

Council Member
Councillor Phillip Martin

Public

Contact Officer:
Tom McCready, Director City
Services

QUESTION ON NOTICE

Councillor Phillip Martin will ask the following Question on Notice:

'Could the Administration advise?

1. What was the purchase price agreed to be paid by the developer for the aggregated site known as 88 O'Connell and the amount of State Government assistance to make the purchase
2. What was the price paid by the City of Adelaide and the date on which it was paid to the Markris Group for the aggregated site known as 88 O'Connell
3. What have been the City of Adelaide's costs so far in relation to the sale including, all known holdings costs, costs of feasibility studies, steering committees, prudential reports, design reviews legal and other costs
4. What are and the amount of the City of Adelaide's likely remaining costs in relation to the sale including, holding costs legal and other costs
5. What have been the interest costs to the City of Adelaide associated with the purchase and, where no interest has been paid, what have been the estimated cumulative interest income that could have been earned by the City of Adelaide on the capital or alternatively lost opportunity costs
6. What does the administration estimate the City of Adelaide's total costs will be at the conclusion of the project
7. How long before the developer makes the final payment to the city of Adelaide for the site and how much will that be?'

REPLY

1. The Total Payment Amount to be paid by the developer as outlined within the Land Facilitation Agreement (LFA) is \$25.5 million plus GST. Separately, as part of the land acquisition process in 2017, the State Government provided a grant of \$10 million to Council to support the acquisition and development of the LeCornu Site, which has been received.
2. The contract price for the land was \$34.0 million plus GST and settlement took place on 13 February 2018.
3. The total cost borne by Council to date in relation to the sale/disposal process is approximately \$1.05 million and includes the following activities:

- 3.1. Community engagement.
- 3.2. Development modelling and feasibility analysis.
- 3.3. Three stage Expression of Interest (EOI) process.
- 3.4. Establishment of a Project Reference Group.
- 3.5. Governance reporting requirements.
- 3.6. Legal advice throughout the two-stage negotiation process.
4. The 2024/25 Business Plan and Budget provides funding to the value of \$80,000 to enable Council to fulfil remaining obligations required pursuant to the Land Facilitation Agreement (LFA). As the City of Adelaide remains the landowner until the development is completed, the funding is necessary to support legal and conveyancing activities throughout the settlement process which is anticipated to take place in mid-2025.
5. Council's Treasury Policy sets out a holistic approach to cash management, whereby bank account balances are kept at a level no greater than is required to meet immediate working capital requirements. A separate facility was not taken out for the purchase of the site. Notional interest expense paid and interest revenue foregone is estimated at \$3.672 million. This calculation is based on the final settlement payment received in June 2025 as per the LFA.
6. The estimated net total cost to the City of Adelaide at the conclusion of the project is \$2.25 million. In addition to above mentioned sale costs, this includes holdings costs, due diligence costs (legal, environmental, architectural, development modelling etc) associated with the land acquisition, beautification of the site upon settlement including the construction of temporary a car park and all events and activation undertaken throughout financial years 2017/18, 2018/19 and 2019/2020.
7. The final payment of \$18.5 million is a function of the settlement process and will take place in accordance with the Distribution Waterfall as outlined in the LFA. This is anticipated in mid-2025.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 5.5 hours.
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