

Officer Greg Laverty
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25th September 2017

Greg Smith
President
OSCAR
PO Box 105
COOLUM BEACH Q 4573

Dear Mr Smith

I refer to your letter of 13 September 2017 in relation to the 2017/18 Sunshine Coast Regional Council Budget 2017/18.

The following information is provided in response.

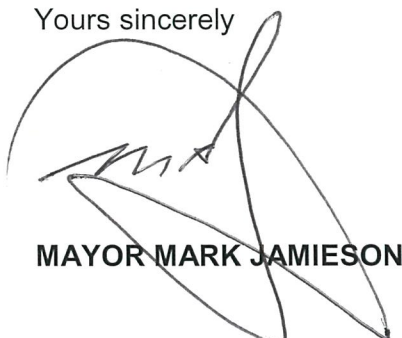
- Where you have referenced consolidated figures from the actual 2015/16 financial statements, note that these include the Council's share of Unitywater profits in that year. The 2017/18 Budget includes estimates of Unitywater dividends as well as interest on Council's loan to Unitywater. Any comparison to the 2017/18 Budget from prior years should refer to the Council column of the statements.
- When drawing comparisons between 2015/16 actuals and the 2017/18 Budget, it is important to note that capital revenues include items such as the value of assets contributed to Council. These contributions can fluctuate markedly from year to year – 2015/16 actuals of \$90 million, 2016/17 actuals of \$130 million, and 2017/18 budget estimate of \$60 million.
- The arrangement with Palisade Investment Partners is a 99 year lease of Sunshine Coast Airport and does not involve the sale of land.
- Any evaluation of the arrangement with Palisade Investment Partners needs to include the value of the 5% royalty that Council will receive. This royalty is for 5% of revenue each year and discounted at the mid-point of Reserve Bank inflation forecast of 2.5% which is estimated to be worth \$205 million to Council.
- As a consequence of the lease arrangements for the Sunshine Coast Airport, no operating revenue or expense has been included in the 2017/18 Budget for that business. Core Council revenue has moved from actuals of \$398.9 million in 2015/16, to actuals of \$426.3 million in 2016/17, to estimated budgeted revenue of \$439.3 million in 2017/18.

- The core Council operating result has moved from \$26.1 million in 2015/16 to \$23.5 million in 2016/17 to a budgeted \$24.9 million in 2017/18. Note the result for 2017/18 excludes the operating result of the Sunshine Coast Airport (around \$4.8 million in 2016/17).
- The Financial Sustainability Plan 2015-2025 shown under the 2016/17 Budget page is still the current version and can be accessed from that link. The 2017/18 Budget page contains both the Revenue Statement and the Revenue Policy for the 2017/18 budget year. The 2017/18 Budget Book that contains the 2017/18 Community Budget Report has now been finalised and printed and will be uploaded to Council's website.
- Council note that the market precedent in long term leases of infrastructure (including Airports) is for all relevant assets used for the operation of the leased business to be returned to the Government owner at the end of the lease (whether it ends by expiry or due to an earlier termination event). This includes suitable upfront security arrangements to ensure the Government owner's future interest in these assets are secured and protected.
- Council has provided a business case for the Sunshine Coast Solar Farm as well as live data on the performance of the farm. These can be found at <https://www.sunshinecoast.qld.gov.au/Environment/Sunshine-Coast-Solar-Farm/Solar-Farm-Overview>.
- The Maroochydore City Centre project being managed by SunCentral Maroochydore is a State Government declared Priority Development Area and, as such, the approval agency is Economic Development Queensland.

I trust this information assists in your understanding of Council's budget and associated activities.

For further information or clarification, please contact Council's Director Economic Development and Major Projects, Greg Lavery, on telephone 54418618.

Yours sincerely


MAYOR MARK JAMIESON

Copy to: Director Economic Development and Major Projects, Sunshine Coast Council