



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

Staff present:

Dr J Rutherford—Committee Secretary
Mr Z Dadic—Assistant Committee Secretary

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

TRANSCRIPT OF PROCEEDINGS

MONDAY, 29 AUGUST 2022

Brisbane

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The committee met at 9.50 am

CHAIR: Good morning. I declare this public hearing for the committee's inquiry into economic and regulatory frameworks for Queensland island resorts open. My name is Shane King, member for Kurwongbah and chair of the committee. 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 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. With me here today are: Lachlan Millar MP, member for Gregory, who is our deputy chair; Bryson Head MP, member for Callide; James Martin MP, member for Stretton; Les Walker MP, member for Mundingburra; and our other member, Trevor Watts MP, member for Toowoomba North, has just had to step out.

On 21 February 2022 the Transport and Resources Committee resolved to conduct an inquiry into the economic and regulatory frameworks for Queensland island resorts. This public hearing is the eighth public hearing that the committee has held as part of this 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. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, 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 being read.

I remind members of the public that they may be excluded from the briefing at the discretion of the committee. These proceedings are being recorded and broadcast live on the parliament's website. Media may be present and are subject to the committee's media rules and the chair's direction at all times. You may be filmed or photographed during the proceedings and the 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 ask that any responses to questions taken on notice today be provided to the committee by 4 pm Tuesday, 6 September 2022.

GREETHAM, Mr Philip, Private capacity

CHAIR: I now welcome Mr Phillip Greetham. Thank you for your attendance here today. Would you like to make a short opening statement and then we will have some questions.

Mr Greetham: I must admit that misunderstood this a bit. I thought my short opening statement was all I got and that the whole time to the half hour was your deliberations so I have only prepared about four minutes.

CHAIR: That is perfect. In addition to your submission that you have already made?

Mr Greetham: Yes. It is basically reinforcing it and putting a base to it. I believe I need to ask your permission to table my presentation.

CHAIR: If we get a copy we can seek leave for that to be tabled. That will help us.

Mr Greetham: Firstly, sorry about the dress code. I do not own a suit and tie anymore. This whole situation reminds me very much of a night I spent in Melbourne at a pub. It was a trivial pursuit night. I rang up and put my name down and I thought they would just match me up with a bunch of people at a table. They said when I booked it, 'Do you have anybody else?' I said, 'No, it is just me.' Anyway, when I turned up on the night there was this huge room, one big round table that seated about 12 in the middle and there was one name tag, just me, on that so I was in a group of my own. This reminds me very much of that night. Do I kick off now?

CHAIR: Yes, please.

Mr Greetham: I am here to give you my story of a landowner on Keswick Island. As you can see, I have titled the presentation 'Paradise lost', which I really think it is. The second slide is of me when I bought the land back in 2006. I paid \$240,000 cash for that land. The plan at that stage was it was to be my retirement home. I planned to build a house with a small self-contained

accommodation as part of it where friends and family could stay, as well as let it out as a B&B and have a small income and so on there. At the time there was on the plan the promise of the marina that would be built, along the top of the street a handful of shops, a regular ferry and barge service to and from the mainland and a resort at the end of the island, just a small low-key one, if you like. That was the plan at that stage. As I say, that was 2006 so it is almost 20 years ago now.

As you can see, the result is I have held that block now for 16 years and during that time I have been paying about \$2,000 roughly in maintenance fees and lawn mowing and upkeep et cetera on the block, so it has basically cost me probably well over \$250,000. The land is virtually worthless now. If you can sell them you are lucky to get about \$30,000. It costs about \$7,000, I believe, to transfer the title. I was thinking I will give it to my kids, but it is like an albatross hung round their neck if I give it to one of my kids. I am not even doing them any favour. I am saddling them with the burden that I have of maintaining this place which is virtually worthless. That is the dilemma that I feel that I face at the moment.

The next slide, on the flipside of the coin, during that 16 years that I have had the block, there has been three different master leaseholders. Every time a new leaseholder comes in I get excited and jump up and down and think at last something is going to happen, but, unfortunately, that has not been the case. Really none of the master leaseholders have developed the island significantly in any way. There has been maintenance and small things done, but nothing significant. The main one though has been the marina, and I will come to that a little more in the next slide, but the result has been that each of the three different master leaseholders since I have had it have just onsold it after some years and each one has, to my knowledge, made about a five- or six-fold profit on their investment. I think when I first bought it back in 2006 the master leaseholder then had bought it for about a million and then he sold it for about six, I believe. Then the next one bought it for six and he sold it for about 20, and I do not know what the third one was, but they certainly have not suffered from the lack of development.

I have written to the Queensland government on a few occasions. Back in about 2012 I think it was the Queensland government set up an inquiry at the time hosted by a bloke called Moore, I think it was, from transport—I would have to look it up. Anyway, we attended all the meetings and once again everybody got excited because his promise at the time was that the Queensland government was going to do something about it, but that faded and nothing ever came of that, to my knowledge. As I said, I have written to the Queensland government on a couple of occasions and each time they say, 'It is a matter for you and the master leaseholder. The Queensland government has nothing to do with it.' However, I believe the Queensland government has two major—I will not say faults, but responsibilities that fall on their shoulders. The first is that the whole structure of land tenure and everything was set up by the Queensland government. It was their decision to make it 100-year leasehold, have a master leaseholder and sublessees and so on. That whole structure was created by the Queensland government in the first place. The bottom line is I do not think it has worked.

One of the reasons the island has not been developed is that the Queensland government released the master leaseholder from the obligation under his contract to build a marina. He was let off that condition in his agreement, to my knowledge, and nobody was told about it at the time. The sublessees had no idea that this was happening; that is my understanding. If you have had the presentation from the residents' association on the island, they would have more information about that than I do. I believe that has made the island a lot less attractive. Who wants to live on an island surrounded by water when you cannot have a boat because there is no marina there? The marina would have linked up with Hamilton Island and the Hamilton Island Race Week; it could have been brought down to Keswick. The whole thing could have been made a lot bigger with the marina there, but that has not happened.

The responsibility of the Queensland government is, firstly, to look at the tenure that was created. I do not think that has worked. Secondly, the obligations that were originally there to build the infrastructure are no longer required, to my knowledge. Those two factors have not worked, and it has created the malaise that we have there at the moment.

The definition of insanity is continuing to do the same thing and expecting different results—that is exactly what has happened in the last 20 years since the whole thing has been created. Everybody thinks it is going to get better but until some change is made, it will not. The government needs to first make some changes to the land tenure. As I said before, I do not think the leasehold situation has worked. I was fortunate to have cash in the bank at the time. I did not need to borrow from the banks to buy the land, but I have heard of one or two other leaseholders who owned land there, wanted to borrow from the banks to build small resort-style accommodation and so forth, but could not get finance. The banks will not look at it unless it is freehold, I believe.

My guess is that, at the time, it was like trying to be half-pregnant. I think the Queensland government were reluctant to make it freehold. They created this freehold concept, and I do not think it has worked. There needs to be incentives at least for a sunset period—I do not know how many years. I have put five years here to encourage development, tourism and transport to and from the island. Shane mentioned transport getting there—you see the difficulties. It is hundreds of dollars for a flight, if you can get one, in and out. Without a regular ferry service, it is untenable. When I bought in 2006, the plan was always to have a regular ferry service. I thought, 'That is fine. If it was once a day, that is good enough.' Even if it was once every second day, you can do your shopping or you can go to the movies in Mackay once a week and come back. Without a reliable transport service, it does not work.

Tourism events like the Hamilton Island Race Week could have included Keswick. There needs to be some sort of incentive for development, whether it is tax free, rates free or a reduction on taxes as an incentive to entice people to build or develop. At the moment it is a disaster for the Queensland government as well, because the Queensland government is missing out on the untold rates, charges and taxes they would receive if the place was developed. I am conscious of cost. I know you cannot just throw money at things, but it is not working. You are not getting the revenue for the government at the moment, so offering incentives to get the development started so that you can recoup it in the end, I think is a good investment.

That is all the information I have prepared. It is my sad story, I am afraid. Because I cannot afford now to build on Keswick, I am forced to live in Shane King's electorate.

CHAIR: Are you? How about that. It is a lovely part of the world. We all love Kurwongbah! There being no objection we will table your presentation. Thank you for bringing that in.

You have highlighted the issue of rates. The different levels of government and the red and green tape between them seems to be consistent with all the places that we visited up and down the coast. The committee has noted that access is an issue. A question I had after visiting Keswick Island last week concerns upkeep. The roads seemed to be amazing. We have heard that the primary leaseholders had new management and that things are a lot better with the new manager. Do you have any thoughts?

Mr Greetham: I do not believe there has been any change. I have not been there for probably a couple of years now, so I am not sure of exactly how it looks at the moment. It has always been well maintained and that is part of the maintenance fees that each of the leaseholders like myself pay each year. The grass is cut, the roads maintained and so on. I have no problem with that issue at all. It is just the development of the major infrastructure that has not happened.

CHAIR: We heard that the terms of the lease were a marina and a jetty, and that has not been upheld. The committee is well aware of that. Was the term of the lease that there would be a barge service from the leaseholder? The barge is out of action again at the moment, but its return is impending. Having no barge would inhibit any tourism—Airbnbs that we heard were on the island. In your opinion is that the primary leaseholder's obligation to provide?

Mr Greetham: Yes, absolutely. That is just another example. Yes, I did not mention the barge, but obviously for anyone intending—

CHAIR: Food or anything, transferring from a boat to a tender—we experienced it.

Mr HEAD: You have been talking a lot about your preference being freehold, but do you have any suggestions as to how the current leasehold agreements could be improved to help make the island more functional for all parties?

Mr Greetham: I can understand that the government is reluctant to move to freehold. Yes, I do understand that. With the current leasehold, for a start we have had 20 years since it was kicked off. We have now lost 20 years on the 100-year lease. The only thing that I can think of as far as improving the lease structure is to restart the clock and give it another 100 years. Maybe we could have some guarantee so that anyone wishing to borrow money from the banks to develop is able to do so.

Mr HEAD: We have been hearing from people about different islands. Some people have been saying that the terms of the lease are not actually the problem, it is the enforcement and the compliance around those conditions.

Mr Greetham: That could be true. I do not know the details as much as the residents' association that you would have spoken to up there do.

Mr WALKER: Keswick Island is a beautiful part of the world. You stated earlier that you wrote a letter to government in 2012. Who, in particular, did you write that letter to?

Mr Greetham: I would have to look it up, I have written a couple. The department of conservation and natural resources or something like that.

Mr WALKER: Did you get a response at the time?

Mr Greetham: Yes, I have written twice and I have had responses on each occasion. I have no problem with that. The gist of the response was that it is an issue between us as sublessees and the master leaseholder, it is not an issue for the Queensland government. There was a meeting that was set up. I think that was the 2012 meeting that I mentioned. I would have to look his name up but he was a member of the Queensland government at the time who ran a committee meeting inviting sublessees and so on to have a look at the whole situation and how it could be kickstarted. I was living in Singapore at the time and I attended all the meetings via phone, but it just faded in the end.

Mr WALKER: The committee is aware that one of the significant issues relates to the ability of people to effectively travel to and from the island. Will you elaborate on the impacts of this issue and advise what is needed to rectify the situation? Do you have any detail on how it could be rectified in the short to medium term?

Mr Greetham: I think we need a guaranteed barge and ferry service. When I bought the land—as you know, Brampton Island is just up the road—my thought had been that the regular ferry service would probably take in Keswick, go onto Brampton and do a loop that way. One of the keys is a guaranteed service, like the ferry services on the Brisbane River. That is public transport, in a way. They are guaranteed services, and I wonder whether anything like that could be considered.

Mr WALKER: You mentioned Brampton Island. We know Brampton Island that has not reopened since it has been damaged. Do you think connectivity plays a big role?

Mr Greetham: I think that is all part of it, yes. I am aware that it is not only Keswick Island that has been impacted but all of the islands up there are suffering at the moment from the lack of tourism and yes, I think that is a part of it too.

Mr MILLAR: What year was it when the marina option went out for the major leaseholder; do you know?

Mr Greetham: No, I do not. That was quite a while ago. I think that was the second leaseholder who managed that. I am not sure. My guess would be around about 2008 or 2009, maybe 2010—in that period.

Mr MILLAR: If the island were able to have some capacity for boats to turn up there, it would make a major difference to the island. They would at least have some certainty of boats coming in—whether they are private, or whether it is a ferry. It would help a lot, would it not?

Mr Greetham: Yes, correct. My dream when I bought this was for a bed and breakfast where we could have some people come and stay. There are nice things to do on the island. There are a couple of old wrecks where you can scuba dive. There are good corals for snorkelling, whale watching and hiking through the national park. There are beautiful butterflies through the forest. For somebody staying a week or so, it is a lovely little spot which has some nice tourist things. If you are going to do a bit of diving over the corals or on the wrecks, you have to have a dive boat, and where are you going to keep it now? That is a big part of it.

Mr MARTIN: Following on from your statements about subsidising a barge or a ferry, are you suggesting that either the state government or the local council pays for a ferry service to the island?

Mr Greetham: Far be it for me to suggest something like that, but, as I said, the state government runs a ferry service on the Brisbane River.

Mr MARTIN: The council.

Mr Greetham: I do not think the demand would be there for that sort of a thing but we just need some sort of guarantee or underwriting of a service at least for several days a week. Who pays for it—whether it is the Mackay local council or the state government—it is above my pay grade.

Mr MARTIN: Playing devil's advocate: why should someone who lives on the mainland in a townhouse complex without a beautiful view and beaches subsidise a ferry service with their tax dollars for people to live on a very beautiful island?

Mr Greetham: That is a fair question. It is all to do with promoting development on all of those islands up there and tourism. As I said before, I think the state government is missing out at the moment on a huge windfall of tourism opportunities. Subsidising services now to kickstart it and get it going would, I believe, create longer term profit.

Mr MARTIN: Perhaps the state could recoup that initial investment then.

Mr Greetham: Yes.

Mr HEAD: If there were a jetty and more infrastructure—a small marina, or something like that—do you believe there would be enough private interest and private vessels visiting to improve the outlook for Keswick?

Mr Greetham: Yes, I do. If there were more private vessels in a marina, there may then be people who are prepared to run, if you like, a private ferry service taking people to and from the island. The increase in private boats on the island would make a difference, even just to transport I think.

Mr HEAD: Do you think it would be enough? Obviously your preference would be regular ferries and if people are getting on a vessel they would have to be commercially licenced if they are ferrying people across to B&Bs, but at least if there was a good jetty it would provide that opportunity.

Mr Greetham: Correct.

CHAIR: I was amazed at the upkeep, and how good it is. We heard that power was run to each place but it has never been needed, and that sewerage and everything is in place—

Mr Greetham: Correct.

CHAIR:—from the time when development was going to happen. If something was to happen and the major leaseholder decided to build a resort and all those services came to the island, something we have heard from those on some of the other islands is that they all pay rates. They get everything set up—the sewerage system, the power system; everything is set up for the residents and the resort—then you get daytrip people who come in and overload those services. Do you have any comment on that? If there were a resort there would be a limit on the number of people the resort could hold. Would you see it being open for daytrips? People could pull in between Saint Bees and Keswick, walk around the island and see how beautiful it is—could you see that happening?

Mr Greetham: Yes, absolutely. As far as the water, sewerage and electricity infrastructure, there are two things that come to mind with what you said. Firstly, the small eco resort that was planned was to be located way down the bottom of the island on the other point so the visitors to the resort would not really be mixing that much with the residents. They were in two separate areas.

Secondly, in the 20 years since it has kicked off, there has been a huge change in technology, as you would be aware. The infrastructure that was set up at the time for electricity, sewerage and water and so on is almost redundant. All of the houses could be quite self-sufficient on the island. With water tanks, because the land slopes so much, the water tanks are typically underneath the house on the decks. With solar power and Tesla batteries, electricity is not so much of an issue any more. Houses have been responsible for disposing of their grey water and brown water on their properties for decades now, so that is not an issue either. Really, the infrastructure is there and it is in a much position than it was when it was first planned.

CHAIR: If there was a daytripping industry, whoever ran it—the council I suppose—there would need to be facilities for those people. We did note when we met with the Keswick Island Progress Association that they said that everyone was off the grid. They are proud of their set-ups and they are not using a common resource. They said that if it was interconnected, it would help them.

Mr HEAD: If the headlease agreement was enforced, what do you envisage Keswick would look like today, especially for sublessees?

Mr Greetham: What I envisaged was a couple of shops. Let's face it, there is never going to be any great development there, and we do not really want it. When the daytrippers you talked about visit the island all they want is a good cafe, somewhere where you can get a beer and perhaps buy a few T-shirts or souvenirs. A music concert would be a great thing to have on the island as far as boosting tourism. I thought there would be a few hundred houses on the island, two or three shops, a regular service bringing day visitors or those staying for a while in the houses, like a B&B, and just enjoying those tourist activities.

Mr HEAD: When you purchased your block and you read the sublease agreement and what was promised there, is that what you thought was going to happen?

Mr Greetham: Correct. Yes, that is absolutely right. Incidentally, those pictures on the title slide that I have left you with are not obviously of Keswick. It is Mustique in the Caribbean, where Mick Jagger and a handful of other people have their houses. On Mustique, there are probably six buildings. There is one pub, a couple of T-shirt shops and that is about it. Maybe we should get an iconic person to kick it off.

CHAIR: I am sure Mick Jagger would be welcome on Keswick Island. Thank you very much. You will receive a copy of these proceedings and a copy will also be on the committee's webpage.

Proceedings suspended from 10.26 am to 10.37 am.

COOKE, Ms Karen, Private capacity (via teleconference)

CHAIR: Thank you for joining us. We have just heard from a land owner on Keswick Island. Would you like to make an opening statement to add to your submission after which we will have some questions?

Ms Cooke: Okay. I generalised at the end that the Queensland government in the guidelines with the time frames put in place and with what the developer has been doing to date should receive huge penalties on their leases. If not, they should be forfeited. This has not been adhered to by the government, and that has been the biggest concern on Keswick Island in particular. I wrote to you with empathy for the unfortunate sublessees. They have suffered great losses in terms of their properties and due to the lack of management from both the government and the local government, the Mackay Regional Council. I felt indebted to them to write to you and represent basically my thoughts and the real estate side of things on Keswick Island. Yes, I am ready for some questions in regard to my submission.

CHAIR: Okay, no worries. I will go to the member for Gregory. It looks like he has a question.

Mr MILLAR: Yes, thank you, Mr Chair. I also thank you for your submission. Do you currently have a lease on Keswick Island?

Ms Cooke: No, I personally do not have a lease on Keswick Island.

Mr MILLAR: But you were selling real estate; is that right?

Ms Cooke: Yes, I have been selling real estate there on and off since 2002.

Mr MILLAR: Let's go back to 2002. What were the expectations of the real estate industry and the opportunities there? What was the hope, the dreams?

Ms Cooke: Massive. There were people fighting over blocks of land. It was in high demand because of what was promised to the people. I would be selling up to three blocks a day on Keswick Island. The intention of the people was that they were keen to build and keen to retire there—the majority of them. That was basically what they were looking for because back then there was a five-year building time frame. They knew they had to commit. They were all wanting to live the dream, to be honest. We promoted what the head lessor was telling us they were going to do at that time. Unfortunately, that first head lessee went into receivership and the island headlease went back into the hands of the Westpac Bank, which then in turn tried to seek some other headlease holder.

Mr MILLAR: When did you realise things were not going to plan? How long did that take?

Ms Cooke: That took me about a year and a half to two years. I was working for PRD Nationwide. I wrote my resignation letter and said, 'This is not going as planned. I do not like what I am seeing here. There is no commitment.' I left PRD.

Mr MARTIN: If we managed to find the perfect headlease holder, what would Keswick Island look like in, say, 10 years? What type of development do you think would be appropriate there? What would work? Can you share your thoughts with the committee as someone who was on the ground from the beginning?

Ms Cooke: In 10 years time, my dream would definitely be to see access in the way of aircraft and also by sea. To do that, they definitely need landing facilities. There needs to be some competitive rates in access and consistency. It would be wonderful to see some development for tourism which would be in a low-key form. To me, I do not see the need for massive tourism resorts at this point in time. They need to rethink new low-key, low-impact experiences that takes visitors to a unique experience and immerses them in nature, with careful management of course. I am currently in Western Australia. You could take Monkey Mia or even Rottnest Island as examples. It is fairly low-key and it works.

CHAIR: Monkey Mia, yes; I agree with the remoteness.

Ms Cooke: That is remote, and it works; it is packed constantly. It is just carefully done. If they could start off like that instead of thinking major resort developments there would be this constant income, people, awareness of the islands—and not just Keswick if other islands took on that type of facility. People are then immersed in nature. They have more respect for it. The headlease holder is held accountable to keep that island pristine the way it should be. I see the opportunity there for residential development in a high-level form. You also need similar to what you have on Hamilton Island. Mainly, I think we need to get the bulk of tourism there which helps the economy of the island and the surrounding areas, like Mackay.

Mr MARTIN: Who do you say should pay for ferries or barge services or a marina? Should that cost be borne by the head lessee or by the state? Who do you say should have to pay for that?

Ms Cooke: I thought that when the head lessee took on the headlease they understood that they would be providing those services. I am not that business savvy. I thought that was part of the deal—that they provided those services. Therefore, when the government interview those headlease holders they are fully aware of their ability to do this.

Mr HEAD: Is the biggest problem the lease and lease conditions between the state, the head lessee and the sublessee or is it compliance or management?

Ms Cooke: Both. You asked me for the biggest one. I would say compliance. I was part of the 365-page submission that we submitted to the Queensland government a couple of years ago which you would have a copy of. They were noncompliant in many factors. Management have put a very basic number of people on the island to maintain the island and there seems to be no effort to move forward. They appear to be just land banking to me.

CHAIR: Just for your benefit, the committee visited the island last week. We can definitely concur with the difficulty of access.

Ms Cooke: It is difficult, yes.

Mr WALKER: When were you last there on the island?

Ms Cooke: I have not been there for probably six weeks. I have been away on personal matters. I have been there for 14 years.

Mr WALKER: So you live on the island full-time?

Ms Cooke: Yes.

Mr WALKER: You mentioned daytrippers and getting some sort of commercial activity happening. What we found through other conversations was the cost impact of that on the local head lessee and sublessees. Who pays for that? If you had a big number of people coming each day, how would you manage the sewerage, the water treatment, the vegetation management and the people movements in that setting on Keswick Island?

Ms Cooke: I do understand it is a massive cost to develop on an island. I have been involved in building houses on the island there. You are looking at 3½ times the cost on the mainland. When it comes to the developers, the first chap did put that sewerage treatment plant in place. He did the roads. He did most of the infrastructure that is there currently. A lot of it is now outdated. Because sewerage systems are so advanced now—we are 20 years on—we could look at the individuals doing their own sewerage system. Greywater system plants are now available that basically take you back to clean water.

As far as water supply is concerned, all houses have to be self-sufficient in their own water supply. Originally, header tanks were going to be filled by water being barged over from the mainland. I think it happened once and then that has never been reinstated. I understand it costs a lot of money, but why would these headlease holders take on such a commitment without understanding what is expected of them.

Mr WALKER: As we moved on from the original approval—as you know, technology has changed and so have expectations from the community about the environment and how things are managed. Like you say, technology has changed with greywater management and drinking water. Costs have changed, expectations have changed and licensing has changed on discharge into the Great Barrier Reef, but my key issue is that large numbers of people visiting the island on a daily basis has an impact on the locals. Who covers that cost? If you are running a business and you are trying to get some of that return on your investment, there are going to be some big demands on the local infrastructure and supplies. I am wondering how that would be managed in your eyes.

Ms Cooke: You have to build it and then they will come. What were they thinking? They have to have done their research before they actually took on a headlease. Surely the government would have looked into whether or not they were suitably equipped and financially equipped to build these resorts. I actually do not think the massive resorts that were intended for that island in each precinct are necessary. Each precinct has its own environmental ability to create something different in each precinct. I am of the belief that it comes back to the headlease holder, and they need to think about how they are going to do it.

CHAIR: Because you are in real estate dealing with the mainland as well as the island, we have heard from a lot of submitters about the disparity between the services provided on the mainland by councils to the islands in general. We have heard from a lot of islands all down the coast. Do you have any comment on that? The islands seem to be the poor cousins when it comes to service.

Ms Cooke: Mackay Regional Council has taken very little interest in Keswick Island. Even though they have a huge commitment to the island in contractual agreements, they really only showed up when people who were building there had to get council approval. There were no council representatives coming over and checking to see what the headlease holder was doing. Even when a committee group like the Keswick Island Progress Association visited the council requesting for them to come over, there were limited visits and when they did come they only spoke with the headlease holder and we had no feedback. The lack of interest by Mackay Regional Council so far is very disappointing.

CHAIR: Are rates paid to the council via the leaseholder or directly to the council?

Ms Cooke: Yes. Rates are paid by the headlease holder and they in turn charge each individual, sublease holder, a proportion of those rates.

Mr HEAD: You work in real estate, so I assume from time to time that you have conversations with people who work in finance. What are the biggest factors preventing financing on the island?

Ms Cooke: Sorry, I missed what you said in the beginning. Could you repeat that?

Mr HEAD: You work in real estate. I am making the assumption that you have conversations or you hear a bit about the finance industry and why they might not want to finance on the island. I am curious to know what you see are the biggest factors surrounding finance on the island for individuals.

Ms Cooke: It is very difficult. There is barely a bank that will finance a block of land or a house on the island. Basically the buyers have to be cashed up to buy on Keswick Island. I did approach a lady in Airlie Beach recently. She was a finance broker. I asked, 'Do you lend on leasehold?' Her response was, 'Yes, sure. Yes, I can arrange finance for a lot of people on Hamilton Island.' I said, 'No. This is not Hamilton Island; this is Keswick Island.' Her response straightaway was, 'Oh, no.' It is so difficult for people to get finance to purchase property on the island. I do not know what the solution is. There has to be a belief by the financiers that that island is moving forward. Other than that you have to be cashed up.

Mr HEAD: I did have a supplementary to that and I think you almost answered it. Are there things in leases that need improving potentially? This is probably more a question for someone in the finance industry, but I would appreciate your take on it if you had one. Are there things in leases that need improvement? If there was the compliance and it was known that the lease agreements were going to be carried out as agreed to, do you think it would change things?

Ms Cooke: I do not know whether I could actually comment on things needing to be improved in the leases. Say someone has the cash or has the ability to pay for a property on the island, things run reasonably smoothly now. It did take anything up to a year or more to get the subleases across from one party to another. That was basically held up by the headlease holder—the current one and the previous one. For whatever reasons I have no idea. They just seemed to want to hold them up. They did not want to see it proceed.

I think the process now is good. The subleases are good. It is just a matter of belief that the island is moving forward. I keep using Hamilton Island as an example. That has been highly successful. It has 99 per cent occupancy basically. I think it is just a matter of the government and the headlease holder and the sublease holders working together to get some sort of development and access happening on these islands, starting small and growing bigger as the people come.

CHAIR: Further to what the member for Callide said—I am not wishing to put words in his mouth—in your opinion, and it is only your opinion, if those things were progressing and there was decent access to finance, there would have to be more surety for the ability to finance. We really should be asking this of a bank, not you.

Ms Cooke: That is right.

CHAIR: As a real estate agent—you are not bound by this—if things were progressing and things were happening on the island and property values increase, surely banks would loan then, you would think? I am just surmising. We heard from KIPA the other day when we were on the island that with the new manager for the head lessee things are running a lot more smoothly and more conciliatory. Do you have any comment on that?

Ms Cooke: Yes. Life on Keswick Island is far more comfortable now. There is not the aggression that we had a couple of years ago. He is doing his job. I think he is limited by whoever is above him. He is struggling I think. He needs more staff. We all try to help, but he really tries to draw a line in the sand between residents and the staff who are on the island. He is loading and unloading people from the Wildcat. Apart from that, he is mowing lawns and maintaining gardens. I do not know

what else he does there, to be honest. It is pleasant there now. We had a terrible time there for a while where we just could not get on and off the island. Flights were cancelled. The airstrip was shut down. People were trying to get back to the island but could not get back because they cancelled the ferry—things like that. It was dreadful. We are through all of that now. Hopefully we are moving forward.

CHAIR: Hopefully.

Mr MARTIN: When a sublessee purchases the land, that money is then going to head lessee, isn't it?

Ms Cooke: No, I am not selling any new subleases. I am only on-selling subleases that existed that people bought over the past 20 years. I am transferring from one sublessee to another, which needs ministerial approval. That normally takes about a week, but we also need headlease holder's approval, and that can take anything up to a year.

Mr MARTIN: Were you involved in selling from the head lessee, the original sellers?

Ms Cooke: Yes.

Mr MARTIN: In that case the money went to the head lessee?

Ms Cooke: Yes, it did.

Mr MARTIN: Was there ever any discussion with the head lessee—so we are talking about finance—about essentially providing their own finance so instead of accepting a lump sum payment offering terms at a reasonable rate so a purchaser could essentially pay off that purchase?

Ms Cooke: So not be financed by the head lessee but pay basically a rent on their lease; is that what you are saying?

Mr MARTIN: No. I believe it would be classified as financed by the head lessee, but they are accepting either a one-off payment or paying it off over time. This is a question that you may or may not know the answer to.

Ms Cooke: I never came across it during that period of time. Everyone was extremely keen and they could get finance. There was no trouble getting finance back then because the dream that was painted was pretty exciting. There were no problems back then at all.

CHAIR: Thank you very much, Karen. We really appreciate your time. Having been to the island, it certainly is beautiful. We concur when it comes to the difficulties you encounter. You will be provided with a copy of the transcript of these proceedings when it is available and there will also be a copy published on the committee's webpage. Thank you once again for dialling in. That concludes the hearing and I declare this public hearing closed.

The committee adjourned at 11.03 am.