

JetGo liquidation – FAQ

1. What is the latest update with regional airline JetGo Australia?

On July 5, JetGo Australia Holdings was placed into liquidation by the Supreme Court of New South Wales.

2. What does this mean for the City of Karratha?

Unfortunately, the City's aspiration to grow international and domestic services has taken a setback.

The City of Karratha has registered as a creditor with JetGo's administrators, along with a number of other local governments, airports and financiers. Under the terms of the City's sponsorship agreement, all payments to JetGo are to be fully refunded to the City if the agreed services do not commence. However, the administrator has advised that the City is unlikely to recoup any costs because the City is not a secured creditor. Additional instalments to be paid as part of the agreement are no longer required. The City will continue to pursue all avenues to recover sponsorship payments.

3. How much has the City invested on this sponsorship agreement?

To date, the City has paid \$848,763 in sponsorship installments to JetGo to enable the company to prepare for the start of the new service, including pilot training, recruitment, progressing regulatory approvals, aircraft leasing, fit out, and livery. The City has evidence to demonstrate that its payments were spent on these activities.

4. Will my rates be affected?

No. The sponsorship agreement payments the City made to JetGo were budgeted for in the 2017-18 Annual Budget. The Supreme Court's decision to liquidate the company will not have an impact on the City's current budget or property rates. Additional payments have been suspended.

5. Did the City do due diligence into its agreement with JetGo?

Yes. Prior to signing the sponsorship agreement with JetGo to provide direct flights from Karratha to Brisbane and Singapore, the City undertook a detailed review of JetGo's financial performance and carried out a number of independent risk assessments on the airline. This included an independent credit check, review of JetGo's financial statements for the previous five years, and a financial risk assessment of the company. Based on the outcomes of these reviews, the City understood that JetGo's financial position was sound.

6. What action has the City taken?

In May, the City was advised that JetGo's financial position had deteriorated and the company was having cash flow issues. As a result of this advice, the City immediately suspended sponsorship payments to JetGo. At that time, City officers requested more information from the company about its finances and plans to attain financial sustainability. The information provided to the City indicated the company was in significant financial stress. Despite this, JetGo's management indicated they were optimistic about their capacity to recover from their financial position. When McLeod and Partners were voluntarily appointed by JetGo to undertake the administration process in June, City of Karratha officers worked closely with JetGo as opportunities to recapitalise and restructure the company were explored. Unfortunately, negotiations with potential investors have not resulted in JetGo being able to trade its way out of administration.

7. What should I do if I had booked flights with JetGo?

All passengers who had booked flights with JetGo have been advised that the services have been cancelled and each ticket holder has been listed as a creditor. Passengers who booked flights on their credit card are urged to contact their bank to seek reimbursement of the ticket price.

8. What happens now?

The Supreme Court of New South Wales decision to place JetGo Australia into liquidation is part of an ongoing legal process. As part of that process, The City of Karratha is listed as a creditor and will explore all opportunities to recover sponsorship payments made to JetGo to operate flights from Karratha Airport. While the City is disappointed by this outcome, Council recognises international and interstate flights are a priority for residents and remains committed to improving travel options from Karratha Airport.

Given there is legal process is currently underway the City is limited as to what it can say publicly on this issue.