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## Canberra set to bail out Uluru venture

Amos Aikman  
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**EXCLUSIVE** Canberra is expected to bail out the Indigenous Land Corporation with a \$65 million loan to help re-finance debt associated with the \$300m purchase of the Ayers Rock Resort near Uluru, adding to the federal deficit.

The deal, which The Australian understands is close to being signed and is expected to save the ILC about \$4m in interest payments annually, was done to avoid further burdening the organisation with a 9 per cent interest rate to restructure debt held with real estate investment group GPT, from which the ILC bought the struggling resort in 2010.

Sources said the ILC - a federal corporation responsible for assisting indigenous people to acquire and manage land for social, environmental, economic and cultural benefit - also would have to tip in \$30m of its own money as part of the agreement.

The extra funds, to be deducted from other ILC programs and contingency reserves, were demanded by lenders to offset the resort's lower value. Its value plummeted almost a third to about \$200m after the 2010 sale but rebounded to almost \$250m.

The money would also cover a \$17m "minimum uplift" payment mandated by the original purchase agreement. The sale was negotiated using out-of-date performance projections now seen as wildly unrealistic. Former directors responsible for approving the deal have been accused of negligence, which they deny.

A spokesman for Indigenous Affairs Minister Nigel Scullion confirmed the government was "working with the ILC on a number of issues including its refinancing of ... Ayers Rock Resort", but declined to answer other queries.

Sources with knowledge of the negotiations said the \$65m would be provided as a Treasury loan at interest of about 2.5 per cent a year, and that the ILC held about \$120m more in bank debt related to the resort purchase on terms of about 3.6 per cent a year. An ILC spokesman would not comment.

The Australian understands the previous ILC board proposed refinancing the corporation's total debt related to the Ayers Rock Resort purchase with a loan from the almost \$3 billion federal Land Fund, but this was not adopted.

The deal comes as documents released under Freedom of Information laws indicate Senator Scullion last year tried to strong-arm the nominally independent ILC board into scrapping elements of a foreword to its annual report critical of his government's failure to hold an inquiry into the resort sale.

A spokesman said Senator Scullion had asked the board only to "consider how it might -respond".

Former ILC chairwoman Dawn Casey, who wrote the foreword, has raised probity concerns and legal advice suggesting there was a prima facie case for the body to take legal action against its former directors, potentially recovering millions of dollars.

Ms Casey yesterday reiterated her calls for a judicial inquiry into the resort purchase and questioned why the federal government would refinance only the GPT portion of the debt.

"If they are going to do it, why not do it all?" she said. "I'm deeply concerned about the (loan) conditions set." Sources declined to reveal whether the loan terms could help revive plans to merge the ILC with Indigenous Business Australia. Senator Scullion previously has advocated such a move, but an independent review he commissioned did not support it.