

Agenda

Special Meeting

Monday, 13 June 2016

commencing at 9.00am

Council Chambers, Corner Currie and Bury Streets, Nambour

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	DECLARATION OF OPENING	5
2	RECORD OF ATTENDANCE AND LEAVE OF ABSENCE	5
3	OBLIGATIONS OF COUNCILLORS	5
3.1	DECLARATION OF MATERIAL PERSONAL INTEREST ON ANY ITEM OF BUSINESS	5
3.2	DECLARATION OF CONFLICT OF INTEREST ON ANY ITEM OF BUSINESS	5
4	REPORTS DIRECT TO COUNCIL	7
4.1	ECONOMIC DEVELOPMENT AND MAJOR PROJECTS	7
4.1.1	SUNSHINE COAST AIRPORT EXPANSION PROJECT - ENVIRONMENTAL IMPACT STATEMENT UPDATE	7
4.1.2	SUNSHINE COAST AIRPORT EXPANSION PROJECT - CONSTRUCTION	27
4.1.3	SUNSHINE COAST AIRPORT EXPANSION PROJECT - PROBITY PLAN	35
5	CONFIDENTIAL SESSION	61
5.1	ECONOMIC DEVELOPMENT AND MAJOR PROJECTS	61
5.1.1	CONFIDENTIAL - NOT FOR PUBLIC RELEASE - SUNSHINE COAST AIRPORT EXPANSION PROJECT - FUNDING STRATEGY.....	61
6	NEXT MEETING.....	62
7	MEETING CLOSURE.....	62

1 DECLARATION OF OPENING

On establishing there is a quorum, the Chair will declare the meeting open.

2 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE**3 OBLIGATIONS OF COUNCILLORS****3.1 DECLARATION OF MATERIAL PERSONAL INTEREST ON ANY ITEM OF BUSINESS**

Pursuant to Section 172 of the *Local Government Act 2009*, a councillor who has a material personal interest in an issue to be considered at a meeting of the local government, or any of its committees must –

- (a) inform the meeting of the councillor's material personal interest in the matter; and
- (b) leave the meeting room (including any area set aside for the public), and stay out of the meeting room while the matter is being discussed and voted on.

3.2 DECLARATION OF CONFLICT OF INTEREST ON ANY ITEM OF BUSINESS

Pursuant to Section 173 of the *Local Government Act 2009*, a councillor who has a real or perceived conflict of interest in a matter to be considered at a meeting of the local government, or any of its committees must inform the meeting about the councillor's personal interest the matter and if the councillor participates in the meeting in relation to the matter, how the councillor intends to deal with the real or perceived conflict of interest.

4 REPORTS DIRECT TO COUNCIL**4.1 ECONOMIC DEVELOPMENT AND MAJOR PROJECTS****4.1.1 SUNSHINE COAST AIRPORT EXPANSION PROJECT - ENVIRONMENTAL IMPACT STATEMENT UPDATE****File No: SM 13062016 EIS****Author: General Manager Sunshine Coast Airports
Economic Development and Major Projects Department****Attachments: Att 1 - Sunshine Coast Airport Expansion Project: Coordinator-General's Evaluation Report on the Environmental Impact Statement May 2016 (Synopsis) 15****PURPOSE**

The purpose of the report is to inform Council of the current state of the Environmental Impact Statement (EIS) approval process for the Sunshine Coast Airport Expansion Project (the Project).

EXECUTIVE SUMMARY

The Sunshine Coast Airport Expansion Project Environmental Impact Statement was completed in July 2014 and exhibited from 29 September - 30 November 2014. During that period, 987 submissions were received. All issues raised in the submissions were subsequently addressed and referred back to the Office of the Coordinator-General in early January 2015.

In September 2015, the Office of the Coordinator-General determined that an Additional Environmental Impact Statement (AEIS) was required to address the matters raised in the submissions. The Sunshine Coast Airport Expansion Project Additional Environmental Impact Statement was prepared and exhibited for 30 days in November 2015. A total of 1,241 submissions were received, with 66% of those submissions in support of the Project.

In January 2016, a report on the Additional Environmental Impact Statement exhibition was completed and referred to the Office of the Coordinator-General for assessment. There were no substantial changes made to the Project nor to the proposed implementation strategy as a result of this process.

On 19 May 2016, an Environmental Impact Statement determination advice was provided by the Office of the Coordinator-General in the form of the Coordinator-General's Evaluation Report. This report concluded that there are significant local, regional and State benefits to be derived from the development and that any adverse environmental impacts can be acceptably avoided, minimised, mitigated or offset through the implementation of the measures and the proponent commitments outlined in the Environmental Impact Statement documentation. The synopsis contained within the Coordinator-General's Evaluation Report is at Attachment 1.

The Coordinator-General recommended that the Project proceed, subject to the conditions and in accordance with the recommendations set out in the Appendices of his report.

The Office of the Coordinator-General has referred the Coordinator-General's Evaluation Report to the Commonwealth Department of Environment for its consideration of Matters of National Environmental Significance (MNES) under the Bilateral Environmental Impact Statement agreement between the Commonwealth and the States. The Commonwealth Department of Environment has 30 business days to make its determination and respond under the *Environment Protection and Biodiversity Conservation Act 1999*.

The majority of the conditions and recommendations were anticipated and generally align with the commitments that were included in the Environmental Impact Statement.

OFFICER RECOMMENDATION

That Council receive and note the report titled “Sunshine Coast Airport Expansion Project - Environmental Impact Statement Update”.

FINANCE AND RESOURCING

Details in relation to funding and probity for the Sunshine Coast Airport Expansion Project are being provided in separate reports to Council’s Special Meeting of 13 June 2016.

CORPORATE PLAN

Corporate Plan Goal: *A new economy*

Outcome: 1.2 - New capital investment in the region

Operational Activity: 1.2.1.1 - Finalise Council’s contribution to all statutory approvals to advance the expansion of the Sunshine Coast Airport

CONSULTATION

Portfolio Councillor Consultation

Consultation at this point in time has been limited to a Strategic Discussion Forum on 5 May 2016.

Internal Consultation

Chief Executive Officer

Director Corporate Services

Director Economic Development and Major Projects

Sunshine Coast Airport Project Control Group

Planning and Environment Department

Manager Project Delivery

Legal Services Branch

External Consultation

Airservices Australia

Civil Aviation Safety Authority

Department of Environment and Heritage Protection (Queensland Government)

Department of the Environment (Australian Government)

Department of Infrastructure and Regional Development (Australian Government)

Department of Transport and Main Roads (Queensland Government)

Office of the Coordinator-General (Queensland Government)

Unitywater

Community Engagement

The Queensland Coordinator-General considered public submissions from the exhibition of the Environmental Impact Statement (closed November 2014) and the Additional Environmental Impact Statement (closed 30 November 2015). Council has continued to

engage with the community post the public exhibition of the Additional Environmental Impact Statement.

In executing the communication plan associated with the Additional Environmental Impact Statement public notification period, Council convened a public community forum, at Twin Waters on the Sunshine Coast, on 9 November 2015. The Mayor, the Director Economic Development and Major Projects, the General Manager Sunshine Coast Airport and a representative of the Sunshine Coast Environment Council provided a briefing on the Project and conducted a question and answer session.

An ongoing community engagement program has been identified in the scope of works to be developed as part of the delivery of the Project.

PROPOSAL

The Environmental Impact Statement was completed in July 2014 and deemed by the Office of the Coordinator-General at that time to address the Terms of Reference issued jointly by the Office of the Coordinator-General and the Department of the Environment in May 2012.

The Environmental Impact Statement was exhibited from 29 September - 30 November 2014. During that period, 987 submissions were received. All issues raised in those submissions were subsequently addressed and referred back to the Office of the Coordinator-General in early January 2015.

Discussions were then held between February and September 2015 with the Office of the Coordinator-General and relevant State agencies – primarily on issues of surface and groundwater salinity impacts, aircraft noise and biodiversity impacts.

In September 2015, the Office of the Coordinator-General determined that an Additional Environmental Impact Statement was required to address the matters raised in the submissions (including agency submissions).

The Additional Environmental Impact Statement was exhibited for 30 days in November 2015. In response to the public notification, a total of 1,241 submissions were received. A review of those submissions determined that there were no new issues raised and 66% of the submissions received were in support of the Project.

In January 2016, a report on the Additional Environmental Impact Statement exhibition addressing all submissions received was completed and referred to the Office of the Coordinator-General for assessment. This included further clarifications, information and assessments at the request of the Office of the Coordinator-General and relevant State agencies. There were no substantial changes made to the Project nor to the proposed implementation strategy as a result of this process.

On 19 May 2016, an Environmental Impact Statement determination advice was provided by the Office of the Coordinator-General in the form of the Coordinator-General's Evaluation Report.

The Coordinator-General's Evaluation Report concluded that there are significant local, regional and State benefits to be derived from the development and that any adverse environmental impacts can be acceptably avoided, minimised, mitigated or offset through the implementation of the measures and the proponent commitments outlined in the Environmental Impact Statement documentation.

The Coordinator-General recommended that the Project proceed subject to the conditions and in accordance with the recommendations set out in the Appendices of his report.

The Coordinator-General's Evaluation Report includes conditions imposed by the relevant State agencies, recommendations made by the Office of the Coordinator-General, and commitments made by Council regarding the implementation of the Project.

In broad terms, this means the following:

- Conditions = mandatory obligations that must be completed by the proponent

- Recommendations = optional activities to be considered by the proponent
- Commitments = actions proponent has agreed to complete.

The Office of the Coordinator-General has referred the Coordinator-General's Evaluation Report to the Australian Government Department of the Environment for its consideration of Matters of National Environmental Significance under the Bilateral Environmental Impact Statement agreement between the Commonwealth and the States. The Australian Government Department of Environment has 30 days to make its determination and respond under the *Environment Protection and Biodiversity Conservation Act 1999*.

Coordinator-General's Evaluation

The Coordinator-General has concluded that:

- the Environmental Impact Statement complies with the requirements of the *State Development and Public Works Organisation Act 1971*.
- there are significant local, regional and State benefits to be derived from the development
- any adverse environmental impacts can be acceptably avoided, minimised, mitigated or offset through the implementation of the measures and proponent commitments outlined in the Environmental Impact Statement documentation and
- the conditions specified in the report have been formulated in order to further manage the potential impacts associated with the Project.

The Coordinator-General then recommended that:

- the Project proceed, subject to the conditions and in accordance with the recommendations set out in the appendices of the report.

The Coordinator-General requires that the proponent's commitments be fully implemented.

The Evaluation Report is available for public viewing on the Queensland Government Department of State Development website.

The Coordinator-General's recommendation for the Project to proceed will lapse within three years of the issue date, 19 May 2019, unless the Project has commenced.

Conditions

The Coordinator-General's Evaluation Report includes conditions relating to the following:

- Sand extraction from Spitfire Channel and placement of sand at Sunshine Coast Airport including associated water, land, air and noise management requirements
- Flooding
- Environmental offsets (Biodiversity Strategy) relating to flora and fauna species impacted by the proposal
- Road infrastructure/traffic management.

Recommendations

The Coordinator-General's Evaluation Report makes recommendations with respect to the following:

- Flora and fauna related to Matters of National Environmental Significance (in addition to the conditions referred to above)
- Aircraft noise
- Acid sulphate soil management associated with clearing and filling on the Airport site and project drainage
- Updating of Council and State planning instruments to reflect the Project.

Council Commitments

Appendix 4 of the Coordinator-General's Evaluation Report repeats the 63 commitments made by Council during the preparation of the Environmental Impact Statement to avoid, minimise and or mitigate impacts that could potentially arise from the Project by incorporating measures in the design construction and operation of the Project.

The commitments address such issues as:

- construction noise and aircraft noise
- surface water quality and aquatic ecology
- groundwater quality
- erosion and sediment control
- flooding/stormwater management
- acid sulphate soils management
- flora/fauna
- cultural heritage
- traffic/transport
- waste management
- air quality (dust)
- Climate change and
- sand extraction and placement.

Care was taken during the process to ensure that these commitments aligned with statutory conditions and requirements as far as practicable (areas of inconsistency are outlined below).

Review of Conditions and Recommendations

A review of the conditions and recommendations has been undertaken and the findings are detailed below.

Conditions

Environmentally Relevant Activity 16 – Sand Extraction and Placement

The conditions require Council to ensure that potential salinity impacts arising from the placement of sand are managed to prevent the contamination of sensitive areas with salt.

In this regard, Council will be obliged to:

- monitor ground and surface waters on site for 12 months prior to the placement of sand to establish baseline levels with respect to salinity and acidity
- monitor dredging in Moreton Bay and pump out processes off Marcoola Beach to avoid turbidity
- line the sand placement area to control run off/seepage of salt water into groundwater during the placement phase
- install non-permeable cut off walls within certain drains to prevent the mitigation of salt into, or the drawdown of, natural water levels from Mt Coolum National Park
- install barrier devices within certain drains to prevent the upstream mitigation of saline water into Mt Coolum National Park and

- manage the discharge of salt water from the proposed tailwater pond to avoid erosion/turbidity and other impacts upon the Coolum Drain north of the site.

The conditions are consistent with the design measures included in the list of commitments made by Council in drafting the Environmental Impact Statement. Of note is the need for 12 months' monitoring of surface and groundwater before sand placement commences. In this regard, briefs have been prepared for the procurement of the surface and groundwater monitoring as a matter of urgency.

These conditions establish the need to have final design substantially progressed to provide the necessary level of detail on the location, width and depth of the proposed drainage together with details of salt intrusion barriers, bunding, tailwater pond and in-drain barrier devices to enable the preparation and submission of an application to the Department of Environment and Heritage Protection for approval to undertake the dredging/placement of sand.

Flooding

As indicated in the Environmental Impact Statement, the project has the potential to cause a minor increase in the over floor flooding in five properties by between 10-20mm in a 100 year Average Recurrence Interval flood event.

The conditions require Council to provide independent certification of the potential flood impacts of the final design and completed construction.

Essentially, Council will be required to demonstrate that the Project flood impacts are consistent with the findings of the Environmental Impact Statement.

The flooding condition will require the close integration of the survey, final design and flood modelling components to allow Council to demonstrate consistency with the Environmental Impact Statement findings before proceeding to construction.

Environmental Offsets

As part of the Environmental Impact Statement process, Council prepared a Biodiversity Offsets Strategy (BOS) that set out the measures Council proposed to undertake to address impacts upon flora and fauna that had not been avoided through the initial design process.

The condition is generally consistent with the proposals in Council's Biodiversity Offset Strategy, the Environmental Impact Statement commitments, and subsequent negotiations with the Department of Environment and Heritage Protection. There is one exception in that previous negotiations with the Department of Environment and Heritage Protection on the offset requirement for the ground parrot had identified an offset cost of \$1.1 million for residual impact. In the condition contained in the Evaluation Report, no amount is specified – meaning that the cost of this element of the Project is now to be determined by a future application process to the Department of Environment and Heritage Protection.

Traffic and Transport

The matters raised in these conditions have been addressed in:

- the Project concept design
- commitments and/or
- subsequent negotiations with the Department of Transport and Main Roads.

Recommendations

The recommendations contained in Coordinator-General's Evaluation Report are intended to provide guidance to the proponent and to the relevant State agencies involved in the subsequent approvals processes.

Flora and Fauna

The recommendations with respect to flora and fauna are generally consistent with the Environmental Impact Statement and the Additional Environmental Impact Statement design, implementation strategies and commitments. An exception is noted in that it is now recommended that a “detailed analysis of the merits on a small scale trial translocation to the receiving translocation site to demonstrate the likely success of the translocation” be carried out for the Mount Emu She-Oak translocation. This recommendation will be considered further – noting Council’s general view is that, based on previous examples, there is sufficient confidence in the approach that a trial is likely unwarranted.

Aircraft Noise

It should be noted that no conditions were attached by the Coordinator-General to the management of aircraft noise. The Coordinator-General has included a number of recommendations on aircraft noise which are generally consistent with Sunshine Coast Airport’s existing noise management processes or the commitments made in the Environmental Impact Statement and the Additional Environmental Impact Statement.

The Coordinator-General has recommended that the proponent should implement additional reasonable and practical additional measures to those specified in the Sunshine Coast Airport Expansion Environmental Impact Statement to manage increases in aircraft noise resulting from the expanded Sunshine Coast Airport.

The reasonableness and practicality of any potential measures will require further consideration by Council.

Acid Sulphate Soils

These recommendations relate to acid sulphate soil issues that might arise from the construction of the Project, other than dredging/sand placement. The recommendations are consistent with accepted practice.

Drainage

These recommendations deal with the design and management of the drainage works required to support the Project and are aimed at protecting sensitive landscapes and water quality surrounding the Airport site. The recommendations are consistent with the Environmental Impact Statement and the Additional Environmental Impact Statement commitments.

Planning Instruments

It is recommended that Sunshine Coast Airport liaise with Council and the Department of Transport and Main Roads to ensure that the relevant elements of the State Planning Policy with respect to protecting strategic airports are updated. The recommendation is consistent with Council’s approach to planning.

Legal

Council’s Legal Services Branch has provided advice in relation to the conditions, recommendations and commitments contained within the Coordinator-General’s Evaluation Report.

Policy

The delivery of the Project is consistent with the Sunshine Coast Planning Scheme 2014 and the Sunshine Coast Airport Master Plan 2007.

Risk

The completion of the Environmental Impact Statement process culminating in the Coordinator-General’s Evaluation Report is a significant milestone in the development of the Sunshine Coast Airport Expansion Project and has provided certainty in respect to the environmental conditions imposed by the Queensland Government. Given the general

consistency of the Coordinator-General's conditioning with Council's expectations, it is anticipated that the Project can be delivered in line with the Project timeline and budget.

The Australian Government has yet to provide formal advice of its considerations of the Environmental Impact Statement, the Additional Environmental Impact Statement and the Coordinator-General's Evaluation Report. This advice is due within 30 business days of receipt.

Risks in relation to the financing and the construction of the Project are the subject of separate Council reports.

Previous Council Resolution

Council Resolution (SM15/23) Special Meeting 20 September 2015

That Council authorise the Chief Executive Officer to progress matters as discussed in confidential session in relation to the Sunshine Coast Airport Expansion Project.

Related Documentation

- Sunshine Coast Airport Expansion Project: Coordinator-General's Evaluation Report May 2016

<http://www.statedevelopment.qld.gov.au/assessments-and-approvals/sunshine-coast-airport-expansion.html>

- Sunshine Coast Airport Additional Information to the Environmental Impact Statement
- Sunshine Coast Airport Environmental Impact Statement
- Sunshine Coast Planning Scheme 2014
- Sunshine Coast Airport Master Plan 2007

Critical Dates

The Australian Government Department of the Environment approval is due on 30 June 2016 (30 business days from the Coordinator-General's referral of the evaluation report).

Implementation

The completion of the Sunshine Coast Airport Expansion Project Environmental Impact Statement process now allows Council to progress the funding and construction phases of the Project, while acknowledging the Australian Government has yet to provide formal advice of its considerations.

Synopsis

This report evaluates the potential impacts of the Sunshine Coast Airport Expansion project (the project). It has been prepared pursuant to section 35 of the *State Development and Public Works Organisation Act 1971*¹ (Qld) (SDPWO Act).

The proponent, Sunshine Coast Regional Council (SCRC), proposes to construct and operate the east-west runway and associated infrastructure at the existing Sunshine Coast Airport (SCA) site at Marcoola, located 5 km north of the regional centre of Maroochydore. The site is located within the SCRC Local Government Area.

In 1958, the Queensland Government set aside 300 acres of Crown Land for the development of the airport. Operations commenced in 1961 and the airport has been operating for 55 years. Planning commenced in 1982 for a new east-west runway in order to align the runway more appropriately with the prevailing south-easterly winds to increase the operational performance of the airport and move flight paths over less populated areas and the ocean.

The project seeks to address longstanding operational constraints, open up additional domestic and international destinations, and provide opportunities for the region to benefit from increasing demand in emerging tourism markets.

The project would require capital expenditure of \$347 million and is expected to create a workforce of 86 people during the construction phase and an operational workforce of 1,538 direct employees by 2040.

Aircraft traffic is forecast to increase to 38,270 jet and turboprop aircraft movements per annum at commencement in 2020, an increase of 20 per cent from 2012 aircraft movements.

Air traffic is then expected to increase by 30 per cent to 53,840 jet and turboprop aircraft movements by 2040. This would result in over 2 million extra passenger movements.

In undertaking my evaluation, I have considered the environmental impact statement (EIS) documentation, issues raised in submissions during the public consultation periods, the additional information on the EIS (AEIS), further documents provided by the proponent and the community, and advice I have received from relevant Commonwealth, state and local government agencies.

The following provides an overview of the main issues arising from my evaluation.

Airport operation

Aircraft noise impacts

The proposed east-west runway and predicted noise contours have been published in the Maroochy Plan 2000, the Airport Master Plan 2007, and the Sunshine Coast

¹ Pursuant to section 197 of the SDPWO Act, the version of the act in force prior to 1 October 2014 applies for the evaluation of the project.

Council Planning Scheme 2014 involving considerable public consultation during the finalisation of these documents. Since 1999, the SCRC has also applied government property notes to the real property descriptions for all lots west of David Low Way and adjacent to the airport, advising that the properties are subject to aircraft noise. These documents have informed the public of potential impacts of noise and were based on projected growth in annual aircraft movements for the year 2025. The EIS conducted the aircraft noise assessment by comparing predicted aircraft noise from the proposed east-west runway with the existing north-south runway at 2020 and 2040 using a number of noise measures including the Australian Noise Exposure Concept (ANEC) and N70 event contours. N70 contours identify the number of noise events that exceed 70 decibels (dB(A)) over a day (7am to 6pm) or evening (6pm to 10pm) period and are used to explain the potential noise impact. ANEC contours indicate aircraft noise exposure around an airport, averaged over a 12 month period. ANEC contours are used to assess the potential impacts of aircraft noise.

The predicted aircraft noise is based on projected growth in annual aircraft movements—an increase of 20 per cent from 2012 to 2020 and an additional 30 per cent from 2020 to 2040.

The EIS assessment concludes that in 2040, the proposed east-west runway would result in a net reduction of 70 per cent or approximately 4,946 dwellings exposed to five or more N70 events when compared with the existing north-south runway. ANEC contours were the second noise measure used to assess the potential impacts of the proposed east-west runway. The contours are also used to inform future decisions on development through the Queensland State Planning Policy 2014 (SPP) and the Sunshine Coast Planning Scheme 2014. The ANEC contours will be reviewed by the Department of Transport and Main Roads (DTMR) and Airservices Australia (ASA) following detailed design for the proposed east-west runway and associated flight paths.

ASA would then review the contours for the purposes of technical accuracy and to ensure that modelling inputs include appropriate selection of aircraft types, appropriate runway use, flight path data and aircraft movement forecasts.

The EIS concluded that the proposed east-west runway would result in a reduction in dwellings located within ANEC 20 or more (considered a threshold) when compared with the existing north-south runway. At the commencement of the proposed east-west runway in 2020, the project would result in a net reduction of 25 per cent or approximately 392 dwellings located in ANEC 20 or more. In 2040, the proposed east-west runway would result in a net reduction of 26 per cent or approximately 540 dwellings located in ANEC 20 or more. The noise reduction would occur as a result of aircraft flying over the ocean to the east and less populated suburbs to the west of the proposed east-west runway and the proposed relocation of existing helicopter operations from the southern general aviation area at the SCA to the western general aviation area.

Whilst there are significant reductions predicted in dwellings affected, the EIS identified a potential increase in aircraft noise at some dwellings in Yandina Creek, Mudjimba and the southern part of Marcoola. Due to east-west flight paths and flight operations,

modelling indicated approximately 154 dwellings in 2020 and approximately 716 dwellings in 2040 could be located in a higher ANEC contour. Although the ANEC noise measure presents averaged noise over a 12 month period, the majority of scheduled flights would occur during the weekday period (72 per cent), from 7am to 6 pm. Furthermore, the EIS noise modelling indicated a worst-case scenario. This means that the project is likely to result in less noise impacts than predicted, especially for the ANEC measure and particularly if additional mitigation measures are put in place.

The EIS reports that the most effective noise mitigation measure is the project design. The east-west orientation of the proposed runway requires planes to fly over less populated suburbs and the ocean. Together with ASA and CASA, the proponent has undertaken a detailed flight path development process for the proposed east-west runway. The EIS reports that minimising noise impacts was an integral design objective for the development of the proposed flight paths. This process involved analysis of existing and planned developments at the Sunshine Coast. In addition, the proponent is committed to continue operations in line with the Commonwealth National Airports Safeguarding Framework 2012. This includes noise reduction measures detailed in the fly neighbourly policy, noise abatement procedures, required navigation performance procedures, and runway modes of operation. These will be updated as follows:

- revising the fly neighbourly policy to reflect the proposed east-west runway and maintain existing measures to reduce noise impact associated with helicopters, jets and turboprop movements
- revising and enhance the noise abatement procedures to prioritise the mode of operation which results in less noise to suburbs of Mudjimba and Maroola
- revising the required navigation performance procedures to implement the continuous descent approach resulting in less engine thrust, maintaining higher altitudes for a greater proportion of the approach and therefore less noise.

Further, relocation of helicopter operations from the southern to the western general aviation (GA) area is proposed by 2027. The effect of the relocation is that no dwellings will be in ANEC 30 or higher from 2027, as is reflected in the ANEC predictions at 2040. Accordingly, I recommended the proponent implement these measures as detailed in Appendix 3 of this report.

The Commonwealth Department of Infrastructure and Regional Development (DIRD) has advised that the conclusions and management measures outlined above are consistent with the principles of the Commonwealth National Airports Safeguarding Framework 2012. Commonwealth agencies DIRD, the Civil Aviation Safety Authority (CASA) and ASA would also assess airspace and safety approvals for the project. Further, advice received from the Aircraft Noise Ombudsman (ANO) confirms that the proponent has a history of constructive community engagement and a responsive approach to managing noise complaints.

While I accept the proponent's conclusions and proposed measures to manage aircraft noise, I acknowledge that some residences living near the SCA in some locations may experience increased noise impacts at certain times. Therefore, I recommend the following additional measures to further reduce potential aircraft noise impacts:

- engage directly with all affected sensitive receptors (dwellings and community facilities) that may potentially experience an increase in noise due to the project in order to determine suitable noise management measures
- implement additional measures to manage aircraft noise from the noise source and/or at the noise sensitive receptor (dwellings and community facilities) beyond the measures specified in the EIS. The additional measures should focus on noise sensitive receptors (dwellings and community facilities) predicted to potentially experience an increase in noise
- report progress on all measures to manage aircraft noise to the SCA Community Aviation Forum and publish a report on the proponent's website detailing progress to further manage aircraft noise
- to reduce helicopter noise impacts, work with helicopter operators to relocate helicopter operations from the southern to the western GA area earlier than the 2027 date as proposed in the EIS by the proponent.

I also recommend that the proponent implement the following recommendations to further enhance community engagement, provide detailed information for the public, and inform land-use planning:

- update the ANEF and Australian Noise Exposure Index (ANEI) contours every five to ten years and publish them on the proponent's website to inform the community of the predicted and actual aircraft noise contours
- cooperate with ASA to implement the WebTrak (or similar) online portal and the Noise and Flight Path Monitoring System to provide real-time information to inform the community of property specific flight paths and associated noise levels
- provide ASA with noise complaints made directly to the proponent so that all noise complaints about the SCA are captured in the ASA quarterly online noise reports
- provide the necessary data to enable the Sunshine Coast Planning Scheme 2014 to be updated to reflect the changes to Sunshine Coast Airport operations resulting from the project's development, including the Airservices endorsed ANEF contours for the expanded Sunshine Coast Airport and reflect the principles relating to noise in the National Airports Safeguarding Framework 2012
- seek to establish a memorandum of understanding with the Real Estate Institute of Queensland to promote real estate agents' use of the WebTrak online portal and the Noise and Flight Path Monitoring System. This would provide flight path information and aircraft noise levels to prospective property buyers and ensure they are fully informed of potential aircraft noise impacts.

I conclude that, on balance, the proponent's proposed east-west runway could substantially reduce net potential noise impacts overall on noise sensitive receptors.

I note that noise management measures outlined in the EIS are consistent with the principles of the Commonwealth National Airports Safeguarding Framework 2012 as advised by the DIRD. Further, the ANO supports the proponent's constructive approach to community engagement. Accordingly, I require the proponent's proposed management measures to be fully implemented and enhanced, where reasonable and possible.

I acknowledge the potential increase in aircraft noise at some dwellings in Yandina Creek, Mudjimba and the southern part of Marcoola. Consequently, I require the proponent to enhance community engagement, provide detailed information for the public, and inform land use planning. I also require the proponent to engage with affected community members to identify further measures to manage potential aircraft noise, particularly relocating helicopter operations sooner than 2027.

For the reasons outlined above, I consider that potential aircraft noise impacts on the community can be effectively managed.

Social impacts

To inform the social impact assessment, the proponent undertook an extensive and broad-scale stakeholder consultation and community engagement. While several submitters raised issues about the community engagement process, I consider that SCRC has taken all reasonable steps to inform the community about the airport expansion, prior to and during the EIS process.

The SCRC has committed to expand the stakeholder consultation group to include representatives from newly affected areas. I consider this is an appropriate mechanism to gauge community response to the proposed new airport operations and I encourage the SCRC to work with the community aviation forum to address noise impacts as effectively as possible.

Economic impacts

The expansion of the SCA is identified as key transport infrastructure under SCRC's Regional Economic Development Strategy 2013–2033.

The benefit cost analysis in the EIS concluded the proposed east-west runway would provide a net economic benefit for the Sunshine Coast, producing a benefit cost ratio of 2.45. The AEIS reported that capital expenditure is expected to provide a direct benefit to the Sunshine Coast economy of approximately \$145 million in additional Gross Value Added (GVA) activity, mostly within the construction, manufacturing and professional services sectors.

Growth of the airport is expected to attract 450,000 additional visitors per year to the region by 2040. The AEIS stated that the direct benefit to the Sunshine Coast economy associated with these additional visitors and increased expenditure on airport operations is expected to provide approximately \$310 million in additional GVA activity by 2040, with most of the growth occurring within: the retail trade; accommodation and food services; and transport, postal and warehousing sectors.

Although I note there is risk and uncertainty involved in forecasting demand and economic benefits, I conclude that there are potentially significant economic benefits as a result of the project. These include the estimated 86 jobs during the construction phase and 1538 direct operational jobs by 2040.

Further, it should also be noted that the commercial viability of an expanded airport, along with any funding arrangements to progress the project, is beyond the scope of my evaluation.

Natural hazards

Flooding impacts

The EIS has identified the potential flooding impacts of the project. I have been advised by the Department of Science, Information Technology and Innovation (DSITI) that the flood modelling undertaken for the EIS is consistent with industry practice and appropriate to identify the potential impacts of the project. I have imposed conditions to ensure potential flow impacts or damage to properties or infrastructure are mitigated or managed. I consider the airport drainage described in the EIS is appropriate to manage possible floodwaters that may cross the project site.

Coastal processes

I accept the pipeline alignment and pump-out locations proposed in the EIS are appropriate for the project. I have stated conditions to address erosion and sediment control, rehabilitation of the dune system and the management of material deposited during the construction phase of the project. The proponent must also develop the Dredge Management Plan as outlined in the EIS to ensure the potential impacts of sand pumping operations are identified, monitored and corrective actions implemented as required.

Airport construction

Water quality

Hydraulic sand delivery and runway construction

The EIS has identified the potential impacts of sand delivery and runway construction and the management measures proposed to adequately mitigate impacts to surrounding water resources, the Mount Coolum National Park and the Wallum Heath Management Area (WHMA).

I have stated conditions for inclusion in the environmental authority. The conditions require the proponent to:

- install lining on the base and sides of the reclamation area and control structures on drains to prevent groundwater drawdown and contamination of waters
- construct a permanent low-permeability cut-off wall from the ground surface down to the confining coffee rock layer, adjacent to the northern perimeter drain, to manage tailwater discharge and protect the Mount Coolum National Park from groundwater drawdown.

To prevent lowering the water table below potential acid sulfate soils in the western section of the project site, I have stated conditions requiring installation of a second cut-off wall west of the western perimeter drain. The proponent must also install control structures, such as weirs, on drains traversing the Mount Coolum National Park to prevent groundwater drawdown and contaminant ingress into the national park.

Tailwater discharge

I am satisfied that the potential impacts on water quality and hydrological processes were adequately identified in the EIS and the mitigation measures proposed by the proponent are appropriate to manage the impacts.

I have stated conditions for inclusion in the environmental authority that require the proponent to install a tidal flap on Marcoola drain at the Finland Road crossing culvert to minimise salt water ingress upstream to the Mount Coolool National Park. The tidal flap must allow for conveyance of floodwaters and not submerge mangrove roots for extended durations.

I have made recommendations for the proponent to provide further information on background water quality and the monitoring program, in support of an application for an environmental authority.

Dredging

I am satisfied the EIS has identified the potential impacts of dredging operations and the proposed management framework can adequately protect water quality values. To ensure this, I have stated conditions for inclusion in the environmental authority requiring the proponent to develop a Dredge Management Plan including a monitoring program and management actions to be implemented if water quality objectives are exceeded. The conditions apply to dredging in Moreton Bay and unloading of dredge materials offshore of Marcoola Beach and would ensure the project does not result in erosion or damage to the banks adjacent to dredging activities, impacts to riparian vegetation, or environmental harm to receiving waters.

Transport

I accept the EIS finding that overall the project would have a minimal impact on the surrounding road network. I consider that the capacity of the existing road network could accommodate additional construction and operational traffic generated by the project. I have included conditions in this report to ensure that all safety, road and traffic operational issues are effectively addressed prior to construction.

Matters of national environmental significance

The project is a controlled action and the relevant controlling provisions under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) are:

- wetlands of international importance (sections 16 and 17B)
- listed threatened species and communities (sections 18 and 18A)
- listed migratory species (sections 20 and 20A).

The potential impacts on matters of national environmental significance (MNES) have been assessed in accordance with the bilateral agreement between the Queensland and Australian governments, and I conclude that the proponent has adequately identified impacts of the project on threatened species and ecological communities, migratory species and the ecological character of the Moreton Bay Ramsar wetland, listed under the EPBC Act.

Mount Emu she-oak

I require the proponent to manage impacts to the Mount Emu she-oak through the conditions in this report. In addition, I have stated conditions under the environmental authority for dredging and reclamation works to protect surface and groundwater quality, the remaining she-oak population 1 (AEP1) to the south; the she-oak population 2 (AEP2) and the translocation site to the north from water quality impacts during reclamation activities.

The proposal could potentially result in a residual impact of 4.4ha or 550 plants. This residual impact is significant as all populations of this species are considered important to its survival. To offset this residual impact, the proponent has proposed to translocate the entire 4.4ha of impacted vegetation to a suitable site which is located in close proximity to the AEP2 population.

Wallum sedgefrog

I have stated conditions for the environmental authority for dredging and reclamation works to protect surface and groundwater quality, the wallum sedgefrog habitat within the WHMA and potential habitat in Mount Coolum National Park. The proposed action is expected to result in a residual impact of 1.67ha on wallum sedgefrog breeding habitat. To offset this loss, the proponent has proposed to augment 2.28ha of existing habitat within the northern section of the WHMA. This would include the creation of purpose-built breeding ponds and appropriate sedge plantings to form a mosaic of wet and dry heath habitats which would be expected to support breeding activities.

Moreton Bay Ramsar site

I am satisfied the proponent has adequately identified the potential impacts of the proposal on the ecological character of the Moreton Bay Ramsar site. I have stated conditions that require the proponent to implement measures, including limiting the area of dredging disturbance, managing water quality being released from the project site (stormwater runoff), tailwater discharge and dredging, establishing buffer zones for marine mega-fauna observed near dredge vessels and operations, and managing marine vessel activities to avoid/limit striking marine mega-fauna.

Matters of state environmental significance

Potential impacts on matters of state environmental significance have been assessed in the EIS, and I conclude that the proponent has adequately identified the potential impacts of the project on regulated vegetation, connectivity areas, protected wildlife habitat (protected plants and animals), protected areas (Mount Coolum National Park and Moreton Bay Marine Park) and fish habitat area (FHA) (Maroochy River Fish Habitat Area) listed under the *Environmental Offsets Act 2014*.

Connectivity

The construction of the proposed east-west runway could result in the loss of connectivity between the northern and southern sections of Mount Coolum National Park and subsequently reduce connectivity in the wider region between Lake Weyba and the Maroochy River. To manage this impact, the proponent has proposed to

revegetate a 2.5km long, 25ha corridor of native vegetation around the western extent of the proposed east-west runway to create an ecological corridor between the northern and southern sections of Mount Coolool National Park. The corridor would include vegetation of sufficient density to allow passage by cover-dependent species considering the operational safety requirements of the airport (limiting vegetation height and avoiding flowering species). As a result, the project is not expected to result in adverse impacts on the connectivity between the northern and southern sections of Mount Coolool National Park.

Ground parrot

The project could result in a residual impact of 7.88ha on essential habitat, once avoidance and mitigation measures are taken into account. To offset the loss, 31.52ha of ground parrot habitat would be required. I consider that the project is unlikely to have an adverse impact on the ground parrot, provided that the proponent adheres to the proposed mitigation measures and commitments described in the EIS. I have recommended conditions to ensure this outcome. The proponent is required to finalise an environmental offsets strategy for my approval that provides either direct offsets, a direct benefit management plan or a financial settlement to the Department of Environment and Heritage Protection (either alone or in combination) to ensure no net loss of ground parrot habitat.

Wallum rocket frog and wallum froglet

The project could have a residual impact of 60.63ha on wallum froglet habitat; and 21.85ha of wallum rocket frog habitat (which is found entirely within wallum froglet habitat). This includes likely breeding habitat and adjoining habitat used by non-breeding animals for foraging, shelter and/or dispersal between areas of breeding habitat. I require the proponent to manage impacts through the proposed mitigation measures. I have stated conditions under the environmental authority to protect surface and groundwater quality, the wallum rocket frog, wallum froglet habitat and potential habitat within the WHMA and Mount Coolool National Park. To offset the loss of habitat the proponent has proposed to:

- augment 2.28ha of existing habitat within the northern section of the WHMA to create breeding habitat
- improve 5.84ha of habitat adjacent to the northern perimeter drain through regular vegetation slashing activities
- provide an additional 63.15ha of offset areas at the Lower Mooloolah River Environmental Reserve, located south of the project area at Palmview which includes 9.8ha of breeding ponds.

To ensure the offset areas achieve a conservation outcome for both species, I have required the proponent to finalise a biodiversity offset strategy consistent with the commitments provided in EIS documentation.

Protected areas—Mount Coolum National Park

Two sections of the Mount Coolum National Park are situated to the north and south of the proposed runway. I am satisfied that the sand delivery and runway construction management measures proposed can adequately mitigate impacts on surrounding surface and groundwater on the Mount Coolum National Park. I have stated conditions requiring the proponent to install lining on the base and sides of the reclamation area and control structures on drains to prevent groundwater drawdown and contamination of waters. I also require the proponent to construct a permanent low-permeability cut-off wall from the ground surface down to the confining coffee rock layer, adjacent to the northern perimeter drain, to manage tailwater discharge and protect the Mount Coolum National Park from groundwater drawdown. The proponent must also install control structures, such as weirs, on drains traversing the Mount Coolum National Park to prevent groundwater drawdown and contaminant ingress into the national park.

Fish habitat area

The Maroochy River Fish Habitat Area (FHA-008) is located downstream of the proposed tailwater discharge. Based on water quality assessment, impacts on water quality are not expected to extend beyond the Marcoola drain and are therefore unlikely to impact on the Maroochy River Fish Habitat Area, provided the proponent adheres to the proposed mitigation measures and commitments described in the EIS. To protect surface water quality I have stated conditions for the environmental authority requiring the proponent to establish water quality limits for surface water and develop a monitoring program.

Moreton Bay Marine Park

The Spitfire Realignment Channel which is located within northern Moreton Bay, near the southern end of Bribie Island, is within the General Use Zone of the Moreton Bay Marine Park. The General Use Zone allows for activities such as shipping, maintenance of shipping channels and sand extraction under the State approvals process. The EIS has identified the potential impacts of dredging operations and shows that the proposed management framework can adequately protect water quality in the marine park.

I have stated conditions for inclusion in the environmental authority requiring the proponent to develop a Dredge Management Plan including a monitoring program and management actions to be implemented if water quality objectives are exceeded. The conditions apply to dredging in Moreton Bay and unloading of dredge materials offshore of Marcoola Beach and they would ensure the project does not result in erosion or damage to the banks adjacent to dredging activities, impacts on riparian vegetation, or environmental harm to receiving waters.

Coordinator-General's conclusion

I consider that the environmental impact assessment requirements of the SDPWO Act for the Sunshine Coast Airport Expansion project have been met and that sufficient information has been provided to enable a thorough evaluation of the potential impacts of the project.

I conclude that there are significant local, regional and state benefits to be derived from the development, and that any adverse environmental impacts can be acceptably avoided, minimised, mitigated or offset through the implementation of the measures and proponent commitments outlined in the EIS documentation. The conditions I have specified in this report have been formulated in order to further manage the potential impacts associated with the project.

Accordingly, I recommend that the project proceeds subject to the conditions and in accordance with the recommendations set out in the appendices of this report. In addition, I require the proponent's commitments to be fully implemented.

My report will be provided to the Commonwealth Minister for the Environment pursuant to section 36(2) of the SDPWO Regulation. My report will inform the assessment decision by the Minister on the controlled actions for the project pursuant to section 133 of the EPBC Act. The project will also be assessed by agencies in the Commonwealth Government as part of their responsibility to manage aviation airspace, for example the CASA and ASA.

A copy of this report will be provided to the proponent and relevant state government agencies, and will also be made publicly available at www.statedevelopment.qld.gov.au/scaexpansion



Barry Broe
Coordinator-General

18 May 2016

Item 4.1.1 Sunshine Coast Airport Expansion Project - Environmental Impact Statement Update

Attachment 1 Sunshine Coast Airport Expansion Project: Coordinator-General's Evaluation Report on the Environmental Impact Statement May 2016 (Synopsis)

4.1.2 SUNSHINE COAST AIRPORT EXPANSION PROJECT - CONSTRUCTION

File No:	20160613 SM
Author:	General Manager Sunshine Coast Airports Economic Development and Major Projects Department
Attachments:	Att 1 - Sunshine Coast Airport Expansion Project: Works Program33

PURPOSE

The purpose of this report is to update Councillors on the status of preparations for the delivery of the Sunshine Coast Airport Expansion Project, with a particular focus on the construction stage.

EXECUTIVE SUMMARY

Work has commenced on a range of pre-construction activities that are necessary to ensure adequate preparation for the delivery of the construction stage of the Sunshine Coast Airport Expansion Project (the Project). These activities are vital in ensuring that sufficient information is available to proceed to determine the delivery strategy which achieves best value for money, adequately identifies and assigns risk, and facilitates the completion of the Project within the defined timeframe.

Actual physical work on the project site will not commence until final approval has been received from the Federal Department of Environment in relation to matters regulated under the *Environment Protection and Biodiversity Conservation Act 1999*.

Briefly, the activities and works that will take place progressively as the project moves into the delivery phase are as follows.

Enabling Activities

These are on and off site activities necessary to enable the Project to proceed to the construction phase. They include detailed ground survey, additional detailed geotechnical investigations, preparation and submission of applications for critical environmental approvals and permits, preparation and acceptance of the Cultural Heritage Management Plan, and design and documentation activities associated with the relocation of Energex and Unitywater assets from within the project construction footprint.

Preliminary Works

These are on and off site works necessary to facilitate construction activities. They include detailed design work, Energex and Unitywater relocation works, upgrade of Finland Road, groundwater and surface water background monitoring, translocation of Mount Emu She-oak, erection of airside perimeter fence, relocation of Bureau of Meteorology weather station, and relocation of helicopter training pads.

Bulk Construction Works for Runway and Associated Infrastructure

Construction of drains, runway and taxiway embankment (dredging operations), pavement and surfacing, apron extension, perimeter road, access road to Air Traffic Control site (Air Traffic Control tower access by others), lighting, line-marking and signage.

Terminal Works

Design and construction of terminal upgrade to accommodate increased passenger throughput, particularly in the international category, and modification of car parking area.

OFFICER RECOMMENDATION

That Council receive and note the report titled “Sunshine Coast Airport Expansion Project - Construction”.

FINANCE AND RESOURCING

Details of funding and probity for the Sunshine Coast Airport Expansion Project are being provided in separate Council reports.

At its Ordinary Meeting of 28 January 2016, Council was provided with details around resource implications and \$577,000 was included in Budget Review 2.

CORPORATE PLAN

Corporate Plan Goal: *A new economy*

Outcome: 1.2 - New capital investment in the region

Operational Activity: 1.2.1.1 - Finalise Council’s contribution to all statutory approvals to advance the expansion of the Sunshine Coast Airport

CONSULTATION**Portfolio Councillor Consultation**

Consultation at this point in time has been limited to the Strategic Discussion Forum of 5 May 2016.

Internal Consultation

Chief Executive Officer

Director Corporate Services

Director Economic Development and Major Projects

Director Infrastructure Services

Manager Procurement and Contracts

Manager Project Delivery

Procurement Specialist, Procurement and Contracts Branch

Solicitor, Legal Services Branch

Coordinator Planning and Major Projects, Sunshine Coast Airport

Consultant Advisor

External Consultation

Corview

King & Wood Mallesons

Royal Bank of Canada

Energex

Unitywater

Community Engagement

Council’s Environmental Impact Statement and Additional Environmental Impact Statement were made publicly available for public consultation from 29 September - 30 November 2014 and for 30 days in November 2015 respectively.

PROPOSAL

Structured risk assessment process

A structured risk assessment process has been undertaken to identify project risks, to assess their likelihood and potential impact and to establish feasible mitigation options and residual risk allocation.

During this process, a number of risk workshops have been held and the risk matrix that was developed originally has now been through several iterations. Both project wide and activity specific risks have been identified and assessed. Appropriate mitigation strategies have been considered.

Based on this information and on the experience of major civil projects of various consultants and council representatives, ranges for risk associated with quantities and cost rates were applied to the estimate items and the estimate was analysed using a probabilistic risk model.

That risk modelling process produced critical input to the cost estimation process and has facilitated the preparation of a risk adjusted P90 concept estimate (90% probability of not being exceeded) for the works. The computer based risk assignment process has also determined a contingency amount appropriate for that level of confidence.

Further consideration of the key project risks identified through this process has assisted in determining the party best capable of managing those risks at any given stage in the delivery of the project. This information will guide the development of the preferred delivery strategy.

Risk adjusted cost estimate

A risk adjusted P90 cost estimate with an escalation allowance to reflect the construction period from 2017 - 2020 has been undertaken which confirms an overall cost of \$347 million.

Based on the Coordinator-General's recently advised conditions, a tentative works program has been prepared to take into account the time constraints inherent in some of those conditions. As a result, it is apparent that an amendment to the annual cash flow will need to be submitted for approval. This will require further refinement to reflect actual contract prices once they are known.

Governance and Dedicated Project Team

At its Ordinary meeting of 28 January 2016, Council approved the establishment of a dedicated and experienced project team to deliver the Project. The structure and size of the dedicated project team will vary over time and will be dependent on the stage of the Project underway at any given point in time.

With the recent release of the Coordinator-General's report recommending that the Project proceed, Council is in the process of engaging a Project Director. Council has determined that the successful Project Director will have experience in client side management of the delivery of major civil infrastructure projects within the government sector.

It is proposed that the project team be established progressively, commencing as soon as possible after the necessary project approvals have been received and the Project Director is appointed.

The initial project team will be established to undertake the first phase of activities involving enabling activities, permit applications, preliminary works, and management of the detailed design process. As the Project matures, that team will expand to ensure that the appropriate control mechanisms can be applied to protect the owner's interests and to satisfy mandatory governance requirements throughout the delivery process.

It is proposed that the project team will comprise both internal and external members depending on the skillset required. Some project team members in specialist roles will

operate on a part-time basis. A project team member sourced on a full-time basis from within Council will need to be backfilled in their substantive position.

The inclusion of project team members sourced from within Council's existing workforce will provide the opportunity for knowledge, experience and skills growth within the broader organisation through exposure to this large and complex project and the skills base that external project team members will bring to the table.

Issues that will need to be addressed by the project team in the short-term will include the inputs necessary to prepare a detailed brief for the design of the new runway and associated civil infrastructure and to initiate the approvals process required to deliver regulatory certainty for works to commence.

The design brief contract will be drafted to minimise Council's exposure to a sub-optimal outcome and potential for disputation. The brief will succinctly define the outcomes required and define materials and processes where necessary to ensure the quality of the finished product meets the required standards on a whole of life basis.

To meet the project timeframe for physical completion, work will commence early in 2016/17 to accommodate the necessary lead times associated with the activities that have been identified on the critical path.

Works Packages

The work to be performed to deliver the Project has been divided into four main work categories. These are as follows.

1. Enabling Activities

There are certain activities that must be completed prior to proceeding to design then construction works. These include detailed ground survey to produce an accurate terrain model for the design development and detailed flood modelling; additional geotechnical investigations to accurately define Potential Acid Sulphate Soil and consolidation issues; preparation and submission of applications for critical environmental approvals and various permits; preparation and acceptance of the Cultural Heritage Management Plan; and design and documentation activities associated with the relocation of Energex and Unitywater assets from within the project construction footprint.

Preliminary design work for the relocation of the Unitywater pipeline that currently traverses the project area is now underway.

Negotiations are underway with Energex to commence the design of the relocation of the power lines that traverse the site.

2. Preliminary Works

Preliminary works comprise the actual works that are either offsite or must be completed onsite before the main contract works proceed. These works include the upgrade of Finland Road to ensure adequate access to the site for contractors; relocation of Energex and Unitywater assets to remove conflicts; new fencing to secure airside operations; installation of monitoring stations to meet the requirements for environmental approvals; preparation of documentation in support of other permits; preparation of the Cultural Heritage Management Plan to enable clearing and topsoil operations to proceed in accordance with legislation; translocation of the Mount Emu She-oak to clear the site of environmental constraints that could impact the contractor's ability to freely schedule works; and relocation of the helicopter training pads and the Bureau of Meteorology's weather station to facilitate ongoing and uninterrupted operations at the Airport during the construction stage. This works package will also include the preparation of the design for the Project.

3. Main Construction Works

These works constitute the bulk of the works necessary to deliver the new runway, taxiways and expanded apron. They consist of the construction of the significant drainage system; the sand dredging and placement process; and the paving, surfacing, lighting, line marking and signage as well as the works associated with the perimeter road, the access road to the Air Traffic Control tower site preparations (the tower is to be constructed by others).

4. Terminal Upgrade Works

These works include the design and construction of the terminal upgrade to accommodate increased passenger throughput, particularly in the international category, and modification of car parking area. It will involve the provision of a new international precinct at the southern end of the existing terminal building to accommodate the larger aircraft and passenger numbers that will be possible as a result of the provision of the extended runway.

For estimation purposes, the Enabling Works and the Preliminary Works have been bundled together under Construction Package 1. Some portions of the work activities contained within both the Enabling Works and the Preliminary Works are covered in the Owner's Costs. Construction Packages 2 and 3 refer to the Main Construction Works and the Terminal Upgrade Works respectively.

Project Works Program

A Works Program has been prepared showing the duration and relationship of the anticipated activities that a competent contractor would reasonably be expected to adopt to deliver a project of this nature.

The Work Breakdown Structure has been developed into a discrete activity level for the bulk of the works. However, some of the specialised works activities have been included at a reasonably high level as further disaggregation of these activities will require specialist involvement.

The enabling activities associated with approvals, design and associated early works have also been included in this program.

Some ancillary activities such as relocation of the Bureau of Meteorology weather station and the helicopter training pads are yet to be positioned within the overall project timescale. These activities are not on the critical path and will be scheduled when additional background information becomes available.

The most critical activities in the Works Program are those associated with the dredging and sand placement for the embankment and preload and, in particular, the associated environmental approvals and monitoring requirements that are a condition of the Environmental Impact Statement approval. This is more significant than would usually be the case for a project of this nature because of the limited window of opportunity during which these environmentally constrained activities can be undertaken and the long lead time specified for monitoring to establish background data before works can commence.

The preliminary Works Program currently shows completion by June 2020, provided that the consolidation of the compressible marine clays underlying the northwestern end of the runway can be achieved over a period of six months.

Legal

The construction of the Project will be subject to the procurement sections of the *Local Government Act 2009* and the Local Government Regulation 2012.

Policy

The delivery of the Project is consistent with the Sunshine Coast Planning Scheme 2014 and the Sunshine Coast Airport Master Plan 2007.

Risk

A risk and opportunities register has been developed which includes mitigation strategies for each of the risks. At this points the main risks include:

- funding for the Project not being obtained
- variations to the flood and drainage modelling undertaken to date
- variations to the survey results obtained to date
- differences in forecast geotechnical conditions
- delays in arrangements for the control tower
- tasks on the critical timeline not being completed on schedule and
- actual costs being exceeded.

Opportunities identified over and above the project benefits include:

- actual costs being lower than estimated.

Previous Council Resolution

Council Resolution (OM16/12) Ordinary Meeting 28 January 2016

That Council

- receive and note the report titled “**Sunshine Coast Airport Expansion Project Delivery Team**” and*
- authorise the Chief Executive Officer to establish a Sunshine Coast Airport Expansion Project Delivery Team and implement a Project Governance Structure to oversee the delivery of the project.*

Related Documentation

Sunshine Coast Airport Expansion Project Environmental Impact Statement

Sunshine Coast Airport Expansion Project Additional Information to the Environmental Impact Statement

Critical Dates

Attachment 1 includes a works program for the Sunshine Coast Airport Expansion Project.

The most critical activities in the works program are those associated with the dredging and sand placement for the embankment and preload and, in particular, the associated environmental approvals and monitoring requirements that are a condition of the Environmental Impact Statement approval.

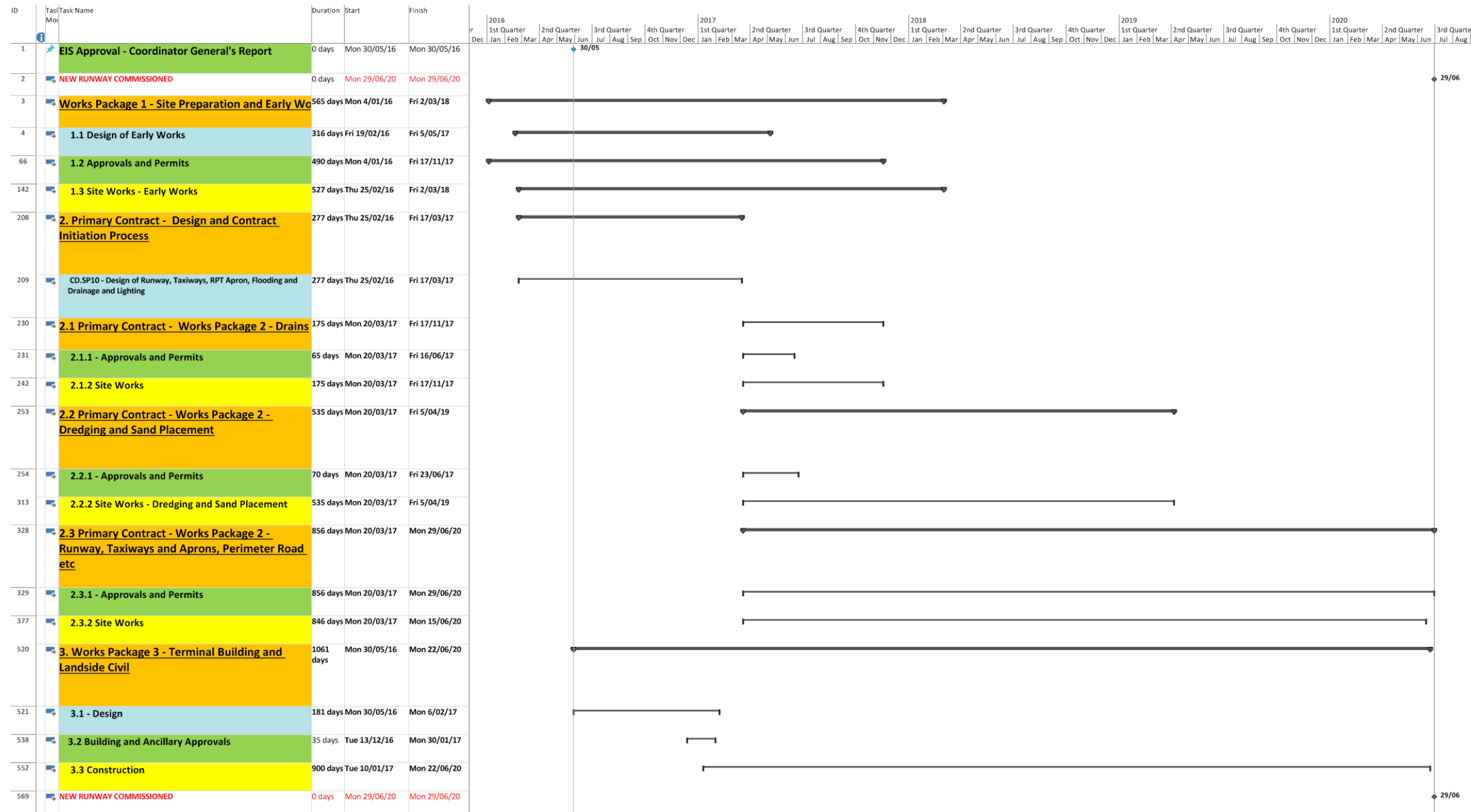
This is more significant than would usually be the case for a project of this nature because of the limited window of opportunity during which these environmentally constrained activities can be undertaken and the long lead time specified for monitoring to establish background data before works can commence.

Implementation

The recruitment process for a Project Director has commenced and a Communication Plan is being prepared by Council’s Manager Communication.

SUNSHINE COAST AIRPORT EXPANSION PROJECT: WORKS PROGRAM

ATTACHMENT 1



Project: 20160225 A4429 New Runway_Works	Task	Summary	External Milestone	Inactive Summary	Manual Summary Rollup	Finish-only	Manual Progress
	Split	Project Summary	Inactive Task	Manual Task	Manual Summary	Deadline	
	Milestone	External Tasks	Inactive Milestone	Duration-only	Start-only	Progress	

4.1.3 SUNSHINE COAST AIRPORT EXPANSION PROJECT - PROBITY PLAN

File No:	Council meetings
Author:	Director Economic Development and Major Projects Economic Development and Major Projects Department
Appendices:	App A - Sunshine Coast Airport Expansion Project: Transaction Probity Plan (6 May 2016).....39
Attachments:	Att 1 - Sunshine Coast Airport Expansion Project: Draft Initial Probity Risk Assessment (20 May 2016)57

PURPOSE

The purpose of the report is for Council to formally consider and endorse the Sunshine Coast Airport Transaction Probity Plan for the Sunshine Coast Airport Expansion Project prepared by Argyle Corporate Advisers.

EXECUTIVE SUMMARY

This report is presented in conjunction with the Sunshine Coast Airport Expansion Project (the Project) report on funding which is also being considered at Council's Special Meeting of 13 June 2016.

Argyle Corporate Advisers (Argyle) has been appointed as probity advisor to Sunshine Coast Council in relation to the recommended funding strategy to deliver the Sunshine Coast Airport Expansion Project.

The role of the probity advisor is to oversee the integrity of the procurement process for the funding strategy, provide independent scrutiny of probity practices during that phrase, identify and provide proactive advice in relation to *ad hoc* probity issues on a timely and ongoing basis, be available to all stakeholders with respect to probity issues, and report at the conclusion of the procurement process.

This report seeks Council's endorsement of the Sunshine Coast Airport Transaction Probity Plan (the Probity Plan) at Appendix A being implemented as part of the recommended funding strategy to deliver the Sunshine Coast Airport Expansion Project.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled "Sunshine Coast Airport Expansion Project - Probity Plan"**
- (b) adopt the Sunshine Coast Airport Transaction Probity Plan (Appendix A) and**
- (c) authorise the Chief Executive Officer to amend the Sunshine Coast Airport Transaction Probity Plan to ensure that it remains current.**

FINANCE AND RESOURCING

Council has engaged the services of a probity advisor, Argyle Corporate Advisers. This organisation was appointed following a procurement process in accordance with Council's Procurement Policy – through the Queensland Government's Whole-of-Government Standing Offer Arrangement for Probity Advisors.

A budget of \$60,000 for this engagement is being met from existing allocations.

CORPORATE PLAN**Corporate Plan Goal:** *A new economy***Outcome:** 1.2 - New capital investment in the region**Operational Activity:** 1.2.1.1 - Finalise Council's contribution to all statutory approvals to advance the expansion of the Sunshine Coast Airport**Corporate Plan Goal:** *A new economy***Outcome:** 1.2 - New capital investment in the region**Operational Activity:** 1.2.1.2 - Progress the endorsed financing strategy to secure the required investment to facilitate expansion of the Sunshine Coast Airport**CONSULTATION****Portfolio Councillor Consultation**

Consultation at this point in time has been limited to the Strategic Discussion Forum of 5 May 2016.

Internal Consultation

Chief Executive Officer

Director Corporate Services

Manager Procurement and Contracts

Consultant Advisor

External Consultation

King & Wood Mallesons

Royal Bank of Canada Capital Markets

Community Engagement

No formal community engagement is considered appropriate because of the commercial sensitivity of the proposed process.

PROPOSAL

Argyle Corporate Advisers has been appointed as probity advisor to Sunshine Coast Council in relation to the proposed funding strategy for the delivery of the proposed development of a new primary runway at Sunshine Coast Airport.

The Probity Plan at Appendix A, together with the draft Initial Probity Risk Assessment at Attachment 1, have been prepared by Argyle and designed for use by the Transaction Team (including Council's independent advisors, consultants and contractors). The Probity Plan is a document for distribution to all parties, including Council and advisors, who need to understand the requirements for probity including confidentiality and conflict of interest.

Probity for the Transaction will be guided by the contents of this Probity Plan which includes a Probity Code of Practice, associated timetable, probity action plan, management of conflicts of interest, and list of registers.

The purpose of this Probity Plan is to outline to relevant Transaction Team Members the underlying probity principles and protocols and the actions necessary for managing and mitigating probity risks.

The objectives of probity for the Transaction are to ensure that:

- there is confidence in all stages of the divestment process

- evaluation of offers and decision-making follows approved frameworks and is capable of withstanding objective and independent scrutiny and does not expose Council to challenge or criticism
- decisions made are focused on delivering all of Council's stated objectives in relation to the Transaction, that is, the right decisions are made for the right reasons (not influenced by personal or external interests)
- there is accountability for decision-making
- public sector integrity is maintained
- conformity to processes is achieved
- public confidence in Council processes is preserved
- potential conflicts and the potential for later litigation are minimised and
- the potential for misconduct, fraud and corruption is minimised.

Probity considerations should therefore be built into each stage and element of the procurement process through:

- internal organisation and decision-making processes
- security arrangements including physical, electronic and communications
- maintenance of confidentiality
- protection of Intellectual Property
- avoidance of conflicts of interest
- appropriate communication with proponents, stakeholders and other interested parties
- promoting a probity-oriented culture and
- management of probity issues.

Once adopted by Council, there will be a need to ensure that the Probity Plan remains current by updating the associated timetable, probity action plan, record of conflicts of interest, list of registers and risk assessment. This report seeks authorisation for the Chief Executive Officer to make these updates.

Legal

Compliance with legal requirements is a key objective of the Probity Plan.

Policy

The engagement of a probity advisor, Argyle Corporate Advisers, was undertaken in accordance with Council's Procurement Policy.

Risk

Refer to the attached draft Initial Probity Risk Assessment (Attachment 1).

Previous Council Resolution

Council Resolution (SM15/5) Special Meeting 30 March 2015

That Council

- (a) authorise the Chief Executive Officer to proceed as discussed in confidential session and
- (b) endorse Royal Bank of Canada as a specialised supplier under section 235 of the Local Government Regulation 2012.

Council Resolution (SM15/23) Special Meeting 28 September 2015

That Council authorise the Chief Executive Officer to progress matters as discussed in confidential session in relation to the Sunshine Coast Airport Expansion Project.

Related Documentation

Sunshine Coast Airport Master Plan 2007 (the Sunshine Coast Airport Expansion Project is consistent with the Master Plan)

Council Report for Special Meeting of 13 June 2016 regarding funding for the Sunshine Coast Airport Expansion Project

Critical Dates

It is important that the engagement of a probity advisor and adoption of the Probity Plan occurs prior to the implementation of the recommended funding strategy.

Implementation

It is recommended that Council endorse the Sunshine Coast Airport Transaction Probity Plan (Appendix A) and note the draft Initial Probity Risk Assessment (Attachment 1) for the purposes of implementing the Sunshine Coast Airport Expansion Project Probity Plan.

This report seeks authorisation for the Chief Executive Officer to ensure that the Probity Plan remains current by updating the associated timetable, probity action plan, record of conflicts of interest, list of registers and the risk assessment.

SUNSHINE COAST COUNCIL

**SUNSHINE COAST AIRPORT TRANSACTION
PROBITY PLAN**

6 JUNE 2016

ARGYLE CORPORATE ADVISERS

TABLE OF CONTENTS

1. INTRODUCTION AND BACKGROUND.....	4
1.1 Structure and use of the Probity Plan.....	4
1.2 Background.....	4
1.3 Purpose of Probity Plan	5
1.4 Indicative Timetable for the Transaction and probity	5
2. TRANSACTION GOVERNANCE AND MANAGEMENT.....	5
3. PROBITY OBJECTIVES AND STRATEGIES.....	5
3.1 Objectives.....	5
3.2 Strategies	6
4. PROBITY ACTION PLAN.....	6
4.1 Probity Code of Practice	6
4.2 Implement Probity Plan and Code of Practice	7
4.3 Probity Briefings.....	7
4.4 Implement Protocols	7
4.5 Currency of Confidentiality and Conflict of Interest Statements.	7
4.6 Assess adherence to Probity Plan and Code of Practice.....	7
5. PROBITY ADVISOR	7
ANNEXURE A	8
ANNEXURE B	9
ANNEXURE C	14
ANNEXURE D	15
ANNEXURE E	16
ATTACHMENT A – Probity Code of Practice	

**SUNSHINE COAST COUNCIL
SUNSHINE COAST AIRPORT TRANSACTION (THE TRANSACTION)
PROBITY PLAN APPROVAL**

This Probity Plan has been developed as a public document by Argyle Corporate Advisers (Argyle) in conjunction with representatives of Sunshine Coast Council and has been approved for implementation by the Chief Executive Officer.

.....
Chief Executive Officer
Sunshine Coast Council

.....
Date

SUNSHINE COAST AIRPORT TRANSACTION (THE TRANSACTION) PROBITY PLAN

1. INTRODUCTION AND BACKGROUND

1.1 Structure and use of the Probity Plan

Argyle Corporate Advisers (Argyle) has been appointed Probity Advisors to the Sunshine Coast Council (the Council) in relation to the proposed transaction to be undertaken to repay the debt incurred in the delivery of the proposed development of a new primary runway at Sunshine Coast Airport (the Transaction). This Probity Plan has been prepared by Argyle and is designed for use by the Transaction Team (including the Council's independent advisors, consultants and contractors). The Probity Plan is complemented by a Probity Code of Practice, which is a document for distribution to all parties, including Council and advisors, who need to understand the requirements for probity including confidentiality and conflict of interest, and who will sign relevant declarations.

1.2 Background

The background and objectives are as follows:

- Council is committed to developing a new primary runway at the Sunshine Coast Airport which will allow for more services that will in turn support Council's objective for the continued economic development of the region.
- The Council is currently seeking support from the Queensland Government and Commonwealth Government to supplement the development cost of the runway.
- To repay any government funding during the construction of the runway and to facilitate the introduction of an experienced Airport investor, Council is considering granting the right to operate the Airport under a long term lease. If Council proceeds on that path, the intention would be to divest a majority interest in the Airport post-construction.
- To facilitate this, Council is seeking a long-term partner to operate the airport and therefore proposes to enter an agreement to grant the right to operate the Airport under a long term lease post-construction of the runway (runway commissioning circa 2020 with lease commencing circa 2022) at a pre-agreed price (the "Transaction"). As part of the Transaction, it is anticipated that the successful proponent would also enter into a Technical Services Agreement (TSA) with the Airport from the date that the Agreement is signed until its completion post construction of the runway. The successful Proponent's roles and responsibilities under the TSA are anticipated to include general and specific business development, business improvement and operational initiatives that align with the interest of the Council.
- Following Council's decision to proceed, Council intends to run a competitive process for the Transaction in accordance with the Local Government Act which would be to identify the preferred bidder mid-late 2016.
- A final decision to proceed is subject to discussions with Queensland State Government and Council.

- To date, Council has engaged a financial advisor, legal advisor, tax and accounting advisor, technical due diligence advisor and probity advisor to assist with the Transaction structuring.
- Royal Bank of Canada (RBC) has been engaged by Council as Transaction Manager and Financial/Commercial Advisor.

1.3 Purpose of Probity Plan

Probity for this Transaction will be guided by the contents of this Probity Plan which is complemented by a Probity Code of Practice and a Probity Action Plan.

The purpose of this Probity Plan, considered in conjunction with the Probity Code of Practice, is to outline to relevant Transaction Team Members, the underlying probity principles and protocols and the actions necessary for managing and mitigating probity risks.

1.4 Indicative Timetable for the Transaction and probity

Annexure A outlines the timetable for the undertaking of the divestment activities and the associated probity activities.

2. TRANSACTION GOVERNANCE AND MANAGEMENT

The Transaction is being led by the Director Economic Development and Major Projects (Project Manager) with Transaction Management being conducted by Royal Bank of Canada (RBC).

3. PROBITY OBJECTIVES AND STRATEGIES

3.1 Objectives

The objectives of probity for the Transaction are to ensure that:

- there is confidence in all stages of the divestment process;
- evaluation of offers and decision making follow approved frameworks and are capable of withstanding objective and independent scrutiny and do not expose the Council to challenge or criticism;
- decisions made are focused on delivering all of the Council's stated objectives in relation to the Transaction – that is, the right decisions are made for the right reasons (not influenced by personal or external interests). In this regard Annexure C sets out a protocol for management of conflicts of interest);
- there is accountability for decision making;
- public sector integrity is maintained;
- conformity to processes is achieved;
- public confidence in Council processes is preserved;

- potential conflicts and the potential for later litigation are minimised; and
- the potential for misconduct, fraud and corruption is minimised.

Probity considerations should therefore be built into each stage and element of the procurement process through:

- internal organisation and decision making processes;
- security arrangements including physical, electronic and communications;
- maintenance of confidentiality;
- protection of Intellectual Property;
- avoidance of conflicts of interest;
- appropriate communication with proponents, stakeholders and other interested parties;
- promoting a probity-oriented culture; and
- management of probity issues

3.2 Strategies

The key strategies in relation to the implementation of an appropriate probity framework are the development of this Probity Plan, the Probity Code of Practice and the Probity Action Plan and the development and implementation of relevant protocols to guide the Transaction Team and others in the adherence to probity principles, the identification of probity issues and the management and reporting of any matters relating to probity. The key principles which underpin probity for the Transaction are:

- (a) Independence;
- (b) Transparency;
- (c) Equity;
- (d) Confidentiality;
- (e) Security; and
- (f) Accountability

The principles, risks and consequences, mitigation strategies and required actions relating to each of the principles are set out in Sections 3 to 8 of the Probity Code of Practice and referred to in Section 4 below.

4. PROBITY ACTION PLAN

4.1 Probity Code of Practice

A Probity Code of Practice (refer Attachment A) has been prepared to complement this Probity Plan. The Code sets out the principles underlying probity and the risks and consequences of failure to adhere to those principles together with any relevant protocols associated with the principles.

A copy of the Code will be made available to all Transaction Team Members who will be asked to sign an acknowledgement that they have received and read the Code. Transaction Team Members should refer to the Code of Practice for further information concerning the above principles.

The requirements of both the Code and this Plan should be implemented and should be observed by all Team Members engaged on the Transaction and by other nominated parties. Any advice required concerning the requirements or interpretation of the Plan and/or Code should be sought from the Transaction's Probity Advisor, Argyle Corporate Advisers.

4.2 Implement Probity Plan and Code of Practice

A Probity Action Plan is attached at Annexure B.

The Project Manager or his delegate should ensure that the requirements of the Probity Plan and the Code of Practice are implemented and that the necessary administrative arrangements are undertaken including establishment of levels of authority, decision making processes, management of storage of, and access to, information and contact persons for the Transaction including any communication with stakeholders and the public.

4.3 Probity Briefings

Probity briefings may be provided, as deemed necessary by the Director Economic Development and Major Projects to the Transaction Team with more comprehensive training to selected Transaction Team Members provided if required and as agreed with the Director EDMP.

4.4 Implement Protocols

The Project Manager or his delegate should implement and/or develop any protocols required by this Plan. Some protocols are included as Appendices to the Probity Code of Practice.

4.5 Currency of Confidentiality and Conflict of Interest Statements.

In addition to signing the acknowledgement referred to in 4.1 above, all Transaction Team Members are required to sign Statements and/or Deeds in relation to Confidentiality and Conflict of Interest which will be reviewed by the Project Manager, filed and recorded in a register. Any updated Statements will be treated similarly.

4.6 Assess adherence to Probity Plan and Code of Practice

The Probity Advisor will periodically review probity arrangements including adherence to the Plan and Code of Practice and will report findings in writing to the Project Manager

5. PROBITY ADVISOR

The independent Probity Advisor for the Transaction is Argyle Corporate Advisers.

Contact: Peter Bruton Ph: (07) 3211 8961 Email: pbruton_argyle@powerup.com.au

The role of the Probity Advisor is to oversee the integrity of the procurement process for the Transaction, to provide independent scrutiny of probity practices during that phase, to identify and provide proactive advice in relation to ad hoc probity issues on a timely and ongoing basis, to be available to all stakeholders with respect to probity issues and to report at the conclusion of the procurement process.

ANNEXURE A

**SUNSHINE COAST COUNCIL
SUNSHINE COAST AIRPORT TRANSACTION
INDICATIVE TIMETABLE**

Milestone	Target Date
SCC Authorizes Transaction	13 June 2016
Expressions of Interest Advertisement	June 2016
Close of EOI stage	July 2016
Indicative Bids (IB) called	July 2016
Close of IB stage	September 2016
Requests For Binding Bids (RFBB) called	October 2016
Close of Binding Bid stage	November 2016
Evaluation of Binding Bid Responses and selection of preferred proponent	December 2016
Negotiations	February 2017
Council consideration	March 2017
Contract Close	April 2017
Financial Close	May 2017
Final Probity Report on procurement process	May 2017
Debriefing of unsuccessful Bidders	March 2017
File notes on debriefings	March 2017

ANNEXURE B

**SUNSHINE COAST COUNCIL
SUNSHINE COAST AIRPORT TRANSACTION
PROBITY ACTION PLAN**

The Table below provides a list of activities to be undertaken and deliverables to be created as part of the probity requirements for the Transaction.

	Preliminary Tasks	Document	Comments	Date completed
1	Assess probity risks associated with Transaction	Agreed Transaction Probity Risk Assessment		
2	Prepare Probity Plan including Code of Practice, Probity Action Plan and protocols	Approved Probity Plan, Code of Practice, Probity Action Plan and protocols		
3	Distribute copies of the approved Probity Code of Practice and ensure Declarations from all Transaction Participants are signed and returned to Project Manager	Signed Declarations and updated Declarations (if and when required)		
4	Enter details of Declarations (and updated declarations) in appropriate registers	Completed and updated registers		Ongoing
5	Establish confidentiality procedures. Confidential information must be identified and protected and only be available to those who need it.	Agreed "Confidential Information" for the Transaction		Ongoing
6	Deliver probity briefings to Transaction Participants (where required).	Probity presentations Records of attendance		
7	Review documents, attend/review	File notes and probity reports on		

	evaluation meetings and report on evaluation processes and reports in relation to procurement of any several specialist advisers (if required)	procurement activities		
8	Review material and attend debriefing of unsuccessful respondents to adviser procurement processes (if required). Provide advice (if required)	Agreed debriefing material. File Note of debriefing		
9	Provide advice on any briefing or presentation material	Notes of advice		
	Expression of Interest	Document	Comments	Date completed
10	Review of, and input to, EOI materials and process including appropriate protocol for access to the data room	Approved EOI and documents and process together with data room and relevant protocol		
11	Assist with addenda and clarification process	Approved addenda and clarifications		
12	Review of EOI Evaluation Framework	Approved EOI Evaluation Framework		
13	Attend/review opening of EOIs	Record of EOIs received		
14	Review of EOI responses	N/A	Understanding of EOI responses and conformity/compliance	
15	Attend/review meetings of Evaluation Panel (s)	File Notes		
16	Review Evaluation Report for consistency with Evaluation Framework and prepare Probity Report	Probity report to accompany Evaluation Report recommending shortlisted proponents		

17	Review debriefing material for unsuccessful respondents to EOI and attend debriefings	File note		
	Request for Indicative Bids	Document	Comments	Date completed
18	Review of, and input to, Request for Indicative Bids (RFIB) materials and process including Virtual Data Room (if developed for this stage)	Approved RFIB documents, process and Virtual Data Room		
19	Assist with addenda and clarification process	Approved addenda and clarifications		
20	Review of RFIB Evaluation Framework	Approved RFIB Evaluation Framework		
21	Attend opening of RFIB Responses	Record of RFIB Responses received		
22	Review of RFIB responses	N/A	Understanding of offers and conformity/compliance	
23	Attend interactive workshops with bidders (if held)	Briefing material/necessary training File Notes		
24	Attend meetings of Evaluation Panel(s)	File Notes		
25	Review Evaluation Reports for consistency with Evaluation Framework and prepare Probity Report	Probity report to accompany Evaluation Report recommending the RFBB Shortlist		
26	Review debriefing material for unsuccessful respondents to RFIB and attend debriefings	File note		
27	Provide overall Probity Report/Statement in relation to the RFIB process	Final Probity Report/Statement		

	Request for Binding Bids	Document	Comments	Date completed
28	Review of, and input to, Request for Binding Bids (RFBB) materials and process including Virtual Data Room	Approved RFBB documents, process and Virtual Data Room		
29	Assist with addenda and clarification process	Approved addenda and clarifications		
30	Review of RFBB Evaluation Framework	Approved RFBB Evaluation Framework		
31	Attend opening of tenders	Record of Tenders received		
32	Review of RFBB responses	N/A	Understanding of offers and conformity/compliance	
33	Attend interactive workshops with bidders (if held)	Briefing material/necessary training File Notes		
34	Attend meetings of Evaluation Panel(s)	File Notes		
35	Review Evaluation Reports for consistency with Evaluation Framework and prepare Probity Report	Probity report to accompany Evaluation Report recommending the Preferred Proponent		
36	Attend post offer negotiations (if required)			
37	Review debriefing material for unsuccessful respondents to RFBB and attend debriefings	File note		
38	Provide overall Probity Report in relation to the RFBB process	Final Probity Report		
	Other Tasks	Document	Comments	
39	Respond to questions/requests for advice in relation to	Written probity advice		Ongoing

	probity from the Transaction Team			
40	Monitor adherence to this Probity Plan and Code of Practice including monitoring of security and confidentiality requirements	None except if report of non compliance required		Ongoing
41	Ensure attendance records are kept for all meetings involving external parties and/or parties external to Transaction Team including that all attendees Have signed relevant Declarations	Formal attendance records		Ongoing
42	Review governance processes to ensure compliance with approved frameworks and processes	Report (if required) -		Ongoing

NB The table will be updated regularly on an ongoing basis by the Probity Advisors

ANNEXURE C

MANAGEMENT OF CONFLICTS OF INTEREST

There is a clear expectation that all Council representatives, staff and advisors will perform their duties in a fair and unbiased manner and that the analysis and decisions they undertake and/or make will not be affected by self-interest, personal gain or external interests.

A conflict of interest arises where an individual associated with the divestment process is, through their particular associations or circumstances, influenced, or perceived to be influenced, to obtain an unjust advantage for him or herself or for another associated party.

Conflicts of interest are often unavoidable. However, provided they are identified early and dealt with effectively, conflicts of interest need not prejudice the outcomes of the process.

It is important to ensure that individuals associated with the divestment process are aware of how a conflict of interest arises and their responsibilities to report conflicts, to ensure conflicts are adequately addressed, and to ensure the manner in which they have been addressed is adequately documented. It is important that policies to deal with potential conflicts of interest are established at the outset, rather than attempting to manage such issues on an ad hoc basis as they arise through the process.

It is therefore imperative to ensure that all Transaction Team Members and other nominated parties declare any interests where a real, potential or perceived conflict may arise (or is anticipated to arise) and that independent advice is taken to ensure that any issues arising are resolved. Equally important is the establishment of arrangements to identify and address any new conflicts, or changes in status of existing conflicts, that may arise. This is particularly the case with advisers, whose firms invariably work on a range of Transactions with a range of clients at one time.

The way in which conflicts or potential conflicts are addressed may vary. It is important that the Probity Advisor is satisfied with the proposed approach to addressing a particular conflict of interest. At one extreme, a conflict may result in an individual or adviser being removed from the Transaction Team or being required to remove the interest. Lesser conflicts of interest may be resolved simply by declaring and documenting the conflict.

A register will be maintained of interests declared, their potential risks and the agreed action taken to manage that risk. The register will be updated throughout the Transaction as new interests are declared

NB The Probity Code of Practice provides further information in relation to avoidance of conflicts of interest.

ANNEXURE D

LIST OF REGISTERS

1. Register of Transaction Team members who have signed Statements and /or Deeds (acknowledging receipt and reading of the Probity Code of Practice, that they are aware of their obligations in relation to maintenance of confidentiality and in relation to conflicts of interest).
2. Register of people who have completed amended Statements or Deeds.
3. Register of Firms which have completed a Declaration of Return, Destruction or Return or Non-Disclosure of Confidential Information.
4. Register of Probity Reports submitted.

ANNEXURE E

GLOSSARY

In this Probity Plan (including the Probity Code of Practice):

Confidential Information means the following, whether or not in material form:

- (a) all information disclosed by or on behalf of Council to the Recipient in relation to the Transaction;
- (b) that part of all notes and other records (including without limitation notes and records in electronic or other forms) prepared by the Recipient (or prepared by any person to whom the Recipient has disclosed Confidential Information) based on or incorporating the information referred to in paragraph (a); and
- (c) all copies of the information and those parts of the notes and other records referred to in any of paragraphs (a) and (b).

NB. The obligations of confidentiality do not extend to information that (whether before or after a Recipient completes a Declaration):

- I. is rightfully known to or in the possession or control of the Recipient and not subject to an obligation of confidentiality on the Recipient; or
- II. is or becomes public knowledge (otherwise than as a result of a breach of the Declaration under the Code of Practice); or
- III. the Recipient is required by law to disclose; or
- IV. the Recipient is required to disclose for the purposes of prosecuting or defending any legal proceedings; or
- V. has been developed or acquired by the Recipient independently of the Transaction; or
- VI. is provided to the Recipient by a third party after the completion or earlier termination of the Transaction.

Council or SCC means the Sunshine Coast Council including its officers, employees, advisers, consultants, contractors or agents.

Evaluation Panel or Panel means the panel comprised of members appointed by Council who will evaluate EOIs, Indicative Bids and Binding Bids supported by relevant advisers and report to the Council Chief Executive Officer.

Evaluation Team or ET means members of the Tender Evaluation Working Group (TEWG) and Panel.

Expression of Interest or EOI means that stage of the Transaction where interested parties submit expressions of interest in participating in the Transaction.

Project Control Group or PCG means the group formed by SCC to provide high level oversight of the project and funding strategy.

Transaction Participant means an individual who is employed or engaged to undertake work on, or is involved through his/her employment or engagement in work associated with, or via relationships with relevant parties, the Transaction all staff of SCC and any relevant Government departments and/or agencies and advisers, consultants and contractors engaged by or working under the direction of SCC. It also includes elected representatives

Transaction Team means the Team established by the Council to undertake the Transaction including all staff of the Council, its advisers, consultants and contractors engaged by or working under the direction of the Director, Economic Development and Major Projects.

Transaction Team Member means a member of the Transaction Team undertaking the Sunshine Coast Airport Transaction

Recipient means a person or an organisation who has received Confidential Information

Request for Binding Bids or RFBB means that stage of the Transaction where proponents submit binding bids

Request for Indicative Bids or (RFIB) means that stage of the transaction where Proponents submit Indicative Bids

Tender Evaluation Working Group or TEWG means the group resourced from Council and Transaction advisors formed to assist the Panel with Evaluation.

Transaction includes the activities outlined in section 1.2 of this Plan

ATTACHMENT 1

**SUNSHINE COAST AIRPORT EXPANSION PROJECT
TRANSACTION PROBITY PLAN
INITIAL PROBITY RISK ASSESSMENT**

Risk	Management/Mitigation
Preliminary	
Risk that probity framework is not appropriate or comprehensive.	Development of Probity Plan (including Code of Practice), Probity Action Plan and timetable, probity training materials for discussion and agreement with Transaction Manager. This will include identification of probity leadership roles and allocation of resources and responsibilities. Development will draw upon precedent documents and Transactions.
Risk that conflicts of interest are not identified, acknowledged or reported.	Provision of training and probity materials to all Transaction Participants to assist them in identifying real or potential conflicts with ongoing requirement for completion of Declarations and amended Declarations facility to report.
Risk that conflicts of interest are not properly managed or monitored on an ongoing basis.	Completion and maintenance of Conflict of interest Register which records conflicts declared, nature of conflict, time declared and any agreed mitigation and/or management action. Register will be updated as and when new or amended Declarations are lodged and will be monitored on an ongoing basis to ensure that mitigation/management actions are being undertaken.
Risk that exclusivity arrangements of advisors are not adhered to.	Organisations employing advisory staff will be required to commit to exclusivity to Council in relation to the Transaction. Situation will be monitored by the Probity Advisor on an ongoing basis.
Expression of Interest (EOI) stage	
Risk of collusion/collaboration by EOI Respondents (or Bidders)	Respondents/Bidders will need to complete a Declaration that they have not colluded or collaborated in preparing their EOI (or bid).
Risk that EOI material and process have weaknesses from a probity perspective.	Probity Advisor will proactively provide advice when documentation is being prepared and process being developed. Probity Advisor will also review final documentation and process before issue.
Risk that clarification processes associated with EOI are not handled properly/appropriately.	Establishment of probity protocol for receipt, acknowledgement and responding to clarification matters for EOI stage (including issue of addenda where required) with probity oversight of suggested responses and proposed distribution.

Sunshine Coast Airport Expansion Project: Transaction Probity Plan – Initial Probity Risk Assessment (20 May 2016)

ATTACHMENT 1

Risk associated with inappropriate EOI evaluation framework and/or process from a probity perspective.	Argyle will review evaluation framework, plans and process including membership of evaluation panel. Probity Advisor will provide any additional probity briefing to panel members.
Risk that non conforming EOIs are incorrectly accepted.	Probity Advisor will attend opening of EOIs and provide advice in relation to conformity or non compliance.
Risk associated with failure to adhere to approved EOI evaluation framework and plans.	Attendance at evaluation panel meetings together with continuous monitoring of adherence by probity advisor and delivery of refresher training at appropriate times.
Risk that EOI Evaluation Report does not properly reflect outcomes of evaluation activity.	Probity Advisor will be required to review EOI Evaluation Report and provide an accompanying Probity Report which attests to the integrity of the evaluation outcomes and to the appropriateness of the Report from a probity perspective.
Request for Binding Bids (RFBB) stage	
Risk that RFBB material and process has weaknesses from a probity perspective.	Probity Advisor will proactively provide advice when documentation is being prepared and process being developed. Probity Advisor will also review final documentation and process before issue.
Risk that clarification processes associated with RFBB are not handled properly/appropriately.	Establishment of probity protocol for receipt, acknowledgement and responding to clarification matters for RFBB stage (including issue of addenda where required) with probity oversight of suggested responses and proposed distribution.
Risk associated with management presentations and/or site visits.	Establishment of probity protocols to guide format, timing, content and accountability for management presentations and site visits.
Risk that non conforming Binding Bids are incorrectly accepted.	Probity Advisor will attend opening of Binding Bids and provide advice in relation to conformity or non compliance.
Risk associated with interactive bidding process (if held).	Establishment of protocol to govern the conduct of interactive workshops both from the perspective of bidders and Council representatives.
Risk associated with protection of Intellectual Property of bidders.	In addition to the establishment of the above protocol to govern the conduct of interactive workshops, particular attention will be paid to the application of the protocol in relation to records management (see below).
Risk associated with transparency of Transaction process.	Probity Advisor will advise on achieving balance between transparency of process and maintenance of confidentiality including development of a communications protocol.

Sunshine Coast Airport Expansion Project: Transaction Probity Plan – Initial Probity Risk Assessment (20 May 2016)

ATTACHMENT 1

Risk that security and confidentiality of RFBB documentation is compromised	Establishment of probity protocol for electronic and hard copy record control including use of computer systems, electronic devices (including mobile phones, filing systems, etc plus the use of secure processes and facilities for management of bid documents and evaluation activities.
Risk associated with lobbying at a political level.	Establishment of a probity protocol to guide elected representatives and their staff and/or and advisors in relation to meetings with any party involved in Transaction bidding. The protocol would provide for attendance of the Probity Advisor at any such meetings.
Risk of inequitable treatment of bidders.	Argyle will ensure focus is maintained on adherence to established probity principle of equity, that is, equitable treatment of all EOI Respondents and/or bidders through provision of similar information, equitable access to Transaction representatives including timing of that access and ensuring that evaluations are based on published criteria and are undertaken on a common basis for all, etc.
Risk associated with inappropriate RFBB evaluation framework and/or process from a probity perspective.	Argyle will review evaluation framework, plans and process including membership of evaluation panel. Probity Advisor will provide any additional probity training to panel members.
Risk associated with failure to adhere to approved RFBB evaluation framework and plans.	Attendance at evaluation panel meetings together with continuous monitoring of adherence by probity advisor and delivery of refresher training at appropriate times.
Risk that RFBB Evaluation Report does not properly reflect outcomes of evaluation activity.	Probity Advisor will be required to review RFBB Evaluation Report and provide an accompanying Probity Report which attests to the integrity of the evaluation outcomes and to the appropriateness of the Report from a probity perspective.
Risk that there is a probity failure during negotiations to achieve contract close and/or financial close.	Argyle will provide pre meeting advice and will attend negotiation meetings to ensure that probity requirements are maintained.
Ongoing	
Risk of failure to adhere to probity framework, protocol and processes.	Continuous monitoring of adherence by Probity Advisor and delivery of Probity briefings at appropriate times.
Risk that probity risks are not identified, recorded and managed.	Maintenance of a probity issues register which records the issue, who raised it, the nature of the issue, the agreed mitigation or management action and the outcome. This will be undertaken on an ongoing basis.

Sunshine Coast Airport Expansion Project: Transaction Probity Plan – Initial Probity Risk Assessment (20 May 2016)

ATTACHMENT 1

Risk of adequate probity resources not being available at the appropriate times.	Argyle has established a highly qualified and able team of probity advisors and has sufficient back up resources to accommodate any demand on resources and to provide timely and professional advice including on emergent issues.
Risk that probity advice fails to achieve required high professional standard.	Peer review by highly experienced and qualified advisors on all probity issues. Probity Advisor also has access to many precedent advice documents which deal with a wide range of probity issues which have arisen during various Transactions.

DRAFT

5 CONFIDENTIAL SESSION**5.1 ECONOMIC DEVELOPMENT AND MAJOR PROJECTS****5.1.1 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - SUNSHINE COAST AIRPORT EXPANSION PROJECT - FUNDING STRATEGY****File No: EDDIE****Author: Director Economic Development and Major Projects
Economic Development and Major Projects Department**

This report is confidential in accordance with section 275 (e) of the *Local Government Regulation 2012* as it contains information relating to contracts proposed to be made by Council.

The purpose of the report is for Council to consider recommendations in relation to the funding strategy for the Sunshine Coast Airport Expansion Project. In considering options to fund the Project, Council's key objectives are as follows:

- * Securing financing for the Project
 - * Protecting ratepayers from exposure to long term Sunshine Coast Council debt levels
 - * Maximising the value of the Airport for Sunshine Coast Council ratepayers.
-

6 NEXT MEETING

Nil

7 MEETING CLOSURE