

21 December 2017

Mr Greg Smith  
President  
Organisation of Sunshine Coast Association of Residents Incorporated  
PO Box 105  
COOLUM BEACH QLD 4573

Email: [president@oscar.org.au](mailto:president@oscar.org.au)

Dear Mr Smith

Thank you for your letter of 9 December 2017 seeking further information on the Sunshine Coast Airport transaction with Palisade Investment Partners (Palisade), the Sunshine Coast Solar Farm and the financial reporting of SunCentral Maroochydore Pty Ltd.

I can confirm that the agreement with Palisade has been executed. The conditions that both Palisade and Council required to be completed have been met and the management of Sunshine Coast Airport Pty Ltd has transferred from Council to Palisade. The associated leases will be registered in accordance with normal practice and will be available when that process is completed.

I would also point out that the outcome achieved through the negotiations with Palisade has been widely recognised as representing an outstanding result for Council for an asset of this class. In addition to the payment structure for the Airport business, the ongoing annual royalty payment to Council which is calculated at 5% of gross revenue (and I emphasise this point, as the royalty payment is calculated on gross revenue receipts prior to any outgoings and taxation and financing obligations which Palisade will need to service) will ensure there is a continuing revenue stream to Council and ratepayers from the operation of this asset. This has not been the case to date as all net profits associated with the Airport business have been reinvested back into the business for capital improvements, debt servicing and operational requirements. Again, the structuring of the annual royalty payment has been widely commended by leading financial advisors and commentators, with the Chief Executive Officer of the Queensland Treasury Corporation heralding the transaction as a model that others should be looking to emulate.

To suggest that the transaction represents a loss to ratepayers – and I make the observation that none of the specialist financial advisory services or commentators who have reviewed this transaction regard this as a “loss” to ratepayers – is patently absurd and I seriously have to question OSCAR’s political motivations in attempting to portray this matter in this way.

The transaction represents an outstanding win all round for ratepayers in that:

- the land on which the Airport is situated remains as an asset of the ratepayer;
- the Council – and the ratepayer – is relieved of ongoing financial responsibility for future capital and operational improvements to the asset that could not be serviced – in particular, the cost of the new runway and the terminal improvements; and

- an ongoing annual royalty payment returned to Council for investment in other community assets and services – with the value of the annual royalty payment forecast to increase as the business of the Airport grows and the functionality and capability of the asset expands with the delivery of the new runway and associated infrastructure.

In February this year, when I announced the agreements reached with Palisade, Council released information on the details and structure of the transaction in the interests of ensuring the community was properly informed of its ongoing interest in the asset and the financial return that had been negotiated on their behalf. I am more than happy to make Mr Greg Laverty, Council's Group Executive Economic and Community Development, available to brief you on the transaction if there are any matters that are not clear to OSCAR and its members.

In relation to the other matters that you raised in your letter, under the arrangement with Palisade any development on the Airport site will be assessed in accordance with the requirements of the Sunshine Coast Planning Scheme 2014. In addition, Palisade is required to prepare a new master plan for the Airport, for Council's consideration. The preparation of the new master plan will commence in 2018.

As indicated above, while Council will continue to retain ownership of the Sunshine Coast Airport land, I am advised that the relevant accounting standards require it to be excluded from Council's accounts. The land is valued at \$46 million and had the transaction been reported based on legal ownership of the land, the result would have been a surplus of \$15 million rather than the loss of \$31 million reported in Council's budget documents.

In relation to the Sunshine Coast Solar Farm, I can confirm that Council will publish financial information on the Solar Farm on a quarterly basis commencing with the quarter ended 31 December 2017.

In relation to publishing information on the financial performance of SunCentral Maroochydore Pty Ltd, the annual report for this entity is published on Council's website when completed and when the financial statements have been certified. The annual report (including certified financial statements) for 2017 is already accessible on both the Council and the SunCentral Maroochydore Pty Ltd websites.

I trust this information is of assistance. If you require any further information from Council on the matters outlined above, please contact Mr Greg Laverty of Council on 5441 8618.

Yours sincerely



**MAYOR MARK JAMIESON**