

Just what is happening between QR & the Council?

I have lost count of how many times I have been bailed up in the last ten days with this question since Councillor Tully made his announcements about how ratepayers dollars are being used to secure a V8 Supercar event for Ipswich – in spite of our previous announcement about securing the event for three more years.

Firstly I apologise to those people I have not been get back to with phone calls and emails since my return to work. I am grateful to see the number of people who are concerned about the future of QR and our style of grass roots motorsport. I also apologise for the length of this letter but the situation is – well, complicated. So, to save myself a lot of time and you a lot of questions; here is some history and the current situation, as I see it, from the horse's mouth, or the other end as our enemies would have you believe.

Two years ago we were approached by Craig Maudsley of ICC to see if I was interested in selling QR to the Council – my written answer was a very clear “NO”. I explained to Council that motorsport is a highly complex business, fraught with financial risks and a risk of injury/death profile that is not in any way compatible with the operation of Ipswich City Council (ICC). To be frank, part of my justification for holding that opinion is that if they cannot run a shopping centre successfully how can they ever expect to deal with the complexities of a motorsport precinct? Do you recall the \$34,000,000 of their CBD investment they wrote off recently?

Some three months later I went to a meeting with the CEO Jim Lindsay and Craig Maudsley where I very clearly re-iterated the QR position and there is a succession strategy in place for the operation of QR for about another 20 years. I'll be polite and say, “some pressure was brought to bear” and agreed that they could run an open book due diligence process on the business so they could get some idea of what it was worth in commercial terms as well as the complexity of what they would have to deal with. In hindsight this well intentioned move on my part was somewhat naïve. Subsequent meetings went much the same way with a refusal on their part to listen to the three compromise offers that we made or the sound arguments we presented.

It was around this time that the Council set up a private company (Ipswich Motorsport Park Pty Ltd (IMPPL)) to take over management of the Precinct and hired Damien White to be the General Manager of a motorsport precinct they did not own and that was already being run successfully by three established operators. None of these operators had asked for, or needed, public money from ratepayers or taxpayers to continue operating. About this time, it also became very obvious that a number of the Councillors were being lied to about just what was going on in the private company that had been set up and what the value of the assets on the ground out at the precinct could be bought for.

To assist the Councillors to understand the real situation, QR commissioned an asset valuation of QR by a valuer with an impeccable court record. We did this at our own cost and distributed a copy of the valuation certificate, by email, to all of the Councillors earlier this year. The asset valuation was \$20,400,000, which one could reasonably think was an awful lot of ratepayers' dollars to put into what could be considered to be an ego grab on the part of the three bureaucrats who are driving this thing. It certainly does not make any business or financial sense to takeover QR given its RoA on \$20,400,000, its asset value. It was then obvious that there was no business case that would hold up to any basic scrutiny which is a part of the reason Damien White decided not to hang around once he understood the real situation and had a falling out with Councillor Tully and the CFO Andrew Roach about it.

Looking at the Precinct as a whole, if we add-in the value of the facilities belonging to the Willowbank Raceway and the Ipswich Kart club the total value of assets on the ground at the Precinct will be more than \$40,000,000 – none of these facilities were built with ratepayers' money. The Council did not even pay for the land – it was gifted to their predecessor by the Federal Government many years ago.

Since this whole distracting process began there have been overt verbal threats of resumption of leases to all of the operators so that Council can take ownership of those assets. This is a legitimate but sneaky way of

getting hold of the tracks and buildings as they are supposed to go to the Council at the expiration of the leases. So, after kicking out the existing operators in this way the Council could lease the whole Precinct to the Council owned private company – Ipswich Motorsport Park Pty Ltd. In other words the Council will get those assets for maybe 10% of what it cost the operators to build them and remember this Council did not build any of those assets – they were built by volunteers and “mates rates” contractors. Most at risk is the Ipswich Kart Club which only has four years left on its lease and has been threatened with non-renewal if they don’t play along.

All three of us have made it clear those leases are not going to be surrendered without one hell of a fight. Partly because the Council should not be allowed to play with ratepayers funds to set themselves up with a fancy but useless motorsport precinct and partly due to a joint moral commitment to making our roads safer by providing somewhere about 100,000 young people per year can enjoy their cars without endangering others - and survive to tell about it. In addition we like what we do and agree that we will not be bullied by people seeking self-aggrandisement at the cost of grass roots motorsport.

In any case they are probably too late to have the best facilities in Australia. There is \$30M plus (fed/state/LGA) going into Bathurst and something a lot more than that again, being invested by the Shahin family into Tailem Bend SA. Another industry mogul has commenced building a track on the central coast of NSW.

In the meantime they keep gmaking press releases that can only make it more difficult for them to back out of the situation, however there is some hope. Mayoral candidate Anthony Antonioli attended a meeting of the Ipswich Motorsport Precinct Users Group on August 3rd where he found out first hand just how much Bureaucratic Bovine Excrement the Councillors had been fed over the last 18 months and immediately promised to shut down the IMPPL if he is elected. This is important because, being a private company the IMPPL can keep the actions of its board secret from prying eyes, prevent public perusal of their minutes, and also it is protecting them from legitimate FoI requests. Antonioli did not promise to terminate the process until he had more data on which to base a considered conclusion. To me this is both a common-sense and open minded approach we have not seen from others.

In conclusion, I do believe Anthony Antonioli can and will keep his word on winding up the IMPPL because he has nothing to lose by doing it. Neither he nor Wayne Wendt, his running mate, were involved in the setting up of IMPPL nor have they played an active role in its machinations and bullying of the existing Precinct operators. Therefore they have nothing to lose by winding up the IMPPL.

Is it fair to say the Council should get back to serving its residents and not using the resident’s money to set up rate payer subsidised corporations intent on building monuments to their ability to spend public money?

I’ll leave that one with you.

John Tetley
CEO ~ Queensland Raceways