Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Additional Estimates 2016 - 2017

Prime Minister and Cabinet Portfolio

Department/Agency: Indigenous Land Corporation
Topic: Ayers Rock Resort

Senator: Senator Siewert
Question reference number: 219
Type of question: Written
Date set by the committee for the return of answer: 13 April 2017

Number of pages: 2.

Question:

1. The response to question on notice 191 from Supplementary Budget Estimates 2016-17 indicated that the total cost to the ILC of the acquisition of the Ayres Rock Resort (ARR) to date has been $180m, with an outstanding loan of $184m, making an overall total cost of $364m. A figure of $81.3m was subtracted as it represented “cash flow for operations of ARR”. Is it correct that this figure represents the revenues received by Voyages from the operations of the ARR since acquisition?

2. Given that no dividends or repayments have been made to the ILC from its subsidiary Voyages to date, isn’t it the case that the net cost to the ILC (and its normal constituents) has therefore been $445m since the $81.3m in Voyages revenues has been retained within Voyages?

Answer:

1. The information provided in QON 199 from Supplementary Budget Estimates 2016-17 is correct. $81.3m has been applied from the cash flows from operations of Ayers Rock Resort against the costs of Ayers Rock Resort. Voyages has made cash flow surplus from operations of Ayers Rock Resort since purchase. However this cash flow has not been enough to cover capital upgrades, interest and principle payments on debt. Hence the costs to the ILC.

Extract from QON 191 October 2016: Costs to ILC of ARR to 30 September 2016

Type of cost	**$m**
Acquisition cost	$300.0m
Uplift payment on vendor finance	$17.0m
Interest on debt finance	$61.4m
Consultant fees and ancillary costs	$13.8m
Capital upgrades and improvements	$75.3m

Subtotal	*$467.5m*
Less cash flow for operations of ARR	($81.3)
Less vendor contribution to capex	($22.2)
Less debt outstanding	($184.0m)
Total cost to ILC of ARR to 30 Sept 2016	**$180.0m**

2. The amount of the debt outstanding of $184m, while it is a liability of the ILC Group, has not yet been paid.

   When Ayers Rock Resort was acquired by the ILC in 2011 it was immediately on sold to Voyages. As Voyages was only established to purchase Ayers Rock Resort an intercompany loan was created on the sale from ILC to Voyages. Interest is payable by Voyages to ILC on the intercompany loan.

   The cash flow from operations of Ayers Rock Resort by Voyages firstly contributes to the capital improvements at Ayers Rock Resort (included in total cost), interest and principle repayment on the ANZ debt and then if it is able, the interest and principle on the GPT/ Commonwealth debt. The mechanism to pay the interest and principle on the GPT/ Commonwealth debt is through repayment of the intercompany loan.