved to conduct an inquiry into the economic and regulatory frameworks for Queensland island resorts. The purpose of today's public hearing is to assist this committee with its consideration of the inquiry. The committee's proceedings are proceedings of the Queensland parliament and are subject to the standing rules and orders of the parliament. As parliamentary proceedings under the standing orders, any person may be excluded from the hearing at the discretion of the chair or by order of the committee. The committee will not require evidence to be given under oath, but I remind witnesses that intentionally misleading the committee is a serious offence. You have previously been provided with a copy of instructions to witnesses so we will take those as read. The instructions are also available here today.

The proceedings are being recorded by Hansard. Media may be present—welcome, media—and will be subject to the chair's direction at all times. The media rules endorsed by the committee are available from committee staff if required. All those present today should note it is possible you might be filmed or photographed by the media during the proceedings and images may also appear on the parliament's website or social media pages. I ask everyone present to turn mobile phones off or to silent mode.

I also ask that any responses to questions taken on notice today be provided to the committee by 4 pm on Monday, 12 September 2022. The committee will hear from witnesses from the Mackay Regional Council, Mackay Isaac Tourism, Mr Bernie Tonga and Mr George Tonga.

### **NUGENT, Ms Aletta, Director, Development Services, Mackay Regional Council**

**CHAIR:** Welcome. Thank you for your attendance. Would you like to make a short opening statement?

**Ms Nugent:** Yes, thank you. Mackay Regional Council appreciates the opportunity to make a submission and appear before the committee for its inquiry into the economic and regulatory frameworks for Queensland island resorts.

The islands and related resorts along the Great Barrier Reef in Queensland are a point of difference for tourism in Queensland and a focal point for international and interstate tourism. The tourism economy in the wider Mackay region delivers benefits of up to \$450 million per year. The island resorts are specifically a part of this unique Queensland tourism product and provide valuable economic benefits to our region.

Since the closure of Brampton Island and Lindeman Island in 2011 and 2012 respectively, there has been a loss of these economic benefits to the Mackay region. In our submission dated 7 April 2022, Mackay Regional Council raised six issues around the current lease agreements: compliance with development approvals; operating requirements for island resorts; ownership; re-evaluation mechanisms; and public access to islands.

There is a clear need to address the current state of island resort developments in our region and more specifically the management of island resort developments. The lease agreements and related title deeds effectively act as development control measures for development of these island resorts. The existing lease agreements and inconsistent enforcement of the terms of such agreements have led to developers effectively land banking the areas designated for island resort

development with an apparent lack of intent to operate the island resorts or progress current development approvals. The state has the authority to ensure compliance with the terms of the leases yet appears reticent to do so.

As it currently stands, the two previously operating island resorts in the Mackay region have fallen into a state of disrepair, which is not in compliance with the terms of the lease agreements. Cancelling the leases could be considered. The current rental charges that apply to the leases are not of a high enough value to disincentivise land banking. To prevent investors and developers from land banking, future leases for island resorts could have a higher lease cost coupled with financial incentives to meet performance requirements related to the development and operation of the resort. A further measure to be included in lease agreements is an appropriate re-evaluation mechanism at regular time frames and milestone dates. This is to ensure that rental payments reflect the current market value of the land and ensure performance against the lease agreement.

To emphasise: the island resorts in the Mackay region ceased operating over 10 years ago and are falling into a state of disrepair, which is detrimental to Queensland's tourism product and the Mackay region. Council believes that there is a pathway for the state to improve the management of leasehold land and the development and continual operation of Queensland island resorts. Our submission made six recommendations that should be considered in this regard. Thank you again for the opportunity today and I welcome any questions.

**CHAIR:** I will go to the member for Gregory to start questions.

**Mr MILLAR:** I would also like to acknowledge Julieanne Gilbert, the member for Mackay, who is here.

**CHAIR:** Sorry, Julieanne.

**Mr MILLAR:** There are two islands that you are talking about—Brampton and Lindeman. I want to focus on Brampton at the moment. The first section of your submission details your proposal for private lease ownership of island resorts to be abandoned and for the state to undertake direct development and redevelopment of the island infrastructure. Would you like to elaborate on this suggestion?

**Ms Nugent:** Yes. I do not know that we would expect the state to undertake the development or redevelopment. It is more about enforcing the leases and lease terms or having appropriate lease terms to ensure whoever does own the lease does develop and then operate the lease for the purpose for which it is issued. Using Brampton as an example, having a resort there that is essentially falling into the ground and is not being operated or improved and not adding to our tourism industry is what we are seeking to hopefully have addressed through this inquiry.

**Mr MILLAR:** So you believe that the current lessees have abandoned the islands? Going forward, has council lost confidence in them getting these islands back up and going again?

**Ms Nugent:** Based on what has happened in the 10 or so years since the resort stopped operating, that is all we can take to have occurred.

**Mr MILLAR:** Have they given you an excuse or reason they have not done anything? What have the reasons been?

**Ms Nugent:** We generally do not have direct engagement with the leaseholders. That is the state. There are various forms of development approval that sit over the islands. Keswick is another one where there is a consent order that sits over it that allows development. From time to time we have been contacted by various parties associated with the lessee of the resort, but generally we do not have those sorts of lines of communication. They sit with the state and the state is the body with the power to actually enforce the lease.

**Mr MILLAR:** Locals on Keswick have voiced their frustration about the lack of action from all levels of government—not just one—when successive head lessees have not delivered on their development promises and the terms of their leases. How would council respond to this issue?

**Ms Nugent:** We have had discussions with the landowners on Keswick Island so we are very much aware of their concerns. It is a complicated regulatory environment that exists on Keswick. We are happy to partner with the state and also happy to take on board any recommendations from this inquiry as to things that we can do to facilitate greater development on the islands. In accordance with the lease we believe is the best mechanism to force some action to occur.

**Mr MILLAR:** Obviously one of the concerns is that the barge and ferry to Keswick have been out of action for some time. Is council aware of when these services may resume?

**Ms Nugent:** My understanding is that, in accordance with the lease, there were obligations on the head lessee to build that infrastructure within a certain time frame. I believe there was an extension of time granted recently around the delivery of that infrastructure. The obligation and the motivation to build that derives from the lease, which is in the hands of the state. I want to clarify that I did not want this to come across as an exercise of putting all blame on the state.

**Mr MILLAR:** No.

**Ms Nugent:** From our perspective, the leases are an easier mechanism to force some activity on those islands. Our intention really is to do whatever we can, helping the state and working with whomever we need to work with to see something happen on these island resorts.

**CHAIR:** This is a different case, but we held a public hearing in Cairns the other day and people from around Palm Cove talked about Double Island. They said that in their opinion the lessee had not been doing anything. We understand that the minister has issued an order that they do something by March 2023 and they are all waiting to see. Is that something you would suggest, that the minister can put those orders?

**Ms Nugent:** I am not aware of the actual legal trigger mechanisms under the form of lease agreement that exists, but there are clauses in the respective leases that do give the state power to enforce those provisions of the lease. I am not sure if it is an order from the minister or how that works. My observation is that the state has been quite conciliatory working with the lessees, which is great, but I think we really want to see some action happening on those islands.

**CHAIR:** We understand also from talking to the member for Whitsunday yesterday that relationships on Keswick Island have improved dramatically. There has been a change of management or something and things have improved. I suppose that is not your evidence, but I just wonder if, as the local council, you feel anything along those lines.

**Ms Nugent:** Yes, absolutely; that is our perception as well. There was some onsite management and I think there were some disagreements with local residents. That has been resolved. It seems as though the head lessee is quite willing to work with those residents, which is good. What we would really like to see is something happening on the ground—better accessibility to the island—because that is a barrier. It causes a lot of problems for the existing residents even though the way they interact with the head lessee has improved.

**CHAIR:** That brings me to another point. Forgive my naivety, but we have heard that between the three levels of government and different bodies—this is what the member for Whitsunday was saying yesterday as well—someone needs to guide the process, because it seems to be a complicated process. The Great Barrier Reef Marine Park Authority has certain boundaries and sometimes they tend to overlap with the state and councils. From what we were hearing, that seems to be the problem. That was my understanding. Do you see a way forward from that? It was suggested maybe that there could be a body—no-one wants more bureaucrats; I understand that—to help progress that. I understand it probably could not be council, because different councils have different rules up and down the coast of Queensland. I am not really seeking an opinion, but as a representative of council do you have any thoughts?

**Ms Nugent:** As you said, I do not know if you need to make it too complicated. Speaking on behalf of Mackay Regional Council, we are happy to work with anyone. If there is some sort of dedicated working group or something, we are happy to make sure that all of the different people involved are talking and on the same page and working together. We want to see a good outcome on these islands. If there is anything we can do to facilitate that, we are happy to work with any level of government to get to that end.

**CHAIR:** That is why we are here: to hear these ideas and put them in a report.

**Mr MARTIN:** We have heard from other witnesses about the difference between enforcing regulations and additional regulations. In your opening statement you mentioned enforcement of leases, but you also touched briefly on additional terms. Can you expand on that? You said something about maybe adding an additional cost at the beginning of a lease.

**Ms Nugent:** Yes. What we meant by that in our submission is that, as we understand it, the current rental payments are quite low so it acts as a disincentive to utilise the land for the purpose for which the lease has been granted, so it is actually having a lease fee that is more appropriate given the value of the asset. The other option that we put out there for consideration is whether there can be certain milestones, in the same way that there may be funding allocated for something and then certain milestones have to be met. I understand that in funding events TEQ will allocate funding, and Mackay

then if certain milestones are met in terms of interstate visitation there is additional funding. Maybe it could work the other way and financial penalties would kick in if certain milestones are not met in upgrading or providing required infrastructure in accordance with the lease.

**Mr MARTIN:** Can you also comment on ownership? Do you have any thoughts about who should be allowed to own and operate an offshore tourism resort? Should they have experience in the industry?

**Ms Nugent:** Our submission does touch on ownership. It is our view that whoever is buying the lease or in possession of the lease should be someone with a demonstrated ability or capability to develop the land or operate the resort in accordance with the lease—again, trying to get away from land banking.

**Mr WATTS:** I have a few questions. I am going to ask about Lindeman Island, but before I do, just in general terms so we have it on the record, what is the situation with council's capacity for rateable charges or income or regulatory authority over the islands?

**Ms Nugent:** In terms of rating, I am not sure. I would have to take that on notice if you would like more information on how that is set up. We do have regulatory powers in relation to development assessment and control and also in terms of our ability or our requirement to enforce certain state regulations like building and things like that. I do not currently see any of our regulatory framework as being a disincentive to development on the islands. If that is what comes out through this inquiry, we would certainly be happy to look at what we can do to be more facilitative. I do not see any regulatory barriers with us at this stage.

**Mr WATTS:** Specifically with regard to Lindeman Island there has been an extension granted, and in a sense there has been quite strong comment on that from council. What is council's view on that extension?

**Ms Nugent:** Our view is the extension was not within our control to extend the time frame for being able to act in accordance with the EIS report. Our view is that further extension when the approval essentially was granted back in 2015 just demonstrates potentially an unwillingness to act on the redevelopment plans.

**Mr WATTS:** What sort of impact do you think it has on the region if someone takes this lease up and then does not fulfil the terms and it gets extended?

**Ms Nugent:** I guess the crux of our submission is that we are doing a lot to try to promote and diversify the tourism product in the Mackay region. We have been putting a lot of effort into that. That island tourism is something that was very successful in the region in the past. It has not been operating for quite some time. It is a point of difference and we think that if we can get that back up and running and get that sort of tourism product available in the Mackay region it will have huge benefits for the regional economy.

**Mr WATTS:** You mentioned before about intent and potentially some people land banking with no real intent to get anything up and running until there are better financial prospects or whatever it might be. Do you think it is intent, capacity or resources? Is there anything else? Do you think it is just that they have made an investment here and they just want to sit on it until they can reap a bigger reward for their investment?

**Ms Nugent:** Yes. In terms of the land-banking comment, we can only comment on what we observe. We do not have a direct line of communication with the landowners or developers, so we cannot say for certain what the cause is.

**Mr WATTS:** Sorry, if I may just interrupt: do you think council should have?

**Ms Nugent:** It would be great and, as I said, if there is the ability to have some sort of more direct control or working group or something around that we would be happy to be part of it. Obviously financial considerations will come into play if you are looking at making a \$600 million redevelopment of an island, which I think is what the original proposal was for Lindeman, but I think there is a range of different options in terms of tourism development within the scope of the leases on the islands and we would be happy to work with anyone interested in doing that sort of development to bring that to fruition.

**Mr WATTS:** My final question is specifically on Lindeman but it is also able to be broader. Who do you think should control public access and the public access assets and what pressure should there be for someone to construct those and then hand them over to either local council or state or make them available to the public?

**Ms Nugent:** At the end of the day, these islands are public assets and the fact that they are not freehold and they are subject to a lease—they are state land—means there should be a level of public access. That public access should be appropriate, in my view, to the island. I would hope that, if someone is developing or redeveloping that island, whatever access is implemented would be complementary to the development but also would serve a public purpose, but that is something that would need to be worked through on a case-by-case basis. Ultimately, the public should have the ability and right to access the islands.

**Mr WATTS:** Sorry, but when you say that it should be 'worked through on a case-by-case basis', by whom?

**Ms Nugent:** Depending on the process, with the state—and also we would obviously want to be involved in that through the development approval process.

**Mr WATTS:** Yes. Thank you.

**CHAIR:** I could be wrong, but is Lindeman Island up for sale? Did I see that somewhere? Does that come up in the—

**Ms Nugent:** Yes, I believe so.

**CHAIR:** I was just wondering. This may be off track, and feel free to fob this one off, but some of the island resort people we have spoken to so far talk about total visits. They develop an island resort and they have certain criteria from the Department of Environment and Science and council and everything. They can only have so many guests because of the size of the island, the wastewater treatment and everything, but then day visits come in and that blows everything out of the water. Has that been a problem with the islands here at all that you know of?

**Ms Nugent:** It is not something that I have heard or been raised with me.

**CHAIR:** Okay, so it seemed to be more of an environmental issue, and it made sense when it was put forward—that is, you get everything right and tick every box and then a cruise ship, say, comes in and all of these people get off and all of a sudden everything is overworked.

**Mr HEAD:** So far you have suggested that increases in charges in leases on the condition of a lease agreement might improve management practices, but is there a likelihood that the current conditions of lease agreements could already be reducing or limiting island investment, or would that not be your view?

**Ms Nugent:** I guess I cannot speak for the leaseholders or someone who is regularly working in that space in developing resorts. I would not have thought that the conditions of the leases are particularly onerous but, again, I do not work in that space. The way I see it is: in terms of things like making provision for public access, whether it is by way of public toilet facilities and the treatment facilities and waste, you would want to go about developing the island to cater for the broader range of users. If there are these other users coming that might not be guests, how do you accommodate them and generate income from them coming? I think it would be up to whoever is redeveloping or developing the resort to consider how they structure their development to make the most of their investment.

**Mr HEAD:** Yes, and that is something that has come up previously, that it has—

**CHAIR:** She answered my question; it is just that you asked it in a better way.

**Ms Nugent:** Yes, I kind of did get to answer it through the back door, sorry.

**Mr HEAD:** Yes, and it has come up when we have asked similar questions along the way. The thing that does get mentioned quite a bit is that it comes down to due diligence and that people should not take up on an island and sign an agreement if they are not aware of those costs that might be involved in catering for the public. They have been some of the problems that have come up when people have bought an island for so many guests and then they have to cater to hundreds of others on top of that but they are not receiving direct income from them.

**Ms Nugent:** Again, we are all working towards the same outcome here. We all want to see something happening on these islands. If it was a discussion with the state around modifying a lease term or something in that regard to try and facilitate that outcome, I would have thought the state would be open to that conversation potentially.

**Mr WALKER:** Your submission states that council strongly objects to land banking and the lack of intent surrounding current longstanding development approvals which you believe have no chance of being delivered. Are you able to elaborate on this? Where does council believe land banking is occurring?

**Ms Nugent:** Again, our comment around land banking is really just what we have observed. In relation to Lindeman and Brampton, we are seeing a lack of action. We are seeing the facilities that are there continuing to deteriorate and we are not seeing any meaningful action to change the situation.

**Mr WALKER:** You talk about increasing the lease costs to motivate. As a former councillor and chair of planning, council can incentivise or structure policy around how developers move forward, be it on resorts or major land developments. What role do you think council could play in that space to enhance that opportunity moving forward? You are under the SPA, the state planning act, in terms of how you move forward with your new town plan, for example, so how could you play a role with the state to move that forward? Do you think something could be done in that space in partnership?

**Ms Nugent:** I think our current planning scheme is fairly flexible with regard to the zoning that applies to those islands. I do not see it as being a disincentive to development for a wide variety of tourism type development. Certainly if that is something that comes out we are happy to have a look at it. Council also has a policy on facilitating development in the Mackay region which at the current time allows for 100 per cent waiver of infrastructure charges for tourism development, so tourism is an area that we are actively trying to encourage in our region and we do that in a variety of ways.

**Mr WALKER:** Because that is when they are moving forward and you have an application to build a resort on the land or on an island and you go, 'Wow, that's great. For the next 12 months it's all free. Go hard'—that is, if they are going ahead. What is happening to get them out of the blocks? If you are worried about them sitting on it for 10 years or 15 years, how do we get them from there to there? I suppose I am just trying to get some information on how you see it in terms of things that we need to be aware of to push it forward.

**Ms Nugent:** Yes, and I have thought about that. In terms of local government's role, I am struggling with that. It is very hard to force someone to undertake development, and I guess that is the key to this inquiry so we are happy to hear any suggestions that come out. That is why we come back that the main point of leverage sits with the state and it is with the lease, because it is leasehold land—it is not freehold land—and there is a lease that requires that land to be used for a particular purpose and if it is not then that is a mechanism to compel action.

**Mr WATTS:** From this inquiry, what would success look like for council? What would you like to see come out of this? How can we help council find the success they are looking for?

**Ms Nugent:** Success for us is seeing tourism investment on our islands and seeing successful tourism activities happening on the islands. We have a lot of free tourism activities in the region where you can go to beautiful beaches and you can go to islands. We want people getting on ferries and going across to islands for daytrips, going there and staying, people coming into the region and going on to these islands. I would love that to then generate other flow-on tourism activities across our region. What we really want to see is investment on these islands and then viable, prosperous tourism activities occurring within the lease areas.

**Mr MILLAR:** This might be hard to answer, but Mackay is known as a sugar town, a mining town and also a tourism town. What is the value of the tourism dollar here in the Mackay Regional Council area and has it been impacted by Brampton and Lindeman not opening for the last decade?

**Ms Nugent:** Yes. We did look at that as part of this and it is very difficult to discern the impact of those islands not operating given the amount of time that has lapsed and the impacts of COVID in the meantime. In terms of the current value of tourism, it has been growing. Rob Coco from Mackay Isaac Tourism, I am sure, would have been able to give you that figure off the top of his head. I will have to take that on notice; I do not have that figure with me.

**Mr MILLAR:** If you could, that would be great.

**Ms Nugent:** Yes, but it is something that is growing and it is something that we are actively trying to continue to grow. By all accounts, when those resorts were operating they were successful and they were something that drew people to the region, so we are confident that if they were operating again it would have a positive impact on our economy.

**Mr MARTIN:** I was just wondering if you could comment on how council has been working with Indigenous owners to ensure they have some input into this.

**Ms Nugent:** Yes. We do have a lot to do with the Yuwi people, the traditional owners of Mackay, and to some extent Widi as well who are also traditional owners up the Pioneer Valley. We deal with them regularly on a range of things. I have not had any direct discussions with them in relation to the islands.

**CHAIR:** I suppose I had better just say something to manage expectations. We are listening. We are hearing all of these things up and down the coast and we will put together a report hopefully for some sort of action. In terms of the things that we are hearing—and maybe you would like to comment on that—as I said earlier, a big one is the interaction between the levels of government. We heard somewhere about a jetty—it might have been Keswick Island—where the Great Barrier Reef Marine Park Authority would not allow another jetty—or maybe it was another island—and the jetty that was there was unusable. We have heard of an airstrip that was not allowed to be extended. It is obviously a group that has its interests at heart and it is looking after the Great Barrier Reef, because if it is gone none of these islands will flourish. I am just wondering if there was any further comment on the interaction and how we could make that work better.

**Ms Nugent:** I think it is getting everyone to the table working together. I think that is ultimately the case. I have heard anecdotally that it can be difficult to navigate that approval process through the Great Barrier Reef Marine Park Authority, but I have not had any direct dealings myself. I think if we are all working together towards the same outcome, you can overcome a lot of those things. You can work through them and make sure that everyone's objectives are met. It is about everyone talking and working together.

**CHAIR:** And, without putting words in your mouth, making sure everyone involved has the will to do that because, after all, it is the intent of why people would purchase a lease on an island.

**Ms Nugent:** Yes, absolutely.

**CHAIR:** Are there any further questions?

**Mr MILLAR:** No. I would agree with you, Chair, that we just have to find a way through this.

**Mr WALKER:** Today we heard that some of these island resorts are 20 or 30 years old and have been sitting idle but the new building codes and standards and water quality going into sewage treatment and water treatment have changed somewhat, so they are old models with old building materials. In terms of picking them up and kicking them into play again, it is probably not so cost effective to fire them up because of the standards of the building expectations of the local authority, the state, GBRMPA and a few other agencies in terms of how to get them to this point now. Do you think that is part of the problem? Thirty years ago it may have been a lot easier, but now we have a lot more conditions to protect that reef, the jewel in the crown. Do you think that is a major player in this when you look at all of the levels in trying to get an airstrip built and trying to get a jetty built for a ferry? Do you think that is part of the overall problem with the process?

**Ms Nugent:** My understanding is that the existing facilities were damaged following Cyclone Yasi and I do not know to what extent they have been repaired. If you have facilities that have been sitting there and not used for that long and not fixed if they were damaged, you are going to have ongoing deterioration to those assets. I am not aware of any condition assessment of the assets, but if what I am hearing is right and they have deteriorated to that extent then I do not know whether there is the ability to just go in now and fix them necessarily.

**Mr WALKER:** We heard that at South Molle it was a council provided jetty in its early days. It was built by the local authority for public use and that is part of the overall resort, so some of these things happen where something belongs to the state and something belongs to the private investor or the local authority and we are finding along the way that it is not always clear-cut who built what where. I am just bringing that up as a point as well. South Molle was one of those where it was a local authority—allegedly—jetty and the public wanted access, so that is up and running now, I hear, in that there is some sort of access there. That is why I asked that question earlier regarding the latest development rules and engagement at the federal and state levels, and the local authority, in terms of how it all plays out in the development.

**Ms Nugent:** That is a challenge, but also I am assuming that whoever comes in and wants to redevelop these will have a particular tourism product they are trying to deliver to the modern market. There are probably a whole range of things they want to change. In terms of ownership of the infrastructure that is accessed by the public, again I think we can work through that. You would obviously have to see what the lease says, but if something has been there for a while and we are not sure who owns it now, we can talk and work through that together.

**Mr WALKER:** I have one final point. What we heard yesterday from one of the presentations was about glamping—that is, getting away from the resorts and going to the tents. With glamping you are minimising the impact on the environment, and they felt that the experience was changing from the five-star model more to the environmental model. What do you think about that moving forward in relation to the product changing, or the market?

**Ms Nugent:** As long as it is still consistent with the lease, we would be happy to work with anyone. Everything you have described is consistent with the zoning in the land. It would ultimately come down to what is viable to be developed on that island and there is a range of different tourism accommodation products that could fit there. You could have multiple within the same development.

**CHAIR:** Just to finish off on that, there was some mention made—and I do not know how viable it would be—that, as with mining when you do something like this, there be a preservation fund to tidy up afterwards in case of damage. Obviously it may prohibit people being interested, but these derelict buildings on some of the islands now are just sitting there deteriorating and further damaging everything. Do you think that could be a viable option for the future? Obviously current leases are current leases.

**Ms Nugent:** Some option of a bond or something like that that applies to the lease is something the state could consider. I just hope that would not act as a disincentive to the development, so whether that is one element in how you structure the lease—

**CHAIR:** It was just something that came up, and there are many different forms of that, obviously. You would hope that it would not act as a disincentive, but it may act as an incentive to fix things when they do go bad.

**Mr WATTS:** You are on the same thought line as me. I am just curious: you said that these resorts were damaged by Cyclone Yasi and largely stood idle since then. Do you have facilities, buildings or other things that are on the mainland that were damaged at the same time that are still standing idle and what does council do about those kinds of facilities if they are falling into disrepair and not being maintained?

**Ms Nugent:** I am not aware of any buildings that are and have been in that condition for that period of time, so as a result of Cyclone Yasi back in 2011. I was not residing or working at the council in the region at the time, so I am not aware of the extent of the damage on the mainland that was felt. Generally, if there is a building that is dilapidated and dangerous and causing risk to public safety, I believe that council does have the ability and obligations under the Building Act and associated legislation to take action. As I said, I am not aware of any assessment that has been made of the buildings over there. I am just going off anecdotal—

**Mr WATTS:** I guess that is my question—that is, whose responsibility is it to make an assessment of those buildings to ensure they are in fact safe and they should be maintained in at least a minimum state of repair, if not fully functional?

**Ms Nugent:** I guess what I would say to that is that there is no-one going there, so they are not actually posing a safety risk. That is the way I would work through that. At least one of the leases provides a positive obligation to maintain the facilities in good order so, again, there is that ability under the lease to compel that. Given that they are not being regularly or actually accessed at all by the public, there is no public safety risk arising from those resorts not being used.

**Mr WATTS:** So a private boat cannot pull up?

**Ms Nugent:** You can access the beach, I believe, but the actual facilities and the buildings are private property. They are not accessible by the public.

**CHAIR:** As there are no further questions, thank you very much. Sorry for bringing this on earlier for you.

**Ms Nugent:** That is okay.

**CHAIR:** You will be provided with a copy of the transcript and a transcript will appear on the committee's webpage in due course. There were some questions that you agreed to take on notice. One was the rates—

**Mr WATTS:** Yes, I am curious about the—

**Ms Nugent:** Let me just grab a pen because—

**CHAIR:** We will write to you.

**Ms Nugent:** You will write to me?

**CHAIR:** Yes. The other one was—

**Mr MILLAR:** The other one was tourism dollars for the Mackay Regional Council—

**Ms Nugent:** Yes, the contribution.

**Mr MILLAR:**—and the impact that Brampton and Lindeman may have had on that.

**Ms Nugent:** I know that we do not have that information. I know that I cannot give you that, but I can give you the information on the contribution that tourism makes to the economy.

**Mr MILLAR:** Thanks.

**CHAIR:** If we could please get them by 4 pm on Monday, 12 September, it would be much appreciated.

**Ms Nugent:** Yes.

**CHAIR:** Thank you very much. Sadly, our next witnesses and our first witnesses are not able to attend. I see that some interested parties have attended. Welcome and thank you. If anyone did want to speak or to have a say, we have time as sadly the other witnesses cannot make it. Some are unwell and some got the timing wrong. If there is anyone who wants to give some input as to their feelings of what is happening with the islands, you are more than welcome. This is a little bit unconventional, but we are here to listen.

**WARE, Mr Peter, Private capacity**

**CHAIR:** Thank you, Mr Ware. Did you put in a written submission?

**Mr Ware:** No, I did not.

**CHAIR:** That is easy. When we have written submissions we ask people if they want to add anything to them, but please just speak.

**Mr Ware:** I just have a couple of questions for the committee to do with Keswick. With regard to the headlease holder, Oasis Forest Ltd, the entity type is listed as 'other incorporated entity'. Is the committee aware of what that means to the rights of sublessees to that headlease holder?

**CHAIR:** No, but if you have knowledge of that—

**Mr Ware:** All I got was off the internet that said—

Other incorporated entity includes an entity that has the same characteristics as a company but is not incorporated as a corporation's law company.

The implication is that they are not subject to Australian corporations law. Is that true or is that something the committee has investigated?

**CHAIR:** It is not something the committee has investigated at this stage. We will have Oasis Forest appearing before us at a later stage.

**Mr Ware:** Yes, I think it is relevant to the term of reference 'best support subtenancies to meet contemporary requirements for commercial and residential occupancy' if we are talking to a company that is not subject to parts of Australian law.

**CHAIR:** Yes. I do not know. Not being a lawyer, I cannot make an assumption here either.

**Mr Ware:** No. I asked it and put it to you in terms of whether you had considered that.

**CHAIR:** No.

**Mr Ware:** The other question that I had was on infrastructure. My background is an aviator and my partner and I used to run an air service that ran into Keswick Island. At the moment my occupation is caretaker of Brampton Island. One of the problems of resorts in this area is that it is a nasty piece of water and people do not like travelling by boat, so good air service is essential. The lady was talking about development. When there was development happening on Keswick, one of the builders bought a boat and took his people in and out by boat for a while. We eventually flew them in and out daily because the workers were not going to tolerate that trip every day. One of the infrastructure questions is the availability of airstrips. The airstrip on Keswick used to be a declared facility—in other words, in body corporate terms, common property. It was allowed to be privatised by one of the previous leaseholders. If you are talking about future development taking that airstrip out of the hands of the head lessee or total control, I should say, it is absolutely critical. I think you have already touched on the problem. You are going to try to travel to Keswick and there is no reliable transport.

**CHAIR:** Yes. We struggled to get transport to Keswick Island, so fair enough.

**Mr WATTS:** Mr Ware, you said that if there was airstrip infrastructure it should be taken out of the lessee's hands. In your experience, who would maintain or pay for that infrastructure to be kept up?

**Mr Ware:** The people who used it would have to pay for it, and that was the argument that was put. I do not know which lessee it was, but I think it was two or three ago that threatened to charge the residents and they said, 'No, we don't want it,' which was the worst decision they made. The whole structure is nothing like what was envisaged in the original disclosure statements when people bought on Keswick. There was a document called a deed of agreement, and I heard the representative of the council say they did not have much to do with it. The deed of agreement was between the head lessee, the government and the council, and if you asked people—

**Mr WATTS:** When you say 'the government', do you mean the state government?

**Mr Ware:** Yes, the owner of the land. That deed of agreement put obligations on all the parties and it has just been pigeonholed; it is gone. That is a document that perhaps you might be able to research and find, and they will certainly tell you about it on Keswick tomorrow.

**Mr MILLAR:** What is the fly time to Keswick?

**Mr Ware:** To Keswick about 12 minutes. There is a company operating, but in our assessment as recently retired professional aviators they are about 40 per cent overcharging. They are just gouging it.

**Mr WATTS:** Mr Ware, our inquiry is obviously looking at lots of islands, not just Keswick, but what would success look like for you? What would you like to see as the outcome into the future of the management of these islands, the control of these islands, the regulation of these islands or the operation of these islands?

**Mr Ware:** Ban cheap flights to Bali and Thailand and ban cruise ships, because that is where the customers have gone.

**CHAIR:** That is one thing that we have been hearing—the cost of maintaining something when—

**Mr Ware:** Building and maintaining has been incredible.

**CHAIR:** Yes, and we have heard that quite strongly from quite a number of proponents.

**Mr MILLAR:** And I do not think we would have the power to ban—

**Mr Ware:** No.

**CHAIR:** No, I do not think we do. In a private meeting—it was not a public meeting—that we had with another operator, they have built a product that they believe is better than that. Bali and Thailand are the huts and everything rather than the large resort and people who want a large resort and to be pampered and treated as such should gravitate to these islands and that is the service that they should provide, but the cost is phenomenal.

**Mr Ware:** On the point of governance though, I think you will find out tomorrow with Keswick—Hamilton is similar—that the governance really needs to be looked at and the powers of the head lessee over the lessees and whether that would be tolerated on a mainland development is a question that perhaps you should ask yourselves.

**Mr WALKER:** I just heard Mr Ware say Hamilton Island and Keswick. I have not been to Keswick yet, but we have had a look at the infrastructure at the back of house in terms of what runs that island and the airstrip, the lighting, the fire station and the ambulance. There are a lot of costs around that for about 1,500 guests, from memory, and then there are about 800 residents, I think from memory. When you talk about Keswick, are they familiar with what that infrastructure looks like and what that costs to keep things like the airstrip going, because they run it and they have 600,000 passengers a year through the airstrip?

**Mr Ware:** Yes, I know Hamilton Island well.

**Mr WALKER:** Yes, and you were comparing both?

**Mr Ware:** No, just that they are similar entities—in other words, they are both leased islands and they both have residential properties and tourism activities on them. The scale of Keswick is way down, naturally, on Hamilton and you are talking about a 500-metre airstrip, so only very small aeroplanes can use it—or helicopters.

**Mr WALKER:** Today we talked about the critical mass on size and making those dollars work on water treatment and the new standard of sewage treatment in terms of what that looks like moving forward for these sorts of resorts to get out of the ground again or be built, so it is pretty costly.

**Mr HEAD:** Mr Ware, having operated in the industry in a slightly different capacity from your aviation service, I am curious: do you believe the cost of insurance plays a fair part in the state of the islands?

**Mr Ware:** I really could not comment on that. We do not know. One of the problems of the sublessees on the island is that they do not really get much disclosed by the head lessee and the terms of the headlease do not require that.

**CHAIR:** That is a valid point—very much so. Mr Ware, if you did want to put some of your thoughts down—obviously we will have a transcript of what has been said today—and write to the committee, we would be happy to accept that.

**Mr Ware:** Yes, I would be happy to do that.

**CHAIR:** Thank you. We really appreciate that and appreciate your time.

**Mr Ware:** Yes, very good.

**CHAIR:** If there is no-one else, we will finish a bit earlier. I thank you all for your attendance and participation. It is much appreciated. I declare this hearing closed.

**The committee adjourned at 5.03 pm.**