

Agenda

Ordinary Meeting

Thursday, 20 July 2017

commencing at 9.00am

Council Chambers, 1 Omrah Avenue, Caloundra

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	DECLARATION OF OPENING.....	5
2	WELCOME AND OPENING PRAYER	5
3	RECORD OF ATTENDANCE AND LEAVE OF ABSENCE.....	5
4	RECEIPT AND CONFIRMATION OF MINUTES	5
5	OBLIGATIONS OF COUNCILLORS	5
5.1	DECLARATION OF MATERIAL PERSONAL INTEREST ON ANY ITEM OF BUSINESS.....	5
5.2	DECLARATION OF CONFLICT OF INTEREST ON ANY ITEM OF BUSINESS	5
6	MAYORAL MINUTE	5
7	PRESENTATIONS / COUNCILLOR REPORTS.....	5
8	REPORTS DIRECT TO COUNCIL	7
8.1	PLANNING AND ENVIRONMENT	7
8.1.1	ENVIRONMENT LEVY PROGRAM 2017/18	7
8.1.2	TRANSPORT LEVY PROGRAM 2017/18.....	23
8.2	COMMUNITY SERVICES	39
8.2.1	CULTURAL HERITAGE LEVY PROGRAM 2017/18	39
8.2.2	2017 SPORTS FIELD MAINTENANCE FUNDING PROGRAM	61
8.3	INFRASTRUCTURE SERVICES	71
8.3.1	LONG TERM ASSET MANAGEMENT PLANS.....	71
8.4	CORPORATE SERVICES	81
8.4.1	QUEENSLAND AUDIT OFFICE - INTERIM MANAGEMENT REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017	81
8.4.2	MAY 2017 FINANCIAL PERFORMANCE REPORT	107
8.4.3	PROVISION OF LEASES TO MULTIPLE COMMUNITY ORGANISATIONS.....	123
8.5	ECONOMIC DEVELOPMENT AND MAJOR PROJECTS	133

8.6	OFFICE OF THE MAYOR AND THE CEO	135
8.6.1	SUNSHINE COAST COUNCIL INTERNATIONAL RELATIONS POLICY AND MISSIONS	135
8.6.2	APPOINTMENT ACTING MAYOR.....	171
9	NOTIFIED MOTIONS	173
10	TABLING OF PETITIONS	173
11	CONFIDENTIAL SESSION	174
11.1	PLANNING AND ENVIRONMENT	174
11.1.1	CONFIDENTIAL - NOT FOR PUBLIC RELEASE - PROPOSED LAND ACQUISITION, LANDSBOROUGH	174
11.1.2	CONFIDENTIAL - NOT FOR PUBLIC RELEASE - PROPERTY ACQUISITION AT 5 ELIZABETH STREET, KENILWORTH.....	174
11.1.3	CONFIDENTIAL - NOT FOR PUBLIC RELEASE - FUTURE TRANSPORT CONSIDERATIONS	174
11.2	COMMUNITY SERVICES	175
11.3	INFRASTRUCTURE SERVICES	175
11.4	CORPORATE SERVICES	175
11.5	ECONOMIC DEVELOPMENT AND MAJOR PROJECTS	176
11.5.1	CONFIDENTIAL - NOT FOR PUBLIC RELEASE - ACQUISITION OF LAND FOR ROAD PURPOSES - MOOLOOLABA	176
11.5.2	CONFIDENTIAL - NOT FOR PUBLIC RELEASE - COMMERCIAL LEASE PROPOSAL	176
11.5.3	CONFIDENTIAL - NOT FOR PUBLIC RELEASE - STRATEGIC ACQUISITION - MOOLOOLABA.....	176
11.6	OFFICE OF THE MAYOR AND THE CEO	177
12	NEXT MEETING	177
13	MEETING CLOSURE	177

1 DECLARATION OF OPENING

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

2 WELCOME AND OPENING PRAYER**3 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE****4 RECEIPT AND CONFIRMATION OF MINUTES**

That the Minutes of the Special Meeting (Quarterly Update Maroochydore City Centre) held on 8 June 2017, the Special Meeting (Budget Adoption 2017/2018) held on 15 June 2017 and the Ordinary Meeting held on 15 June 2017 be received and confirmed.

5 OBLIGATIONS OF COUNCILLORS**5.1 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.

5.2 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.

6 MAYORAL MINUTE**7 PRESENTATIONS / COUNCILLOR REPORTS**

8 REPORTS DIRECT TO COUNCIL**8.1 PLANNING AND ENVIRONMENT****8.1.1 ENVIRONMENT LEVY PROGRAM 2017/18**

File No: Council meetings

Author: Coordinator Biodiversity and Waterways
Planning and Environment Department

Appendices: App A - 2017/18 Environment Levy Program13
App B - Environment Levy Policy15

PURPOSE

The purpose of this report is to present the 2017/2018 Environment Levy Program for Council consideration and adoption.

EXECUTIVE SUMMARY

The Sunshine Coast Council recognises the protection and enhancement of the environment as a priority to maintain the Sunshine Coast's natural advantage as a sustainable region.

The Environment Levy is a primary funding source that allows Council to further invest in the protection, enhancement and sustainable use of the region's biodiversity, waterways and coastal foreshores. Funding is used for projects and initiatives associated with the implementation of Council's environmental strategies/plans and assists to establish and strengthen partnerships with the community.

For 2017/2018, the rate for the Levy is \$72 per rateable property and is estimated to generate approximately \$9.8 million. This revenue has allowed Council to continue to develop a progressive program that:

- responds to increasing project costs
- responds to emerging management issues
- invests in new projects and initiatives.

The adopted Environment Levy Policy accommodates the proposed 2017/2018 Environment Levy Program (**Appendix A**) and has been used to guide its development. A small number of administrative changes have been made to the policy to address the new Corporate Plan 2017-2021 and departmental and document name changes which have been incorporated into **Appendix B**.

The 2017/2018 Program aims to continue to deliver a range of outcomes towards the protection and enhancement of our natural assets. These include:

- \$3.195 million towards the acquisition and establishment of environmental lands
- \$850,000 towards coastal rehabilitation activities
- \$402,000 towards river restoration projects in the Pumicestone, Maroochy, Mooloolah and Mary River catchments
- \$945,000 towards community partnerships and grants programs
- \$400,000 towards the Voluntary Conservation Agreement program which supports landholders in the long term protection and management of biodiversity values
- \$730,000 towards pest management projects including a pest action and engagement program.

Some of the proposed new initiatives and project budget adjustments contained in the above funding allocations for the 2017/18 program include:

- \$75,000 towards additional coastal rehabilitation activities
- \$50,000 towards further riparian rehabilitation planning in the Mary River catchment
- \$180,000 towards riparian rehabilitation in the Mooloolah River catchment
- \$50,000 towards on-ground riparian management along the southern arm of Currimundi Creek
- \$100,000 to investigate improved fauna movement at identified pinch point sites
- \$70,000 to scope and assess the feasibility of different coastal monitoring, evaluation and reporting frameworks
- \$25,000 to investigate climate induced migration of key marine species
- \$260,000 for two additional pest management positions.

The implementation of the Environment Levy Program is integrated across the organisation with Infrastructure Services, Community Services, Corporate Services and Planning and Environment involved in different aspects.

This report recommends Council endorse the 2017/2018 Environment Levy Program.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled “Environment Levy Program 2017/18”
- (b) endorse the expenditure of the Environment Levy Program 2017/2018 (Appendix A) and
- (c) adopt the revised Environment Levy Policy (Appendix B).

FINANCE AND RESOURCING

The Environment Levy revenue for 2017/2018 is estimated at \$9,801,288 which:

- will be generated from a \$72 charge per rateable property; and
- factors in the growth of new properties as advised by the Corporate Services Department.

Proposed Environment Levy Program

The proposed Environment Levy Program 2017/2018 is to be implemented within the estimated revenue. Table 1 outlines the proposed 2017/2018 Environment Levy expenditure allocation across the four themes.

Table 1. Proposed 2017/2018 Environment Levy expenditure allocation

Funding Theme	Total
Land Acquisition	\$3,195,084
Major Projects	\$1,527,000
Community Engagement and Support	\$1,675,000
Environmental Operational Management	\$3,404,204
Total Proposed Expenditure	\$9,801,288
Total Proposed Revenue	\$9,801,288

Environment Levy Restricted Cash

The Environment Levy Restricted Cash balance is currently approximately \$5.58 million. At the end of the financial year, any unspent funds associated with each of the four funding themes are returned to the Environment Levy Restricted Cash.

CORPORATE PLAN

- Corporate Plan Goal:** *An outstanding organisation*
Outcome: 5.3 - A financially sustainable organisation
Operational Activity: 5.3.3 - Coordinate the delivery of Council's environment levy and report outcomes to council as part of annual budget deliberations.

CONSULTATION

Portfolio Councillor Consultation

The Environment Portfolio Councillor has been briefed on the 2017/18 Environment Levy Program.

Internal Consultation

Internal consultation in preparing this Environment Levy Program has included:

- Integrated Environment Team
- Manager Environmental Operations, Infrastructure Services
- Manager Community Response, Community Services
- Senior Management Account, Planning and Environment
- Management Accountant, Planning and Environment

External Consultation

There has been no external consultation undertaken in relation to this report.

Community Engagement

There has been no community engagement undertaken in relation to this report.

PROPOSAL

The Sunshine Coast Council operates an Environment Levy to raise revenue for programs, projects and initiatives that complement council's core environmental activities. For 2017/2018, the Environment Levy charge is \$72 per rateable property and will generate approximately \$9.8 million.

The annual revenue raised allows Council to continue to develop a progressive program to invest in the protection, enhancement and sustainable use of the region's biodiversity, waterways and foreshores and to also strengthen partnerships with the community. The Environment Levy is an important funding source for projects and initiatives associated with the implementation of the Council's environmental strategies/plans.

The revenue raised this financial year has been factored into the proposed Environment Levy Program 2017/2018 to:

- respond to increasing project costs
- respond to emerging management issues
- invest in new projects and initiatives.

The Environment Levy Policy accommodates the proposed 2017/2018 Environment Levy Program (**Appendix A**) and has been used to guide its development.

A small number of administrative changes have been made to the policy, to address the new Corporate Plan 2017-2021 and departmental and document name changes which have been incorporated into **Appendix B**.

The 2017/2018 Program aims to continue to deliver a range of outcomes towards the protection and enhancement of our natural assets. These include:

- \$3.195 million towards the acquisition and establishment of environmental lands
- \$850,000 towards coastal rehabilitation activities
- \$402,000 towards river restoration projects in the Pumicestone, Maroochy, Mooloolah and Mary River catchments
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- \$100,000 to investigate improved fauna movement at identified pinch point sites
- \$70,000 to scope and assess the feasibility of different coastal monitoring, evaluation and reporting frameworks
- \$25,000 to investigate climate induced migration of key marine species
- \$260,000 for two additional pest management positions.

The implementation of the Environment Levy Program will be guided by the endorsed Policy and Corporate Guidelines. On an annual basis, Council reviews the Environment Levy Policy and Program to ensure it continues to support the delivery of strategic and emerging environmental priorities.

This report recommends Council endorse the Environment Levy Program 2017/2018.

Legal

There are no legal implications in relation to this report.

Policy

The development and implementation of the Environment Levy Program is guided by the Environment Levy Policy which provides support for council to achieve its vision for the Sunshine Coast to be "*Australia's most sustainable region – healthy, smart, creative*".

The Environment Levy is a key funding source for the implementation of council's Sunshine Coast Biodiversity Strategy 2010-2020, Sunshine Coast Waterways and Coastal Management Strategy 2011-2021 and Sunshine Coast Local Government Area Pest Management Plan 2012-2016.

Risk

A range of initiatives and achievements to date are growing community confidence in Council's ability to deliver this significant Levy program. This is coupled with positive community feedback on Council's strategic management approach as outlined in the above policy documents.

Failure to continue to fund the Levy may impact Council's ability to:

- acquire land for conservation purposes
- deliver major planning and on-ground projects
- fund existing financial commitments associated with the Program
- regularly monitor and report on the Sunshine Coast's environmental health
- engage private landowners, community groups and other stakeholders in natural resource management activities, thus reducing the community's capacity to assist Council in the delivery of strategic environmental outcomes.

Previous Council Resolution

Ordinary Meeting – 21 July 2016 – Council Resolution (OM16/112)

That Council:

- (a) receive and note the report titled "Environment Levy Program 2016/17"*
- (b) endorse the expenditure of the Environment Levy Program 2016/2017 (Appendix A Amended) and*
- (c) note the indicative outer years of the Environment Levy Program (Appendix A Amended).*

Special Meeting – 9 June 2016 – Council Resolution (SM16/5)

That Council:

- (a) receive and note the report titled "Environment Levy Policy 2016"*
- (b) adopt the Environment Levy Policy (Appendix A).*

Related Documentation

- Sunshine Coast Council Corporate Plan 2017 – 2021
- Sunshine Coast Council Biodiversity Strategy 2010 – 2020
- Sunshine Coast Council Waterways and Coastal Management Strategy 2011-2021
- Sunshine Coast Council Environment Levy Policy 2016
- Sunshine Coast Local Government Area Pest Management Plan 2012-2016
- Regional Flying Fox Management Plan

Critical Dates

Endorsement of the 2017/18 Environment Levy Program in July is critical to ensure the identified projects and initiatives can be planned and delivered throughout the 2017/18 financial year.

Implementation

The implementation of the Environment Levy Program is integrated across the organisation with Infrastructure Service, Community Services, Corporate Services and Planning and Environment Departments involved in different aspects. Program governance is addressed through the effective implementation of the Environment Levy Policy and associated Organisational Guideline.

Implementation of the 2017/2018 Environment Levy will include:

- quarterly and annual reporting of progress and achievements
- review of internal and external Environment Levy communication products
- review of Environment Levy communication and marketing plan and
- continued promotion of the achievements of Environment Levy funded projects and programs.

8.1.2 TRANSPORT LEVY PROGRAM 2017/18

File No: Transport Planning

Author: Coordinator Transport Strategy and Policy
Planning and Environment Department

Appendices: App A - Transport Levy Program 2017/18 29
App B - Transport Levy Policy 31

PURPOSE

The purpose of this report is to present the 2017/18 Transport Levy Program for Council consideration and adoption.

EXECUTIVE SUMMARY

Sunshine Coast Council recognises the importance of planning and providing for viable and modern transport networks serving existing and future communities.

The Transport Levy assists in ensuring that there is a positive and focused provision for the strategic transport network now and into the future, to facilitate economic activity and benefits to the Sunshine Coast. The Transport Levy also maintains a focus on public transport improvements to support mode shift.

The 2017/18 Transport Levy of \$42.00 per rateable property per annum will provide accelerated growth of the Transport Futures Fund to occur which will enable Council to target long-term strategic projects, with the initial focus being on light rail. In fact, the total of the \$15.00 levy increase in 2017/18 will be directed towards the Transport Futures Fund.

The adopted Appendix B - Transport Levy Policy provides guidance in the development of the project plans funded by the Transport Levy. The Policy is included with the report for Council’s consideration and endorsement of the administrative changes made, directed at incorporating the new Corporate Plan 2017-2021.

The 2017/18 program continues to be focused on the following sub-categories:

- Service Improvements
- Infrastructure Assets
- User Benefits
- Research, Planning and Light Rail
- Transport Futures Fund

Notably, the Transport Levy will continue to:

- Fund community transport services such as Flexilink and Council Link.
- Invest in significant improvements at bus stops to satisfy Disability Discrimination Act compliance.
- Provide communications material for current and accurate information on public transport availability and mode choice.
- Invest in data collection, management and analysis, including continued development of a strong advocacy and business case for light rail.
- Build the Transport Futures Fund, putting Council and the community in a strong position to attract the provision of light rail with a significant funding contribution.

Appendix A –Transport Levy Program 2017/18 outlines the list of initiatives proposed for progress in 2017/18. It also includes an indicative five year program providing an extension of the 2017/18 program at sub-category level. It supports public transport improvements and

will serve to guide advocacy with State agencies where the responsibility for planning, managing and operating public transport resides.

The Transport Levy Policy 2016 is proposed to continue unchanged.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled “Transport Levy Program 2017/18”
- (b) endorse the expenditure of the Transport Levy Program 2017/18 (Appendix A) and
- (c) adopt the revised Transport Levy Policy (Appendix B).

FINANCE AND RESOURCING

For reporting purposes the following Externally Restricted Cash balances apply in relation to the Transport Levy:

Transport Futures Fund (as at 17 May 2017)	\$5,540,729
Transport Levy ‘Reserve’ (as at 17 May 2017)	\$ 184,350

For the 2017/18 financial year, the Transport Levy of \$42.00 per rateable property per annum with an estimated 136,129 rateable properties is expected to realise an estimated \$5,717,418 in revenue.

This report considers a list of initiatives based on this level of expected revenue at Appendix A – Transport Levy Program 2017/18.

CORPORATE PLAN

Corporate Plan Goal:	<i>An outstanding organisation</i>
Outcome:	5.3 - A financially sustainable organisation
Operational Activity:	5.3.4 - Coordinate the delivery of Council’s transport levy and report out comes to council as part of annual budget deliberations.

CONSULTATION

Portfolio Councillor Consultation

The portfolio councillor has been consulted during the preparation of the report.

Internal Consultation

Internal communication has been maintained with relevant staff throughout Council’s budget process and internal budget workshops have occurred.

Ongoing contact, liaison and cooperation have occurred for each Transport Levy initiative between officers of the Planning & Environment Department, Infrastructure Services Department and Community Services Department to progress initiatives. This invariably involved the Communication Branch and elements of the Finance Branch as well.

External Consultation

External consultation has involved officers from TransLink and the public transport service operators where necessary.

Community Engagement

No direct community engagement has occurred as part of compiling this report.

PROPOSAL

The Transport Levy funding of initiatives must be considered and endorsed each year. This report proposes to:

- present for endorsement, a program of initiatives for implementation in 2017/18 which incorporates the continuation of some 2016/17 initiatives, and,
- present for noting, a possible five year program.

The Transport Levy Policy 2016 is considered to remain valid with minor administrative amendments only.

Proposal for 2017/18

In 2017/18 the Transport Levy will continue to be focused on the following sub-categories:

- Service Improvements
- Infrastructure Assets
- User Benefits
- Research, Planning and Light Rail
- Transport Futures Fund

Appendix A –Transport Levy Program 2017/18 provides a list of initiatives against which expenditure is proposed in 2017/18. This links with the proposed five year program and together assists with Council's forward planning as well as advocacy with State agencies where responsibility for planning, managing and operating State transport networks resides.

All of the \$15.00 levy increase in 2017/18 will be directed towards building the Transport Futures Fund to focus on the Sunshine Coast Light Rail Project. This will provide about a \$2 million increase to the annual contribution.

Some of the initiatives from 2016/17 will be continued into 2017/18 to meet community service expectations and continue contractual obligations subject to their demonstrated need and satisfactory performance.

It is intended that initiatives such as the Council Link program and the Conondale-Witta-Maleny Flexilink Service will continue but undergo review in 2017/18 and a review of the Peachester to Beerwah Flexilink Service will be finalised in 2017/18.

The successful culmination of the Maleny – Landsborough – Beerwah Bus service trial will see no further funding contribution in 2017/18. The outcome of this trial is that TransLink will instigate an improvement in permanent base services and a change from a five day to seven day per week service.

In partnership with the State, it is proposed to investigate and undertake projects relating to transport modelling, fleet and data collection sharing and analysis to determine baselines, trends and patterns to assist in travel behaviour change and input to the Integrated Transport Strategy under development.

Continuing discussions and opportunities are being explored for the provision of trial local services.

The light rail project will be finalising current study activities prior to reporting.

2016/17 Status

The 2016/17 Transport Levy raised a total of \$3,582,630.

In terms of progress in 2016/2017, the following applies (as at 31 May 2017):

Total Approved Budget (including carryover) for 2016/2017	\$3,582,630
Expenditure to date	\$2,984,868
Existing commitments	<u>\$ 330,787</u>
Total applied funding	\$3,315,655

It is currently estimated that funds totalling \$3,300,000 will be expended or be contractually committed at 30 June 2016. Any remaining funds not linked to a valid committal approved for carry-over will be placed into the Transport Futures Fund.

Legal

There is a range of contractual agreements associated with initiatives operating from funding from the Transport Levy. These range from Funding Agreements with State agencies and third parties, to service contracts with transport operators. The agreements have generally been developed with a review or renewal date of 30 June of each year for the life of the agreement. Renewal advice is usually required one month prior to this.

The development of initiatives and services is subject to several pieces of legislation, regulation and commercial contracts. The Department of Transport and Main Roads has assisted to ensure all legislative requirements and contractual matters are not infringed. Beyond this, there is a need to comply with all relevant Council policies and processes. Internal legal and procurement advice is needed at various stages as each initiative is progressed, to ensure compliance as necessary.

Policy

The Transport Levy Policy 2016 applies to this report.

This report is in line with and supports the adopted *Sustainable Transport Strategy 2011-2031* as follows:

Sustainable Transport Strategy Goal 1: *A shift to public and active transport modes is achieved.*

Objective 1: Provide infrastructure, networks and operations for public and active transport systems to facilitate a shift in travel demand to these modes.

Objective 3: Identify and implement travel demand management measures.

Sustainable Transport Strategy Goal 2: *Transport planning is collaborative, cost-effective and progressive.*

Objective 4: Integrate planning, design and delivery for transport investments.

Objective 5: Plan and deliver a transport network that is cost effective and multi-use, providing enduring benefits.

Sustainable Transport Strategy Goal 4: *Transport and land use integration serves the local and regional economy and promotes self-containment.*

Objective 9: Creating connected and efficient access and connection within and between communities.

Risk

There are no apparent significant risks associated with continuing the Transport Levy and its related initiatives.

Previous Council Resolution**Council Resolution (OM16/113) – Ordinary Meeting 21 July 2016**

That Council:

- (a) *receive and note the report titled "Transport Levy Program 2016/2017"*
- (b) *endorse the expenditure of the proposed Transport Levy Program 2016/2017 (Appendix A), subject to further planning, development and analysis prior to implementation, and*
- (c) *note the proposed 5 Year Program (Appendix B).*

Related Documentation

The following documents have been referenced as a possible source of information for this report:

External documents: Nil

Council documents: *Transport Levy Policy 2016*
Sustainable Transport Strategy 2011-2031

Critical Dates

The critical dates associated with this report relate to the dates of advice for continuation of existing service initiatives to service providers in accordance with contract provisions.

Implementation

If endorsed by Council, the initiatives identified in Appendix A –Transport Levy Program 2017/18 will be progressed through further planning, development and analysis prior to implementation. The implementation of any initiatives related to the Transport Levy program involves the cooperation, support or at times approvals of:

- TransLink Division of the Department of Transport and Main Roads
- a range of transport operators
- the community at large
- transport users
- Council.

A number of Council teams within the following branches will be involved in progressing the various stages of each initiative:

- Transport and Infrastructure Policy
- Transport Infrastructure Management
- Community Facilities and Planning
- Communication.

Clear management, marketing, information distribution and co-ordination will be the key to the success of many of the initiatives proposed. To clarify responsibilities each initiative will be assigned to a lead agent at different times in its development path. Monitoring of the performance of each initiative will occur.

8.2 COMMUNITY SERVICES**8.2.1 CULTURAL HERITAGE LEVY PROGRAM 2017/18**

File No:	Council meetings
Author:	Coordinator Cultural Heritage Services Community Services Department
Appendices:	App A - Cultural Heritage Levy program 2017-201847
Attachments:	Att 1 - Strategic Policy - Heritage Levy 201653

PURPOSE

The purpose of this report is to present the Cultural Heritage Levy Program 2017/18 to Council for consideration and adoption.

EXECUTIVE SUMMARY

The Heritage Levy is the key funding source for a range of identified and Council endorsed heritage programs and initiatives including facilities, grants, interpretive works and support for the regional community museum network.

The Cultural Heritage Levy Program 2017/18 (Appendix A) has been prepared in accordance with Council's:

- Heritage Levy Policy, adopted initially by council at the Special Meeting on 24 July 2010 and reviewed and endorsed annually (Attachment 1)
- Sunshine Coast Heritage Plan 2015-2020 (Heritage Plan), endorsed by Council at its Ordinary Meeting of 20 August 2015. The Sunshine Coast Heritage Plan provides Council's heritage road map for the next five years that guides the revenue from the Cultural Heritage Levy.

The Cultural Heritage Levy Program 2017/18 has been developed with guidance from Council's Sunshine Coast Heritage Reference Group, a community reference group providing advice to Council on the delivery of the Heritage Levy, and offering strategic advice on preserving and accessing cultural heritage on the Sunshine Coast region.

The 2017/18 Program aims to continue to deliver a range of outcomes towards the protection of our cultural heritage. These include:

- \$75,000 towards increasing Knowledge through heritage studies and development of registers
- \$106,000 towards Conservation of natural and cultural heritage sites
- \$393,633 towards Support of heritage places through programs, events, training, financial assistance and specialist advice
- \$262,000 towards Communication through marketing collateral, cultural tourism and interpretive spaces
- \$493,883 towards Heritage Futures Fund
- \$166,100 towards Administration.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled “Cultural Heritage Levy Program 2017/18” and
- (b) endorse the expenditure of the Heritage Levy program 2017/18 (Appendix A).

FINANCE AND RESOURCING

The Heritage Levy revenue for 2017/18 is estimated at \$1,496,616 which will be generated from an \$11 charge per rateable property.

Proposed Cultural Heritage Levy Program

The proposed Cultural Heritage Levy Program 2017/18 is to be implemented within the estimated revenue. Table 1 outlines the proposed 2017/18 Cultural Heritage Levy expenditure across the strategies outlined in the Heritage Plan 2015 – 2020.

Table 1 Proposed 2017/18 Cultural Heritage Levy expenditure allocation

Theme	Total
Knowledge (Information, content)	\$75,000
Conservation (Caring for our heritage)	\$106,000
Support (Capacity building, grants, Aboriginal programs, Heritage Futures Fund)	\$393,633
Communication (Marketing, facility planning, interpretive works)	\$ 262,000
Levy Administration (resourcing)	\$166,100
Heritage Futures Fund	\$493,883
Total Proposed Expenditure	\$1,496,616
Total Estimated Revenue	\$1,496,616

CORPORATE PLAN

Corporate Plan Goal: *A strong community*
Outcome: 2.3 - A shared future that embraces culture, heritage and diversity
Operational Activity: 2.3.2 - Implement the annual program of actions in the Sunshine Coast Heritage Plan 2015-2020.

CONSULTATION

Portfolio Councillor Consultation

Councillor Rick Baberowski, Portfolio Councillor for Transport, the Arts and Heritage and Chairperson of the Sunshine Coast Heritage Reference Group.

Internal Consultation

- Director, Community Services
- Manager, Community Relations
- Coordinator, Community Programs and Events
- Manager, Strategic Planning
- Coordinator, Landscape Planning and Design
- Coordinator, Place Making, Infrastructure Services

External Consultation

The Cultural Heritage Levy Program 2017/18 has been developed in consultation with the Sunshine Coast Heritage Reference Group.

Community Engagement

There has been no community engagement undertaken in relation to this report.

The Cultural Heritage Levy Program 2017/18 aligns with the Sunshine Coast Heritage Plan 2015-2020 which underwent an extensive community engagement process.

PROPOSAL

The Council adopted Heritage Levy is the key funding source for a range of identified and endorsed heritage programs and projects including facilities, grants, interpretive works and support for the regional community museum network.

The Cultural Heritage Levy Program 2017/18 (Appendix A) has been prepared in accordance with Council's:

- Heritage Levy Policy, adopted initially by council at the Special Meeting on 24 July 2010 and reviewed and endorsed annually (Attachment 1);
- Sunshine Coast Heritage Plan 2015-2020 (Heritage Plan), endorsed by Council at its Ordinary Meeting of 20 August 2015. The Sunshine Coast Heritage Plan provides Council's heritage road map for the next five years that guides the revenue from the Cultural Heritage Levy.

Cultural Heritage Levy Program 2017/18

The annual Cultural Heritage Levy Program is developed with guidance from Council's Sunshine Coast Heritage Reference Group (SCHRAG). SCHRAG was established by Council as a reference group to provide strategic advice on heritage matters including the development of the Heritage Plan 2015-2020 and the annual Heritage Levy Program.

The structure of the Cultural Heritage Levy Program 2017/18 reflects the five key themes of the Heritage Plan 2015-2020. Highlights of the implementation plan for the 2017/18 Heritage Program include:

1. Knowledge (\$75,000)

The Cultural Heritage Levy Program 2017/18 sees the completion of Stage 3 of the Heritage Study for the Sunshine Coast Local Government Area. This includes the review of the current Sunshine Coast List of Heritage Places – a key piece of work aligned to the delivery of improved heritage outcomes via the Sunshine Coast Planning Scheme 2014.

The Cultural Heritage Levy Program 2017/18 also introduces the development of a Heritage Trees register for the Sunshine Coast region. This program is identified in the Heritage Plan and will be managed by Council's Parks and Gardens Branch, Infrastructure Services.

2. Conservation (\$106,000)

Funding from the Levy will be used in the Cultural Heritage Levy Program 2017/18 to continue the conservation and maintenance of significant heritage assets - the Bankfoot House Heritage Precinct, including the Mary Grigor Centre and nationally significant Bankfoot House collection. Programs relating to the conservation, interpretation and marketing of the precinct are informed by the Bankfoot House Interpretation Plan and Collection Needs assessment.

Other Programs include heritage advisory services for the community and council, and the investigation into incentive schemes for private owners of heritage listed properties. Options will be brought back to Council for discussion and consideration.

3. Support (\$393,633)

Directed by the Heritage Plan, a key feasibility study investigating the development of a collection storage space for the region is included in the Cultural Heritage Levy Program 2017/18, as described:

- Action 3.1.5: Undertake a feasibility study for additional storage space for the Sunshine Coast Region, to ensure the region is equipped with sufficient storage space to house council-owned and non-council owned heritage items and collections (2018).

The study will review functional design and collection requirements, regional opportunities and location, and will reference scoping associated with both concurrent feasibility studies investigating a regional heritage interpretive space and cultural heritage tourism opportunities.

The Cultural Heritage Levy Program 2017/18 features three (3) grant rounds supporting Sunshine Coast's community museums and heritage sector with operational support programs (Community Partnerships Funding Program) and contemporary business and specialist collection based grant programs.

Funding is also available for key cultural programs identified in consultation with Aboriginal and DASSI traditional custodian groups. These programs support the celebration and understanding of cultural practices, experiences and places.

Signature regional partnership programs are supported including the pilot Sunshine Coast Open House program, designed to showcase regional architectural and heritage places, targeting cultural tourism outcomes and community engagement in heritage experiences. The successful Discovery events suite – Discovery Showcase and Discovery Weekend will be delivered in partnership with community museums.

4. Communication (\$262,000)

Two key feasibility studies have been identified in the Cultural Heritage Levy Program 2017/18, as described below:

- Action 4.1.2: Undertake a feasibility study to investigate the establishment of a regional interpretation space/precinct on the Sunshine Coast and pending the outcome, review the master plan for the Landsborough heritage precinct.
- Action 4.2.2: Collaboratively undertake an assessment of the region to identify potential heritage cultural tourism opportunities, and their viability / realism as a tourist experience. The study will be undertaken in collaboration with the Economic Development Unit.

These studies will further inform future facility development and heritage asset management.

In order to increase the visibility of heritage experiences in our communities, additional funding has been allocated to the delivery of contemporary heritage trails utilising a mix of traditional and digital formats, and interpretive works and signage. Trails will be developed in alignment with endorsed master planning and place making projects, and delivered in collaboration with Infrastructure Services teams.

Delivery of a range of cultural heritage promotional initiatives including the annual Heritage Calendar and collateral, educational digital stories, brochures, fact sheets will be informed by the Heritage Levy Marketing Plan.

5. Advocacy (\$166,100)

Advocating on heritage matters for the Sunshine Coast region continues. The Cultural Heritage Levy Program 2017/18 identifies an allocation for resourcing and staffing costs to undertake and support advocacy activities.

Heritage Futures Fund

The Strategic Policy – Heritage Levy 2016 allows for a percentage of the Heritage Levy, as determined annually by Council, to be set aside to create an ongoing Heritage Futures Fund to deliver infrastructure outcomes as outlined in the endorsed Sunshine Coast Heritage Plan 2015-2020. It also proposes that at the end of each financial year unspent funds could be available for expenditure in the following financial year or moved to the Heritage Futures Fund. The Cultural Heritage Levy Program 2017/18, recommends 33% (\$493,883) of the total Heritage Levy revenue be allocated to a Heritage Futures Fund.

The Fund provides the mechanism to build a financial reserve that will be quarantined for anticipated infrastructure costs, due to the delivery of these actions, in future years. The Fund could also be used to better leverage grant and investment opportunities to support heritage outcomes and initiatives. The Sunshine Coast Heritage Plan 2015-2020 makes reference to infrastructure costs including storage space to house Council-owned and non-Council owned heritage items and collections, and the establishment of a regional interpretation space/precinct on the Sunshine Coast.

Legal

There are no legal implications relevant to this report.

Policy

This proposal is consistent with the Heritage outcomes and directions as provided in Council's *Corporate Plan 2017 – 2021*, *Social Strategy 2015*, *Strategic Policy 2016* and *Sunshine Coast Heritage Plan 2015 – 2020*.

Risk

A range of successful and well supported Heritage Levy initiatives and achievements to date are growing community confidence in Council's ability to deliver this Levy program. Failure to account for the Levy funding via the delivery of projects and activities would impact on Council's reputation and ability to conserve and celebrate the heritage of the region for future generations

Previous Council Resolution

Special Meeting 9 June 2016 - SM16/7

That Council:

- (a) *receive and note the report titled "Heritage Levy Policy 2016" and*
- (b) *endorse the revised Strategic Policy – Heritage Levy 2016 (Appendix A).*

Ordinary Meeting 20 August 2015 - OM15/6134

That Council:

- (a) *receive and note the report titled "Sunshine Coast Heritage Plan 2015-2020"*
- (b) *adopt the Sunshine Coast Heritage Plan 2015-2020 (Appendix A) and*
- (c) *note that the Chief Executive Officer may make minor amendments to the "Sunshine Coast Heritage Plan 2015 – 2020" to allow for final editing and publication.*

Ordinary Meeting 21 May 2015 - OM15/67

That Council:

- (a) receive and note the report titled "Sunshine Coast Heritage Reference Group: Membership 2015/2016" and*
- (b) endorse the nominated applicants as the members of the Sunshine Coast Heritage Reference Group 2015/2016.*

Ordinary Meeting 21 May 2015 - OM15/68

That Council:

- (a) receive and note the report titled "Sunshine Coast Draft Heritage Plan 2015-2020"*
- (b) endorse the Sunshine Coast Draft Heritage Plan 2015-2020 (Appendix A) for public exhibition and comment*
- (c) request the Chief Executive Officer collate and consider all feedback received during the public exhibition period before presenting the final Sunshine Coast Heritage Plan 2015-2020 to Council for adoption.*

Ordinary Meeting 24 July 2014 - OM14/103

That Council:

- (a) receive and note the report titled "Draft Cultural Heritage Levy Program 2014/2015" and*
- (b) endorse the "Draft Cultural Heritage Levy Program 2014/2015" (Appendix A)*

Ordinary Meeting 30 January 2014 - OM14/10

That Council:

- (a) receive and note the report titled "Sunshine Coast Cultural Heritage Reference Group Membership 2014/2015" and*
- (b) endorse the nominated applicants as the members of the Sunshine Coast Heritage Reference Group.*

Special Meeting 16 May 2011 - SM11/35

That Council:

- (a) receive and note the report titled "Heritage Levy Progress Report"*
- (b) endorse the indicative program of Cultural Heritage Projects outlined in the Heritage Levy Progress Report (Appendix A) for implementation in 2011/2012*
- (c) acknowledge and thank the members of the Sunshine Coast Cultural Heritage Reference Group for their work in relation to the Heritage Levy*
- (d) endorse the criteria for assessing and prioritising items for expenditure in relation to the Heritage Levy developed by the Cultural Heritage Reference Group and Council's Cultural Heritage and Collections Unit*
- (e) endorse the indicative program of Cultural Heritage projects for implementation in 2011/2012 and*
- (f) support a \$5.00 Heritage Levy per rates notice for the 2011/2012 rates notice with the amount to be reviewed in the 2012/2013 year.*

Special Meeting on 24 July 2010 – SM10/52

That Council:

- (a) receive and note the report titled Heritage Levy Policy; and*
- (b) adopt the Heritage Levy Policy (Appendix A).*

Special Meeting 22 April 2010 - SM10/21*That Council:*

- (a) *receive and note the report entitled "Introduction of a heritage levy on all rateable land across the Council region" and consider in their budget deliberations on all rateable land in the Council region, for the:*
 - i. *promotion of heritage values and strategies across the region*
 - ii. *implementation of heritage programs and projects across the region*
 - iii. *recording and preserving the history of the region including its oral and social history*
 - iv. *establishing partnerships that have the capacity to enhance preservation of heritage facilities and resources*
 - v. *identification, recording and protection of cultural heritage including Aboriginal heritage, landscape heritage, historical heritage and collections*
- (b) *support \$5.00 rates notice for the 2010/2011 year with the amount reviewed in the 2011/2012 year*
- (c) *note the prepared program scope included in the Sunshine Coast Heritage Levy Program (Attachment A)*
- (d) *support the formation of a regional Cultural Heritage Reference group to provide support and advice and appoint Cr Anna Grosskreutz as portfolio councillor of Social Policy to chair the group*
- (e) *endorse the commitment of the remaining funds of the Northern Area Heritage Levy to a relevant and eligible project in the Noosa area and*
- (f) *continue discussion with the State Government and traditional owners and Aboriginal people of the region to strengthen Council's response to Aboriginal heritage on the Sunshine Coast.*

Related Documentation

There are a number of related policies and plans guiding and informing the Cultural Heritage Levy Program 2017/18. These include:

- Sunshine Coast Heritage Plan 2015-2020
- Sunshine Coast Planning Scheme (2014)
- Community Grants Policy (2013)
- Cultural Development Policy (2012)
- Sunshine Coast Reconciliation Action Plan 2017-2019
- Sunshine Coast Access and Inclusion Plan 2011-2016
- Strategic Policy - Heritage Levy Policy (2016)

Critical Dates

Endorsement of the 2017/18 Cultural Heritage Levy Program in July is critical to ensure the identified projects and initiatives can be planned and delivered throughout the 2017/18 financial year.

Implementation

The implementation of the Cultural Heritage Levy Program is integrated across the organisation with Community Services, Infrastructure Services, Corporate Services and Planning and Environment Departments involved in different aspects. Program governance is addressed through the effective implementation of the Cultural Heritage Levy Policy.

Implementation of the Cultural Heritage Levy will include:

- Quarterly reporting of progress and achievements
- Review of internal and external Cultural Heritage Levy communication products
- Review of Cultural Heritage Levy communication and marketing plan
- Continued promotion of the achievements of Cultural Heritage Levy funded projects and programs.

8.2.2 2017 SPORTS FIELD MAINTENANCE FUNDING PROGRAM

File No:	Statutory Meetings
Author:	Team Leader Community Connections Community Services Department
Appendices:	App A - Sports Field Maintenance Funding Program Recommendations 2017 67

PURPOSE

This report seeks Council consideration and endorsement of recommendations for the 2017 Sports Field Maintenance Funding Program (Appendix A).

EXECUTIVE SUMMARY

The inaugural Sports Field Maintenance Funding Program and supporting guidelines were endorsed by council at the Ordinary Meeting on 2 February, 2011. The funding program commenced in the 2011/2012 financial year providing funding for up to three (3) years to successful applicants.

On 20 June 2013, council adopted the *Community Grants Policy* under which the Sports Field Maintenance Funding Program guidelines are administered.

The aim of this program is to contribute to maintenance costs incurred by, and provide expert advice to, organisations maintaining turf surfaces to competition standard.

The program is jointly managed by Community Services and Infrastructure Services, and is premised on four elements:

- the sports field maintenance undertaken ensures fields are at competition standard
- the costs are attributed per field, per annum and based on the type of sport played
- council's contribution is a percentage of the full contractor rate and
- the program is not applicable to specialised, exclusive and/or restricted access sports.

Pivotal to the program is the availability of a dedicated council staff member, Parks Community Sports Officer (Parks and Gardens), to provide support to sporting organisations by providing expert advice on maintaining their sports field to competition standard.

All previous Sports Field Maintenance Funding Program agreements ceased at 30 June 2017.

A review of the Sports Field Maintenance Funding Program undertaken during 2016 identified that the program is achieving its aim and the review recommendations are implemented in this 2017 Sports Field Maintenance Funding Program round.

Applications for the 2017 Sports Field Maintenance Funding Program round closed on 8 May 2017. Council received applications from forty-four (44) sporting organisations.

This report recommends a total of \$584,936 in funding for forty-four (44) applications.

Details of funding recommendations are provided in Appendix A.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled “2017 Sports Field Maintenance Funding Program” and
- (b) endorse the “Sports Field Maintenance Funding Program Recommendations 2017” (Appendix A).

FINANCE AND RESOURCING

Funding of sporting organisations through the Sports Field Maintenance Funding Program is based on a formula which considers field type, number of fields and period of responsibility, and is allocated (subject to budget) for one, two or three year funding periods.

The recommendations of the 2016 Review of the Sports Field Maintenance Funding Program included an increase of 6.3% to be applied to the allocation for each field type when calculating annual funding amounts for each sporting organisation. Once applied, the base rates would remain the same for the three year cycle from July 2017 – June 2020.

This increase was considered in Council’s 2017/2018 budget deliberations and included in the 2017/2018 Sports Field Maintenance budget along with provision for the potential transfer of maintenance responsibility for fields currently maintained by council to sporting organisations.

As all previous Sports Field Maintenance Funding Program agreements ceased at 30 June 2017, there are no existing commitments under this program for 2017/2018.

The Council adopted Sports Field Maintenance budget for 2017/18 provides a total of \$648,015 in funding to sporting organisations. This budget amount is sufficient to provide the \$584,936 to the forty-four (44) sporting organisations recommended for funding in this report (Appendix A).

As funding is allocated (subject to budget) for a three (3) year funding period, the recommendations in this report have implications for future budgets.

TABLE 1. Budget Implications

Budget Implications	2017/2018	2018/2019	2019/2020
2017/2018 round – 1 st year	\$584,936		
2017/2018 round – 2 nd year		\$584,936	
2017/2018 round – 3 rd year			\$584,936
Total	\$584,936	\$584,936	\$584,936

CORPORATE PLAN

Corporate Plan Goal: *A strong community*
Outcome: 2.2 - Resilient and engaged communities
Operational Activity: 2.2.4 - Continue to ensure the manner in which council distributes grant monies to community and not-for-profit organisations supports council’s social vision for the region

CONSULTATION

Portfolio Councillor Consultation

- Cr O’Pray Portfolio Councillor for Tourism, Events and Sport
- Cr McKay Portfolio Councillor for Community and Environment

Internal Consultation

Consultation has been undertaken with relevant internal stakeholders across various departments and branches of council, including:

Community Services

- Team Leader Community Connections, Community Planning and Development Branch
- Team Leader Sports Planning and Development, Community Facilities and Planning Branch
- Development Officer (Grants), Community Planning and Development Branch

Infrastructure Services

- Manager, Parks and Gardens Branch
- Coordinator, Park Operations and Contracts
- Parks Community Sports Field Officer, Parks and Gardens Branch

Corporate Services

- Coordinator Land Management, Property Management Branch

External Consultation

Consultation with representatives from partner sporting organisations is undertaken on a regular basis by both the Parks Community Sports Field Officer and relevant Sport and Recreation Officers, to ensure compliance with and support for their funding agreements.

Community Engagement

No external community engagement was undertaken in relation to this report.

PROPOSAL

The inaugural Sports Field Maintenance Funding Program and supporting guidelines were endorsed by council at the Ordinary Meeting on 2 February 2011. The funding program commenced in the 2011/2012 financial year, providing funding for up to three (3) years.

On 20 June 2013 council adopted the *Community Grants Policy* under which the Sports Field Maintenance Funding Program guidelines are administered.

The aim of the program is to contribute to maintenance costs and provide expert advice to organisations to assist in maintaining turf surfaces to competition standard.

Funding through the Sports Field Maintenance Funding Program is based on a formula which considers field type, number of fields and period of responsibility.

The program is jointly managed by Community Services and Infrastructure Services and is premised on four elements:

- Sports fields are maintained to competition standard
- Costs are attributed per field, per annum and based on the sport played
- Council's contribution to the maintenance costs is a percentage of the full contractor rate and
- The program is not applicable to specialised, exclusive and/or restricted access sports. Examples of these activities include lawn bowls, tennis, croquet, archery and pony clubs.

Pivotal to the program is the availability of a dedicated council officer, Parks Community Sports Officer (Parks and Gardens) to provide support to sporting organisations by providing expert advice on maintaining their sports field to competition standard.

Program Review

A thorough review of the Sports Field Maintenance Funding Program was undertaken during 2016 to consider whether the program was achieving its aim of providing consistent, equitable and appropriate support for sports field maintenance across the Sunshine Coast Local Government Area.

The review recommended that:

1. The Sports Field Maintenance Funding Program continue using the current funding model
2. An increase of 6.3% be applied to the allocation for each field type when calculating annual funding amounts for each sporting organisation for the next three year cycle and
3. The Sports Field Maintenance Funding Program guidelines and funding agreements be updated to include a requirement that recipients give priority, wherever possible, to Sunshine Coast Local Government Area suppliers when purchasing sports field maintenance goods and services

All the review recommendations are implemented in this 2017 Sports Field Maintenance Funding Program round.

2017 Sports Field Maintenance Funding Program

Promotion and support

The 2017 Sports Field Maintenance Funding Program round opened on 27 March and closed on 8 May 2017.

The following tools were used to ensure information about the program reached all eligible organisations and the wider community:

- Council's website
- Community Facilities and Planning Branch promoted the program to eligible sporting organisations directly through their networks
- Parks and Gardens Branch visited organisations and provided advice in the preparation of applications
- Grants eNews sent to all registered community organisations and
- Direct email and phone contact with previous recipients and organisations identified as potentially eligible for funding.

Applications

Council received forty-four (44) Sports Field Maintenance Funding Program applications, all from sporting organisations that have previously participated in the program. As the anticipated transfer of field maintenance responsibility to two sporting organisations for fields currently maintained by council (Meridan Fields Sporting Complex and Skippy Park) has not been finalised, there were no applications from sporting organisations new to the program.

Assessment

The assessment of applications for this funding program required clarification of tenure, type of sport played on the field/s, number of fields, and period of maintenance responsibilities. An assessment panel made up of council officers with relevant expertise met to review the applications and determine outcomes. Assessment panel membership is detailed in the Internal Consultation section of this report.

Recommendation

It is recommended that forty-four (44) of the applications from sporting organisations be funded for three (3) years of funding.

Total funding of \$584,936 is recommended for endorsement by council and is detailed in Appendix A.

Legal

The act of providing funding does not, of itself, raise issues of legal liability for council. Rather it is the conduct of the funding recipient in carrying out what may be considered a local government type activity on local government owned or controlled land that will have some legal liability exposure issues for council.

This will be mitigated, as best as is possible, by having the successful funding applicants enter into Agreements that clearly articulate the relationship between the parties and obligate them to be incorporated bodies with adequate risk management plans, levels of insurance, training, reporting, and financial controls.

Policy

Delivery of the Sports Field Maintenance Funding Program is governed by the *Community Grants Policy* and supporting guidelines.

Risk

There is minimal financial risk associated with the program in supporting identified eligible organisations to carry out field maintenance, due to the ongoing working relationships between organisations and dedicated council officers. This relationship is supported by individually tailored funding agreements.

Previous Council Resolution**Ordinary Meeting 21 July 2016 – Council Resolution (OM16/117)**

That Council:

- (a) receive and note the report titled “2016 Sports Field Maintenance Funding Program”
- (b) endorse the “Sports Field Maintenance Funding Program Recommendations 2016” (Appendix A).

Ordinary Meeting 23 July 2015 – Council Resolution (OM15/120)

That Council:

- (a) receive and note the report titled “2015 Sports Field Maintenance Funding Program”
- (b) endorse the “Sports Field Maintenance Funding Program Recommendations” (Appendix A) and
- (c) note that the North Shore Multisports Association will cease to be responsible for the maintenance of fields at the North Shore Multisports Complex from 1 July, 2015 and that Council not proceed with the second (2015) or third (2016) year funding of the Association’s multi-year funding agreement entered into under the 2014 Sports Field Maintenance Funding Program as resolved by Council.

Ordinary Meeting 24 July 2014 – Council Resolution (OM14/101)

That Council:

- (a) receive and note the report titled “2014 Sports Field Maintenance Funding Program”
- (b) endorse the “Sports Field Maintenance Funding Program Recommendations” (Appendix A) and
- (c) note the revised “Sports Field Maintenance Funding Program guidelines” (Appendix B).

Ordinary Meeting 20 June 2013 – Council Resolution (OM13/109)

That Council:

- (a) receive and note the report titled “Community Grants Policy”
- (b) adopt the Community Grants Policy (Appendix A)
- (c) note the Community Grants Guidelines (Appendix B) as amended by (f) below to implement the Community Grants Policy
- (d) adopt the Mayoral and Councillor Discretionary Funding Policy as amended (Appendix C)

- (e) *note the Mayoral and Councillor Discretionary Funding Program Guidelines (Appendix D) and*
- (f) *amend the grants guidelines to include a clause that stipulates that each program is subject to annual budget allocations.*

Ordinary Meeting 2 February 2011 – Council Resolution (OM11/12)

That Council:

- (a) *receive and note the report titled “Sports Field Maintenance Funding Program”*
- (b) *adopt a 70% council funding contribution of the full contractor rate to maintain fields noting potential funding sources and refer funding to 2011/12 budget process*
- (c) *adopt the Sports Field Maintenance Funding Program Policy (Appendix A) and note Guidelines (Appendix B) and*
- (d) *request the Chief Executive Officer to review the Sports Field Maintenance Funding Program one year after adoption and provide a progress report back to council.*

Related Documentation

Funding arrangements with individual organisations include individual agreements, which must demonstrate field maintenance plans. These plans are formulated in consultation with the Parks Community Sports Field Officer.

There are also a number of related policies and governing legislation that guide and inform the management and delivery of the Sports Field Maintenance Funding Program. These include:

- *Local Government Regulation (2012)*
- *Local Government Act (2009)*
- *Statutory Bodies Financial Arrangements Act (1982)*
- *Community Grants Policy (2013)*
- *Sports Field Maintenance Funding Program Guidelines*
- *Sport and Active Recreation Plan 2011-2026*
- *Sunshine Coast Social Strategy (2015)*

Critical Dates

It is anticipated that a new round of the Sports Field Maintenance Funding Program will open in March 2018. This will provide an opportunity for any new sporting organisations assuming sports field maintenance responsibility, to apply for funding.

Implementation

Upon council endorsement of the recommendations in this report, successful applicants will be contacted and partnership agreements will be negotiated.

Conditions of agreement will be determined, and these will include reporting and acquittal requirements, and any conditions to be met prior to funding being awarded.

Recipients will also be required to sign a maintenance agreement, developed in consultation with council's Parks Community Sports Field Officer, clarifying expectations in relation to the maintenance of the sports fields. Funding will be distributed as soon as the agreements and an invoice are finalised, signed and returned to council.

Recipients must display council supplied signage acknowledging council's support for field maintenance.

A list of successful partner organisations will be posted on council's website.

8.3 INFRASTRUCTURE SERVICES

8.3.1 LONG TERM ASSET MANAGEMENT PLANS

File No:	Council meetings
Author:	Project Officer Infrastructure Services Department
Appendices:	App A - Buildings & Facilities Asset Management Plan 2017 Pg 5/460 App B - Coastal & Environment Asset Management Plan 2017Pg 55/460 App C - Holiday Parks Asset Management Plan 2017Pg 115/460 App D - Parks & Gardens Asset Management Plan 2017Pg 163/460 App E - Stormwater Asset Management Plan 2017Pg 223/460 App F - Transportation Asset Management Plan 2017Pg 309/460 App G - Waste and Resource Management Asset Management Plan 2017 Pg 395/460

PURPOSE

This report seeks the adoption of the seven 2017/18 asset management plans as required under the *Queensland Local Government Act (2009)*.

EXECUTIVE SUMMARY

The *Local Government Regulation 2012*, sections 167 and 168, requires Council to prepare and adopt long term asset management plans.

The plans form part of Council's overall system of financial management, as required under section 104(5) (a) (ii) of the *Local Government Act 2009*.

The plans inform our asset growth, service and intervention levels, which in turn, inform our annual operational budget requests for asset maintenance and servicing.

The long-term asset management plans must:

- provide for strategies to ensure the sustainable management of Council's assets
- state the estimated capital expenditure for renewing, upgrading and extending the assets for the period covered by the plan and
- be part of and consistent with the long-term financial forecast.

Sunshine Coast Council has developed seven asset management plans for all major infrastructure asset classes with a current replacement cost as of 30th June 2016 of \$3.673 billion for the following asset groups:

- Buildings & Facilities (Property Management) - Includes corporate & community facilities - \$317 million
- Coastal & Environmental - \$61 million
- Holiday Parks - \$27 million
- Parks & Gardens - Includes playgrounds, park furniture - \$120 million
- Stormwater - Pits and pipes - \$1,132 million
- Transportation - Includes roads, pathways and bridges - \$1,928 million
- Waste Resource Management - \$88 million

Council officers presented these asset management plans to council in the budget workshop held 13th March 2017 - "State of the Asset Reports and Asset Management Plans".

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled "Long Term Asset Management Plans" and
- (b) adopt the Asset Management Plans (Appendices 1 – 7), to guide Councils future asset management and capital works planning activities.

FINANCE AND RESOURCING

The Long Term Asset management Plans contain detailed assessments of each asset groups remaining life, and financial values. These amounts are also referenced in establishing Council's annual depreciation allocations, and to inform the development of the ten year capital works program for adoption by Council through the annual budget process.

The asset value of each asset category is provided below:

Asset Category	Current Replacement Value	Written Down Value (WDV)
Buildings & Facilities	\$317 million	\$235 million
Coast & Canals	\$53 million	\$43 million
Environmental	\$8 million	\$6 million
Parks & Gardens	\$120 million	\$76 million
Stormwater	\$1,132 million	\$896 million
Transportation	\$1,928 million	\$1,504 million
Holiday Parks	\$27 million	\$20 million
Waste Management	\$87.8 million	\$71.1 million
Total	\$3,673 million	\$2,851 million

CORPORATE PLAN

Corporate Plan Goal: *An outstanding organisation*
Outcome: 5.3 - A financially sustainable organisation
Operational Activity: 5.3.7 - Sustainable financial position maintained.

CONSULTATION

Portfolio Councillor Consultation

- Strategic Discussion Forum – October 2016 – Asset Management Planning
- Budget Workshop – 13th March 2017 – "State of the Assets"

Internal Consultation

- Finance – Asset Accounting
- Finance – Financial Services
- Planning & Environment – Transport & Infrastructure Policy
- Community Services – Service Managers
- Infrastructure Services – Asset Officers

External Consultation

- Queensland Audit Office

- South East Queensland Regional Asset Management Group. Consultation within this group has shown that Sunshine Coast Council is one of the leaders in relation to the development of strategic asset management, through:
 - Councillor consultation
 - Adoption and endorsement of a 10 year capital works program
 - Asset Manager / Service Manager philosophy (asset responsibility matrix)
 - Mobile workforce (Infrastructure Services IT enabling / mobility strategy)
 - Asset write on – development of the Gate 6 project finalisation process

Community Engagement

- Feedback received from Sunshine Coast Council Community Satisfaction Survey (2016)
- Parks and Gardens 2015 Yardstick Park-check Program
- Waste customer satisfaction surveys
- Holiday Parks – monthly on-line guest surveys

PROPOSAL

Background

Consistent with legislative trends across Australia, the *Queensland Local Government Act (2009)* introduced requirements for all local governments to develop and adopt long-term asset management plans for all major infrastructure assets.

The long term asset management plan must:

- provide for strategies to ensure the sustainable management of the assets mentioned in the local government asset register and infrastructure of the local government
- state the estimated capital expenditure for renewing, upgrading and extending the assets for the period covered by the plan and
- be integrated with the long-term financial forecast.

Sunshine Coast Council has developed asset management plans with a current replacement cost as of 30 June 2016 of \$3.67 billion for the following asset groups:

- Buildings and Facilities - Includes corporate & community facilities - \$317 million
- Coastal & Environmental - \$61 million
- Holiday Parks - \$27 million
- Parks & Gardens - Includes playgrounds, park furniture - \$120 million
- Stormwater – Pits and pipes - \$1,132 million
- Transportation - Includes roads, pathways and bridges - \$1,928 million
- Waste Resource Management - \$88 million

A state of the assets report was presented to Council at the Budget Workshop on the 17th March 2017 which gave a snapshot of the seven asset management plans, including current funding, current conditions, assumed renewal gap and potential additional funding requirements.

The asset management plans have been developed in accordance with the guidelines set out in the International Infrastructure Management Manual 2015 (IIMM 2015) are made up of the following eight chapters:

(1) Executive Summary

(2) Introduction

- the classes and sub classes of assets included in the plan
- quantitative data with respect to the asset classes and sub classes

(3) Levels of Service

- the expected or required service levels for the included assets

- the actual service levels being achieved for the included assets
- (4) Future Demand**
 - future requirements associated with corporate plans and operational plans
 - known or possible areas for expansion
 - asset classes and potential acquisition dates
 - cost estimates
 - impact on service levels, asset lifecycle and financial considerations
- (5) Lifecycle Management Plan**
 - identification of risks
 - identification of risk mitigation strategies
 - condition assessment and useful life
 - estimated useful life for each asset class and sub classes
 - estimated remaining useful life for each class and sub class
 - annual depreciation expense per asset class and sub classes
 - valuation of each asset class and sub classes
 - valuation
 - date of valuation and valuation methodology
 - maintenance activities
 - description of program
 - timing of program
 - maintenance expense per asset class and sub classes
 - renewal/replacement plan
 - renewals capital expenditure
 - acquisition plan
 - new or upgrade capital expenditure
 - disposal plan
 - proposed timing of asset retirement or disposal
 - estimated residual values at retirement or disposal
- (6) Financial Summary**
 - summary of financial information
- (7) Asset Management Practices**
 - information systems to be used and the standards and guidelines used to make decisions on asset management
- (8) Plan Improvement & Monitoring**
 - identification of any known issues with the quality of the data, forecasts and estimates
 - actions taken to mitigate the known issues
 - commentary on the reliability of the estimates contained within the plan
 - an improvement plan – a forward looking action plan for monitoring, reviewing and improving the asset management process.

Outputs:

These asset management plans reflect the Sunshine Coast Councils commitment to best practice, sustainable, and strategic asset management and capital planning, guided by the International Infrastructure Management Manual and International Asset Management Standard ISO 55000.

The outputs from these plans will be:-

- Development of Councils 10 year Capital Renewal Program based on:-
 1. Condition
 2. Adopted/desired levels of service
 3. Asset hierarchy
 4. Asset utilisation
 5. Risk
- Alignment with Councils long term financial plan
- Areas of potential unfunded/overfunded renewals

- Scenario modelling based on Councils desired LOS/funding
- Asset renewal trade off analysis across asset categories
- Improvement Plan

Core Asset Management Plan	Current Replacement Cost (CRC)	Written Down Value (WDV)	% of Asset Base Consumed
Buildings & Facilities	\$317 million	\$235 million	26%
Coastal & Environment	\$53 million	\$43 million	19%
Holiday Parks	\$27 million	\$20 million	26%
Parks & Gardens	\$120 million	\$76 million	37%
Stormwater	\$1.132 billion	\$896 million	21%
Transportation	\$1.928 billion	\$1.504 billion	22%
Waste Resource Management	\$87.8 million	\$71.1 million	19%
Total – Core Asset Management Plans	\$3.673 billion	\$2.851 billion	22%

Asset Management Plans – Current Replacement Costs & Asset Base Consumed

Buildings and Facilities Asset Management Plan

The Buildings and Facilities asset management plan represents an asset base with a current replacement cost of \$317 million and a written down value of \$235 million representing an asset base which is approximately 26% consumed based on data from Council's financial asset register.

Asset groups included in the Buildings and Facilities asset management plan are:

- Corporate Buildings
- Community Facilities
- Libraries
- Aquatic Centre's and
- Public Amenities

Currently all buildings owned by Council are recorded as one asset within the financial asset register and generally have a useful life of between 20 & 50 years.

Portfolio Summary:

- The buildings and facilities assets portfolio has a total replacement value of \$317 million and a written down value of \$235 million.
- A comprehensive valuation and review of buildings and facilities assets is to be completed in 2017.
- It is anticipated that funding requirements will continue to trend with the value of the asset base.
- The level of capital renewals for 2017/18 financial year will ensure that the asset base is maintained in accordance with predicted expenditure outlined in Building Management Plans.
- The management of Building Management Plans will require intensive reviews, which continue to place pressure on resourcing and present challenges for data integrity in the absence of an AMIS, so the implementation of the AMIS is an imminent pressure for this portfolio.

Coastal & Environmental Asset Management Plan

The Coastal & Environmental asset management plan represents an asset base with a current replacement cost of \$53 million and a written down value of \$43 million representing an asset base which is approximately 19% consumed based on data from Council's financial asset register.

Asset groups included in the Coast and Environmental asset management plan are:

- Canals
- Revetment Walls and Scour Protection
- Beach Accesses
- Boat Ramps and Jetties
- Locks and Weirs and
- Dunal & Reserve Fencing.

Portfolio Summary:

Coastal infrastructure assets:

- Are considered to be in a satisfactory and serviceable condition
- Current average renewal funding over 10 year program of \$1.75 million per annum
- Renewal funding is considered to be acceptable, based on known age and condition, asset sustainability ratio will be maintained at an acceptable level with current funding allocations and
- Funding allocations, asset conditions and service provided will be further validated during 2017/18 as data and knowledge of Coastal Infrastructure is improved.

Holiday Parks Asset Management Plan

The Holiday Parks asset management plan represents an asset base with a current replacement cost of \$27.3 million and a written down value of \$20.3 million representing an asset base which is approximately 25% consumed based on data from Council's financial asset register.

Asset groups included in the Holiday Parks asset management plan are:

- Cotton Tree Holiday Park
- Dicky Beach Holiday Park
- Mooloolaba Holiday Park
- Maroochydore Beach Holiday Park
- Coolum Beach Holiday Park and
- Mudjimba Holiday Park.

Portfolio Summary:

- Holiday Parks are generally considered to be in a satisfactory and serviceable condition, with adequate funding in both capital and operational funding.
- The business complies with the National Competition Policy and generates annual revenue of \$15 million with an operating surplus of \$7.5 million
- Current average renewal funding over 10 year program of \$431,000 per annum.

Parks & Gardens Asset Management Plan

The Parks & Gardens asset management plan represents an asset base with a current replacement cost of \$120.4 million and a written down value of \$76 million representing an asset base which is approximately 37% consumed based on data from Council's financial asset register.

Asset groups included in the Parks & Gardens asset management plan are:

- Playgrounds
- Shade Structures / Shelters
- Skate Parks

- Park Furniture and
- Fitness Equipment.

Generally assets in the parks and gardens portfolio are relatively young, many of which have been constructed or contributed to Council in the last 10 years.

Portfolio Summary:

- Current average renewal funding over 10 year program of \$40.7 million per annum.
- A shift towards greater balance of asset renewals (rather than new assets) would be more sustainable and would assist to reduce any backlog.
- Increased renewals/proactive maintenance would result in prolonged asset life.
- Generally parks assets have short useful lives and therefore are “consumed” at a higher rate. This rate of consumption needs to be balanced with asset renewals.
- The SCC Open Space Strategy 2011 sets the desired levels of service for the provision and embellishment of parks.
- Over embellishment of parks continues to pose resource and budget challenges.
- High risk parks infrastructure such as playgrounds are on a routine inspection program.
- The majority of asset maintenance is currently reactive (with the exception of precincts and high profile parks). Current efforts are underway to increase the proportion of planned maintenance compared to reactive maintenance.

Stormwater Asset Management Plan

The Stormwater asset management plan represents an asset base with a current replacement cost of \$1.132 million and a written down value of \$896 million representing an asset base which is approximately 21% consumed based on data from Council’s financial asset register.

Asset groups included in the Stormwater asset management plan are:

- Pipes
- Pits
- Minor Culverts/Structures; and
- Water Quality.

Portfolio Summary:

Stormwater assets are generally considered to be in a satisfactory and serviceable structural condition, but with growing expectations the following conclusions have been listed:

- Further work is required to reach desired service levels
- Projected and planned renewals indicate a shortfall relative to Councils Stormwater assets age and conditions, therefore there is a risk that the asset sustainability ratio may decline if renewal funding is not increased over the medium term and
- Funding allocations, asset conditions and service provided will be further validated during 2017/18 as data and knowledge of stormwater Infrastructure is improved through the planned targeted CCTV inspection program.

Targeted Improvements in Stormwater Asset Management for 2017/18 most importantly centre around:-

- Improving asset data and analysis through:-
 1. Improved asset capture processes
 2. Condition Inspections (CCTV) and evaluation and
 3. Revaluations and benchmarking
- Purchase and implementation of a new Strategic Asset Management System which will enable strategic planning of our stormwater asset network into the future.
- Review of Asset Management resource structure for Stormwater.

Transportation Asset Management Plan

The Transportation asset management plan represents an asset base with a current replacement cost of \$1.928 million and a written down value of \$1.504 million representing an asset base which is approximately 22% consumed based on data from Council's financial asset register.

Asset groups included in the Transportation asset management plan are:

- Sealed & unsealed roads
- Bridges and major culverts
- Kerb & channel
- Pathways & cycleways
- Car Parks and
- Roadside Infrastructure.

Portfolio Summary:

Transportation assets overall, are in a good position with only 10% worse than Fair condition. There is building pressure to maintain these assets with solid growth in the asset base, increased usage, and higher community expectations.

However, proactive strategies are in place to manage this. These include, an improved funding plan for the sealed road network, with Council adoption a proposal to increase annual funding allocations from 2018/19 by \$1 million per year for the next ten years, to maintain the current asset standards as far as possible. Staff are also pursuing innovative road surfacing and maintenance treatments to achieve lowest whole of life outcomes that contains risk at an acceptable level, and protective treatments for exposed coastal bridges through inspection programs and early intervention treatments. Council also has signed off on an increased funding injection of \$500,000 in the 2017/18 budget, to lift the pathway and kerb and channel network conditions and aesthetics in higher profile areas.

Waste & Resource Management Asset Management Plan

The Waste and Resource Management asset management plan represents an asset base with a current replacement cost of \$88 million and a written down value of \$71 million representing an asset base which is approximately 19% consumed based on data from Council's financial asset register.

Asset groups included in the Waste and Resource Management asset management plan are:

- Landfills
- Transfer Stations/Buildings
- Public Place waste receptacles and
- Plant & Equipment.

Portfolio Summary:

Waste & Resource Management Assets:

- Waste and Resources Management is a significant business activity subject to National Competition Policy provisions of the *Local Government Act 2009* and the *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010*.
- Waste and Resources Management is required to set prices to fully recover all the relevant costs of supplying the service. Total revenue received by the business should equal the sum of:
 - Efficient operating expenses including competitive neutrality adjustments
 - A return of capital (i.e. depreciation expense)
 - A return on capital (i.e. cost of debt plus return on equity invested in the business)

- Include costs associated with upgrades and establishment of new assets, together with the associated ongoing maintenance and operational costs
- Considered to be in a satisfactory and serviceable condition
- Current average renewal funding over 10 year program of \$229,000 per annum
- Renewal funding is considered to be acceptable based on known age and condition, asset sustainability ratio will be maintained at an acceptable level with current funding allocations.

ASSET MANAGEMENT PLAN – IMPROVEMENT PROGRAM

In order to gain the level of confidence required in determining any assumed expenditure gap (and hence meet the legislative requirements of integrating asset management plans with Council's long term financial planning and strategies) an improvement plan has been developed for each asset portfolio. The main tasks included in the asset management improvement program, are:

Roles, Responsibilities, Process Improvements

- Undertake review of Asset Management resource structure (roles and responsibilities)
- Review of processes
- Implementation of a corporate asset management information system and
- Further implementation of "Strategic" asset modelling and asset planning.

Base asset data review and improvements

- Continue to improve review of both financial and physical asset data underpinning assumptions in the asset management plans for completeness, accuracy and integrity
- Determine data confidence levels required and develop a strategy for data management and improvement
- Continue annual reviews of useful lives, units rates and asset components to better reflect asset management needs and
- Improve integration between Council's strategic asset management and long term financial forecasts

Asset management plan inputs review and improvements

- Expand on technical and customer levels of service including analysis of historical; service performance and determine required triggers for intervention and replacement of Council's assets
- Undertake a detailed assessment of the influences of demand and revise asset growth forecasts and
- Continue to include and expand on condition assessments in asset valuations for identified asset groups.

Legal

It is a requirement under the *Queensland Local Government Act (2009)* to have asset management plans. Council has asset management plans for all council's major infrastructure assets which have a direct link to council's long term financial plan.

Policy

- Asset Management Policy 22nd April 2010 (Currently under review by Infrastructure Services Department)
- Asset Accounting Policy
- Long Term Financial Model and
- Financial Sustainability Plan 2015 – 2025.

Risk

The major risks associated with the asset management plans are:

- Council does not meet legislative requirements under the *Local Government Act (2009)*
- Council will not renew assets at the appropriate time, therefore potentially affecting service standards; and sustainability ratios and
- Failure to plan and act now, creates a liability for future generations that will grow considerably without appropriate intervention and strategic management.

Previous Council Resolution

Ordinary Meeting 15 November 2012 (OM12/171)

That Council:

- (a) receive and note the report titled “Core Asset Management Plans” and
- (b) adopt the “Core Asset Management Plans” contained in Appendices A – G.

Related Documentation

- *Queensland Local Government Act (2009)*
- SCC Asset Management Policy (2010)
- SCC Asset Responsibility Matrix
- SCC State of the Assets Reports (2017)
- 2017/2018 to 2026/2027 Capital Works Program.

Critical Dates

The Queensland Audit Office requires Council to formally adopt Long Term Asset management Plans to cover current and future financial years.

Implementation

The adopted plans will inform ongoing asset management operations and planning and will continue to be refined and updated through the acquisition of more refined condition data and increased modelling and scenario planning activities.

8.4 CORPORATE SERVICES**8.4.1 QUEENSLAND AUDIT OFFICE - INTERIM MANAGEMENT REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

File No:	Financial Management
Authors:	Coordinator Financial Accounting Corporate Services Department Manager Finance Corporate Services Department
Attachments:	Att 1 - Queensland Audit Office - Interim Management Report for the financial year ended 30 June 201785

PURPOSE

The attached report from the Queensland Audit Office (QAO) outlines the status of the recent audit and the recommendations for Council to improve controls over its major financial systems identified during their interim audit conducted in March this year.

This report was presented to the 22 May 2017 Audit Committee.

Section 213(3) of the Local Government Regulation 2012 requires that the report be presented at the next ordinary meeting of Council.

EXECUTIVE SUMMARY

Council has a statutory obligation to prepare "General Purpose" Financial Statements on an annual basis, culminating in audit certification in October, before publication in Council's Annual Report.

The Queensland Audit Office performed an interim audit of Council's financial systems during March 2017. The Interim Audit Report (Attachment 1) provides the overall status of audit and summarises the principal matters that arose during the course of the audit. This audit involved testing the operating effectiveness of information system general controls, as well as key controls over revenue, expenditure and payroll.

Results of the interim audit are as follows:-

1. Financial Reporting Issues

QAO did not identify any financial reporting issues. If issues are identified as the audit progresses, they will be included in QAO's Closing Report issued at the conclusion of the final audit.

2. Internal Control Issues

QAO assess internal control issues based on their potential to cause a material misstatement in the financial statements.

- If the internal control is fully effective, no issue is recorded.

If not fully effective, QAO categorise the issue as either:-

- "Significant deficiency" (nil) – may lead to material misstatement of the financial statements and requires immediate management action to resolve or
- "Deficiency" (6) – may not prevent material misstatement of the financial statements in a timely manner and requires management action to resolve within eight (8) months.

QAO did not identify any “significant deficiencies”. QAO assessed 6 of Council's internal control elements within its information systems as “deficiencies” requiring resolution within eight (8) months. These are as follows:-

- i. IT security policy and procedures
- ii. Active directory – managing access to Council's network
- iii. Managing contractor access
- iv. Monitoring the activities of users with privileged access to T1Property, T1Financials and CHRIS 21 – Council's revenue, expenditure and payroll systems
- v. Logging and monitoring critical database changes
- vi. Managing passwords for privileged accounts

3. Other Matters

QAO identifies other matters that it considers represent business process improvement opportunities. One (1) business opportunity was identified as follows:-

- Controlled entity financial statements not published on Council's website.

Action Plans have been developed to address the recommendations associated with the above issues, and implementation is in progress.

The interim audit result confirmed Council's overall control framework as effective and represents a significant achievement for all involved.

OFFICER RECOMMENDATION

That Council receive and note the report titled “Queensland Audit Office - Interim Management Report for the financial year ended 30 June 2017”.

FINANCE AND RESOURCING

There are no finance and resourcing implications relating to this report.

CORPORATE PLAN

Corporate Plan Goal: *An outstanding organisation*

Outcome: 5.3 - A financially sustainable organisation

Operational Activity: 5.3.8 - 2016-17 financial audit completed on program, with unmodified audit opinion.

CONSULTATION

Portfolio Councillor Consultation

The Portfolio Councillor has received advice of this report from the Audit Committee process.

Internal Consultation

Internal consultation was held with the following areas:

- Internal Audit Branch
- Information Communication Technology Services Branch
- Finance Branch
- Project Delivery Branch
- Audit Committee

External Consultation

External consultation has been held with Queensland Audit Office as well as external members of Council's Audit Committee.

Community Engagement

No community engagement required.

PROPOSAL

The Queensland Audit Office performed an interim audit of Council's financial systems during March 2017. The Interim Audit Report (Attachment 1) provides the overall status of audit and summarises the principal matters that arose during the course of the audit. This audit involved testing the operating effectiveness of information system general controls, as well as key controls over revenue, expenditure and payroll.

Results of the interim audit are as follows:-

1. Financial Reporting Issues

QAO did not identify any financial reporting issues. If issues are identified as the audit progresses, they will be included in QAO's Closing Report issued at the conclusion of the final audit.

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QAO assess internal control issues based on their potential to cause a material misstatement in the financial statements.

- If the internal control is fully effective, no issue is recorded.

If not fully effective, QAO categorise the issue as either:-

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- "Deficiency" (6) – may not prevent material misstatement of the financial statements in a timely manner and requires management action to resolve within eight (8) months.

QAO did not identify any "significant deficiencies". QAO assessed 6 of Council's internal control elements within its information systems as "deficiencies" requiring resolution within eight (8) months. These are as follows:-

- i. IT security policy and procedures
- ii. Active directory – managing access to Council's network
- iii. Managing contractor access
- iv. Monitoring the activities of users with privileged access to T1Property, T1Financials and CHRIS 21 – Council's revenue, expenditure and payroll systems
- v. Logging and monitoring critical database changes
- vi. Managing passwords for privileged accounts

3. Other Matters

QAO identifies other matters that it considers represent business process improvement opportunities. One (1) business opportunity was identified as follows:-

- Controlled entity financial statements not published on Council's website.

Action Plans have been developed to address the recommendations associated with the above issues, and implementation is in progress.

The interim audit result confirmed Council's overall control framework as effective and represents a significant achievement for all involved.

Legal

Section 213 (3) of the *Local Government Regulation 2012* requires this Auditor General report to be presented at the next available ordinary meeting of council.

Policy

There are no internal policy documents relating to this report. It is a legislative requirement – refer Sections 212 and 213 of the *Local Government Regulation 2012*.

Risk

Council has a statutory obligation to prepare general purpose financial statements that are subject to audit by the Auditor-General or their contracted representative.

Previous Council Resolution**Audit Committee Meeting 22 May 2017 – Audit Committee Resolution (AC17/16)**

That the Audit Committee receive and note the report titled “Annual Financial Statement Risk and Planning Assessment”.

Related Documentation

There is no related documentation relevant to this report.

Critical Dates

QAO will return to Council in September to complete the final audit of the 2016/17 financial statements.

Council certification of the 2016/17 financial statements and current year financial sustainability statement is due by 10 October 2017.

Implementation

There are no implementation details to include in this report.

8.4.2 MAY 2017 FINANCIAL PERFORMANCE REPORT

File No:	Financial Reports
Author:	Coordinator Financial Services Corporate Services Department
Attachments:	Att 1 - May 2017 Financial Performance Report 115

PURPOSE

To meet Council's legislative obligations, a monthly report is to be presented to Council on its financial performance and investments.

EXECUTIVE SUMMARY

This monthly financial performance report provides Council with a summary of performance against budget as at 31 May 2017 in terms of the operating result and delivery of the capital program.

The operating result at 31 May 2017 shows a positive variance of \$2.6 million compared to the forecast position.

Operating Performance**Table 1: Operating Result as at 31 May 2017**

May 2017	Current Budget \$000	YTD Current Budget \$000	YTD Actual \$000	YTD Variance \$000	Variance %
Operating Revenue	418,101	388,918	396,179	7,260	1.9
Operating Expenses	395,282	349,195	353,849	4,654	1.3
Operating Result	22,819	39,723	42,330	2,607	6.6

Achievement of the full year budgeted operating result will allow Council to meet its debt repayments and capital expenditure commitments.

As at 31 May 2017, \$172.1 million (75.6%) of Council's \$227.4 million 2016/17 Capital Works Program was financially expended.

The core Council Capital Program has progressed 76.4% of budget, an actual spend of \$110.5 million.

Council's investment portfolio remains within the guidelines established under the Investment Policy.

OFFICER RECOMMENDATION

That Council receive and note the report titled "May 2017 Financial Performance Report".

FINANCE AND RESOURCING

There are no finance and resourcing implications from this report.

CORPORATE PLAN

Corporate Plan Goal: *An outstanding organisation*
Outcome: 5.3 - A financially sustainable organisation
Operational Activity: 5.3.7 - Sustainable financial position maintained.

CONSULTATION

Portfolio Councillor Consultation

Consultation has been undertaken with the Portfolio Councillor.

Internal Consultation

All departments and branches participated in the formation of the recommendations associated with this report.

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

PROPOSAL

Achievement of the full year budgeted operating result of \$22.8 million will allow Council to meet its debt repayments and capital expenditure commitments.

The operating result at 31 May 2017 shows a positive variance of \$2.6 million compared to the forecast position.

Operating Revenue

Year to date revenues as at 31 May 2017 of \$396.2 million shows a positive variance of \$7.3 million.

Table 2: Substantial Revenue variances as at 31 May 2017

Operating Revenue Large Variances	YTD Current Budget \$000	YTD Actual \$000	YTD Variance \$000	Variance %
Fees and Charges	61,034	62,997	1,963	3.2
Other Revenue	11,529	12,977	1,447	12.6
Internal Sales/Recoveries	5,553	7,874	2,321	41.8

Fees and Charges

Fees and charges revenue of \$63 million, is \$2 million ahead of year to date budget, consistent with the April result. Significant variances include:

- \$644,000 relates to increased revenues at the Sunshine Coast Holiday Parks with some associated increased expenditure. Revenues continue to exceed expectations following Budget Review 3 and the May result is indicative of the year end position based on prior year trends.
- \$593,000 across the Community Response Branch, predominantly relating to infringements. This variance is partially offset by higher employee costs.
- \$229,000 is attributable to development service revenue being ahead of budget and equates to 2% of the year to date budget. This relates to market driven volumes continuing above expectation following budget review 3.
- \$202,000 relates to increased revenue at Council's refuse tip centres.

Other Revenue

Other revenue has exceeded the year to date budget by \$1.4 million, this is made up of:

- Higher sales of recoverable materials at the Waste facilities by \$369,000
- \$303,000 across the organisation for recoupment of expenditure
- \$158,000 associated with Road Maintenance Levies
- \$103,000 in higher Lease Revenue

Internal Sales/Recoveries

The variance to budget as at 31 May 2017 predominantly relates to higher recoveries from capital for the sale of Quarry products of \$2.1 million. Associated increased expenditure has also been incurred to generate product and manage stock piling.

Operating Expenses

Year to date expenditure as at 31 May 2017 of \$353.8 million shows a variance over budget of \$4.7 million.

Table 3: Substantial Expenditure variances as at 31 May 2017

Operating Expenditure Large Variances	YTD Current Budget \$000	YTD Actual \$000	YTD Variance \$000	Variance %
Employee Costs	119,274	121,028	1,754	1.5
Materials and Services	139,273	140,971	1,698	1.2
Finance Costs	10,088	10,904	816	8.1

Employee Costs

As at 31 May 2017 employee costs were above budget by \$1.8 million. Employee expenditure to deliver projects across capital, operating and region making is above budget by \$857,000, whereby funding is balanced at project level.

Core employee costs were above budget by \$897,000 or 0.8%. Remaining budgets to June compared with YTD Actual indicates this variance should be slightly lower at year end.

Materials and Services

As at 31 May 2017, materials and services costs were above budget by \$1.7 million or 1.2%.

\$923,000 relates to capital project costs that are required to be expensed. This is anticipated to increase at year end following the finalisation and review of capital expenditure for asset recognition.

Projects are predominantly underspent and offset by higher costs associated with timing issues in Region Making Projects. Core materials expenditure is also under budget across most departments, however this is to a lesser extent than in previous months.

Finance Costs

Finance costs are ahead of budget by \$816,000 as a result of interest associated with Region Making Projects being expensed to operating.

Capital Revenue

Contributed assets account for most of the year to date variance in Capital Revenue of \$50 million at 31 May 2017. Cash contributions are also ahead of budget accounting for \$3.3 million of the variance.

Capital Expenditure

As at 31 May 2017, \$172.1 million (75.6%) of Council's \$227.4 million 2016/17 Capital Works Program was financially expended.

The core Council Capital Program has progressed with an actual spend of \$110.5 million, which is 76.4% of the \$144.6 million program and right on forecast with the YTD budget.

Table 4: Capital expenditure variances by program as at 31 May 2017

Capital Works Program	Forecast Budget \$000	YTD Forecast Budget \$000	YTD Actual \$000	YTD Variance	% Variance on YTD budget
Aerodromes	212	147	158	11	7.5
Buildings and Facilities	11,522	9,021	8,673	(348)	(3.9)
Coast and Canals	1,620	1,462	1,404	(58)	(4.0)
Divisional Allocations	3,548	1,386	1,498	112	8.1
Environmental Assets	4,971	4,956	5,010	54	1.1
Fleet	3,066	2,037	2,051	14	0.7
Holiday Parks	3,121	2,824	2,810	(14)	(0.5)
Information Technology	2,524	1,943	2,098	156	8.0
Parks and Gardens	16,647	13,684	14,046	361	2.6
Quarries	459	109	213	104	94.9
Stormwater	4,737	2,989	2,728	(261)	(8.7)
Strategic Land and Commercial Properties	19,157	11,951	11,801	(150)	(1.3)
Sunshine Coast Airport	4,726	3,029	3,191	162	5.3
Transportation	57,632	45,431	46,080	650	1.4
Waste	10,653	9,537	8,744	(793)	(8.3)
Total SCC Core Capital Program	144,595	110,506	110,505	(1)	(0.0)
Corporate Major Projects	9,542	5,565	5,471	(94)	(1.7)
Maroochydore City Centre	24,485	17,459	16,028	(1,431)	(8.2)
Solar Farm	34,495	32,928	33,016	88	0.3
Sunshine Coast Airport Runway	14,331	7,971	7,037	(934)	(11.7)
Total Other Capital Program	82,852	63,923	61,552	(2,371)	(3.7)
TOTAL	227,447	174,428	172,056	(2,372)	(1.4)

Table 5: Projects by status (SCC Base Only)

Project summary by Job status (SCC Base only)	Number of Capital Jobs	%	Current Budget \$000	%
Not Started	29	2.6	707	0.5
Works in Progress	438	38.6	73,038	50.5
Complete	612	53.9	69,651	48.2
On Hold/Cancelled	57	5.0	1,199	0.8
Total	1,136		144,595	

In the quarter to date, 130 jobs progressed to completed status with 438 jobs remaining in progress. The financial completion target for 2016/2017 remains within the 90% to 95% range.

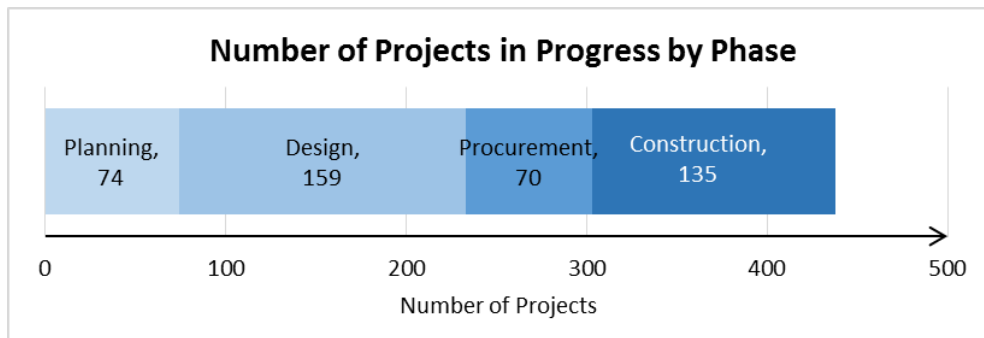
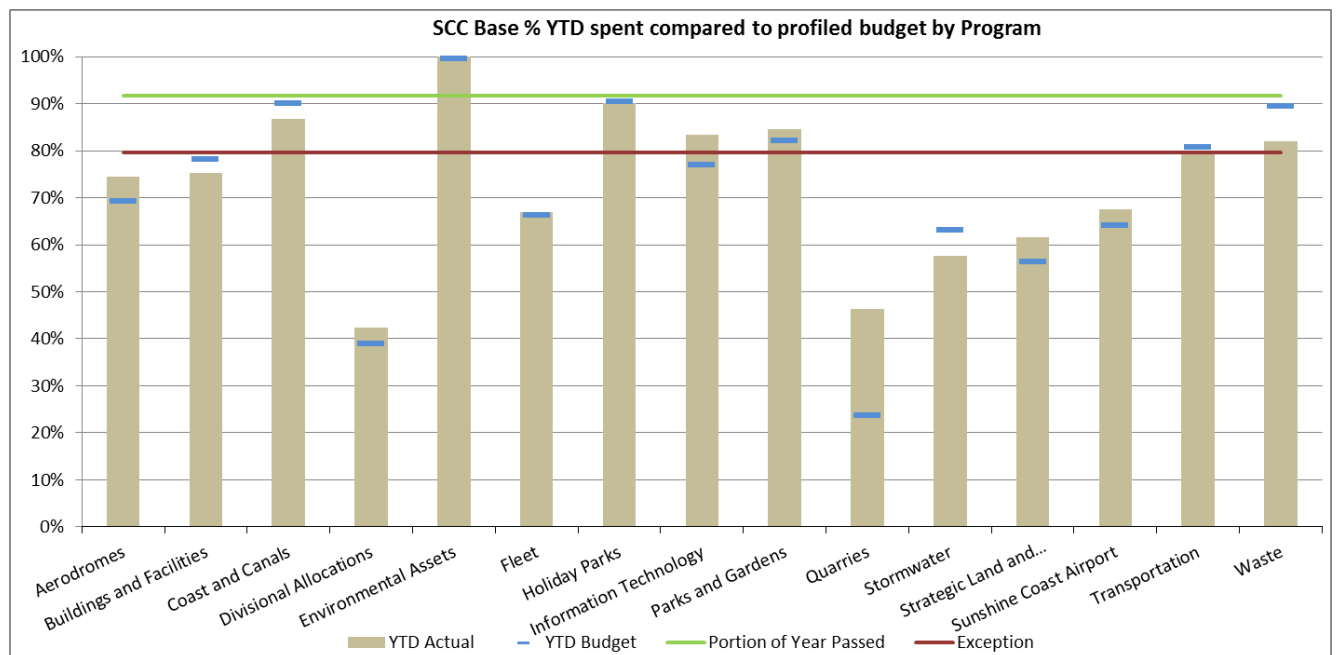


Table 6: Capital Exceptions Graph



The programs falling below the exception line at 31 May 2017 account for one third of the total core program. Within this group, strategic land and commercial properties is the largest contributor having recognised additional acquisitions during Budget Review 3. A number of settlements are anticipated in June. The other significant programs are detailed below.

Buildings and Facilities

Construction is in progress or completed on 80% of the \$11.5 million program and expenditure to date on these projects is 86% of the budget. The remaining 20% is mostly attributable to forward design works which will inform delivery on future years' budgets.

Stormwater

Of the \$4.7 million program 67% of the Stormwater projects are either under construction or finalised. Significant expenditure is anticipated in June to progress the larger projects.

Sunshine Coast Airport

The \$4.7 million program has progressed with 68% expended as at 31 May 2017. All projects have commenced with the exception of the Terminal Retail Refurbishment. This project is now planned to be undertaken in 2017/2018.

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 May 2017 Council had \$293 million cash (excluding Trust Fund) with an average interest rate of 2.70%, being 0.91% above benchmark. This is compared to the same period last year with \$308 million cash (excluding Trust Fund) where the average interest rate was 2.86%, being 0.48% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill Index (BAUBIL) and the Bank Bill Swap Rate (BBSW) for term deposits.

Legal

This report ensures that Council complies with its legislative obligations with respect to financial reporting in accordance with Section 204 of the *Local Government Regulation 2012*.

Investment of funds is in accordance with the provisions of the *Statutory Bodies Financial Arrangements Act 1982* and the associated Regulations and the *Local Government Act 2009*.

Policy

Council's 2016/17 Investment Policy.

Risk

Failure to achieve the budgeted operating result will negatively impact Council's capacity to complete its capital expenditure program.

Previous Council Resolution**Special Meeting Budget 16 June 2016 (SM16/16)**

That Council:

- receive and note the report titled "Adoption of the 2016/2017 Budget and Forward Estimates for the 2017/2018 to 2025/2026 Financial Years"*
- adopt the 2016/2017 Budget Schedules (Appendix A) including Forward Estimates and*
- adopt the 2016/2017 Capital Works Program, endorse the indicative four-year program for the period 2017/2018 to 2020/2021, and note the five-year program for the period 2021/2022 to 2025/2026 (Appendix B).*

Ordinary Meeting Budget 15 September 2016 (OM16/163)

That Council:

- receive and note the report titled "Budget Review 1 2016/17 "* and
- adopt the amended 2016/17 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A).*

Ordinary Meeting 8 December 2016 (OM16/221)

That Council:

- receive and note the report titled "Budget Review 2 2016/17"*
- adopt the amended 2016/17 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A) and*
- in addition to (b), amend the 2016/17 budget to include the additional sum of \$50,000 for the Maroochy Basketball Extension.*

Ordinary Meeting 20 April 2017 (OM17/59)

That Council:

- (a) receive and note the report titled "Budget Review 3 2016/17" and*
- (b) adopt the amended 2016/17 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A).*

Ordinary Meeting 18 May 2017 (OM17/74)

That Council:

- (a) receive and note the report titled "March 2017 Financial Performance Report"*
- (b) amend the 2016/17 budget to include the additional sum of \$2.85 million for the Solar Farm Project*
- (c) amend the 2016/17 budget to include the additional sum of \$970,000 for the acquisition of land and*
- (d) amend the 2016/17 budget to reflect gross proceeds from the sale of land of \$1.2 million.*

Related Documentation

2016/17 Adopted Budget

Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.

8.4.3 PROVISION OF LEASES TO MULTIPLE COMMUNITY ORGANISATIONS

File No:	Council Meetings
Author:	Senior Property Officer Corporate Services Department
Appendices:	App A - Proposed sites for multiple lease areas 129

PURPOSE

The purpose of this report is to seek exceptions from Council, in accordance with the *Local Government Regulation 2012*, to enter into multiple Leases with Community Organisations other than via a tender or auction process.

EXECUTIVE SUMMARY

The *Local Government Regulation 2012*, section 224(6) provides that the grant of a lease over land or buildings is a disposal of a valuable non-current asset and section 227 provides that this disposal must be by written tender or auction.

Pursuant to section 236(1)(b) of *Local Government Regulation 2012*, an exception to the granting of a lease to a community organisation by tender or auction, may occur if Council resolves that the exception applies.

The exception, provided under Section 236(1)(b) is proposed to apply to the following community organisations:

- (i) 4 Paws Animal Rescue Inc. (4 Paws) & Sippy Creek Animal Refuge Society Inc. (SCARS)
- (ii) Coolum Bridge Club
- (iii) North Coast 4x4 Club
- (iv) Sunshine Coast Bee Keepers.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled "Provision of Leases to Multiple Community Organisations"**
- (b) resolve pursuant to section 236(2) of the *Local Government Regulation 2012* that an exception to dispose of an interest in land (lease) in the properties identified in *Appendix A – Proposed sites for multiple lease areas*, other than by tender or auction be applied, as the disposal is to community organisations as per section 236(1)(b)(ii) and**
- (c) resolve to enter into a community Lease arrangement with the following community organisations:**
 - (i) 4 Paws Animal Rescue Inc. (4 Paws) & Sippy Creek Animal Refuge Society Inc. (SCARS)**
 - (ii) Coolum Bridge Club Inc.**
 - (iii) North Coast 4x4 Club Inc.**
 - (iv) Sunshine Coast Bee Keepers Inc.**

FINANCE AND RESOURCING

The annual rental charge for community leases is one unit, currently \$255 as per Council's *Fees and Charges Register for 2017/18*.

A lease term of up to 30 years is proposed for the Coolum Bridge Club Inc. in acknowledgement of the significant financial contribution from the community group to make the building compliant with current legislative building and accessibility standards, as detailed later in this report. This will result in a total of up to \$7,650 received rental revenue over the lease term.

A proposed 10 year lease term over the remaining four properties identified in *Appendix A – Proposed sites for multiple lease areas*. This will result in Council receiving rental revenue to the value of \$2,550 from each of the remaining four community organisations.

Each of the Lessees will be responsible for Lease preparation costs, all outgoings, operational and maintenance (including structural repair) costs of the properties, as per Council's *Community Groups Occupying Council Owned or Controlled Land and/or Infrastructure Policy*. Council's direct ongoing operational costs for each of the properties is anticipated to be nil. However, groups may be eligible to access grant funding for some projects.

CORPORATE PLAN

Corporate Plan Goal:	Service excellence
Outcome:	We serve our community by providing this great service
Operational Activity:	S24 - Property management - comprehensive management of Council's land and building assets to ensure that Council's property dealings are optimised, centrally managed, and support Council's objectives.

CONSULTATION

Portfolio Councillor Consultation

This report is seeking an exception to the tender or auction process required under the *Local Government Regulation 2012*. Consultation with respective Portfolio and/or Divisional Councillors will occur as part of the negotiation and establishment of leases.

Internal Consultation

Internal consultation has occurred for each of the proposed leases to community organisations referred to in this report. Each of the respective divisional councillors have been consulted, as have the following areas of Council:

- Community Services, Community Planning and Development Branch
- Community Services, Community Response Branch
- Community Services, Sport and Community Venues Branch
- Economic Development and Major Projects, Economic Development Branch
- Economic Development and Major Projects, Commercial Branch
- Infrastructure Services, Civil Asset Management Branch
- Infrastructure Services, Environmental Operations Branch
- Infrastructure Services, Parks and Gardens Branch
- Infrastructure Services, Project Delivery Branch
- Infrastructure Services, Transport Infrastructure Management Branch
- Planning and Environment, Strategic Planning Branch

Comments received from council officers were either supportive of the proposal or held no objections.

External Consultation

Discussions have commenced with the community organisations referred to in this report to explain the requirements and applicability of the *Local Government Regulations 2012* in establishing leases.

Community Engagement

There has been no community engagement in relation to this report except for the proposal relating to Coolum Bridge Club Inc whereby, due to the funding commitments required to make the premises compliant with current building legislation, a registration of interest to enter into a lease was sought from community organisations in the Coolum area.

PROPOSAL

The proposal is to seek a Council resolution to grant a lease to each of the community organisations referred to in this report over the properties identified in *Appendix A – Proposed sites for multiple lease areas* and that pursuant to Section 236(2) of the *Local Government Regulation 2012*, the community organisations referred to in this report may be excepted from being offered a lease by tender or auction.

The following describes the community organisation, property and circumstances of each proposal.

(i) 4 Paws Animal Rescue Inc (4 Paws) & Sippy Creek Animal Refuge Society Inc (SCARS)

It is proposed to lease Area F on Lot Plan 636 SP237585 (14 Sippy Creek Road, Tanawha), refer *Appendix A – Proposed sites for multiple lease areas*.

Lease F comprises the former Council operated Sippy Creek Animal Pound, which was vacated upon construction of Council's new Sippy Creek Animal Pound facility, located further along Sippy Creek Road.

4 Paws and SCARS have expressed an interest in a joint 10 year lease over the property.

4 Paws provides refuge for displaced dogs and cats. They are a non-profit organisation run entirely by volunteers and rely solely on donations. Most of the animals which come into their care are directed there from the Council operated Animal Pound and are predominantly surrendered or abandoned. Animals are housed with the group until they can be re-homed. 4 Paws currently operate, under a Licence, from a premises (former caretaker's residence) on Council owned land adjacent to the former Council Animal Pound.

SCARS, established in 1979, is an independent, non-profit charitable organisation and has a non-euthanasia policy. All cats and dogs admitted are vet checked, vaccinated, wormed, de-sexed, micro chipped and medically treated if necessary prior to being available for adoption to the public. The group are managed by an unpaid elected committee and run by a small staffing compliment and a large dedicated group of volunteers.

SCARS currently operate from a site adjoining the former Council Animal Pound under a lease direct with the State Government.

Both organisations have a long history with (and presence) at the site, the granting of a 10 year lease over the property would enable the groups to more easily complement the activities of Council's new Sippy Creek Animal Pound facilities.

A 10 year lease is recommended to be negotiated with 4 Paws Animal Rescue Inc (4 Paws) & Sippy Creek Animal Refuge Society Inc (SCARS).

(ii) Coolum Bridge Club Inc.

It is proposed to lease Lot 34 RP90559, part of Lot 33 RP90559, and part of Lot 357 RP91490 (Jones Parade Park, Cnr of Banksia Avenue / Jones Parade, Coolum Beach), refer *Appendix A – Proposed sites for multiple lease areas*.

The Lease area comprises three small land parcels described as Jones Parade Park. The site is to accommodate a community building relocated by Council from nearby Jack Morgan Park as per previous Council Resolution (OM16/165). The building will be sited over the three land parcels, and once relocated is intended to be upgraded to make the facility compliant with current building legislation, access requirements, to maximise internal space for activities and community venue hire, with provision of onsite car parking.

Coolum Bridge Club Inc. have been identified, through a registration of interest process, as the most viable community group to occupy the relocated community building.

The club have satisfied the requirements of having funding capacity to provide a significant financial contribution towards making the building fit for their purpose, contracting an extension to the building footprint including storage and establishment of onsite car parking. This will support the Coolum Bridge Club Inc. to undertake their activities and enable them to cater for multi-user group utilisation for broader community benefit.

A lease of up to 30 years is recommended to be negotiated with Coolum Bridge Club Inc. This reflects the significant financial contribution required by the club in upgrading facilities.

(iii) North Coast 4x4 Club Inc.

It is proposed to lease Area AN on Lot Plan 940 SP127767, Yandina Sports Complex, North Street, Yandina. Lease area AN is situated on the Carnival Street side of the Yandina Sports Complex, refer *Appendix A – Proposed sites for multiple lease areas*.

The site comprises the former Yandina Guides building and adjoins the current Yandina Scouts building. Until 2016, the Guides and Scouts leased directly from the State of Queensland on a single lease area. The state has now passed control of these community building assets to Council.

Scouts are still an active group and will continue to use their facility under a new lease arrangement with Council. In September 2016, Council resolved (OM16/161) to apply an exception to Yandina Scouts, pursuant to section 236(2) of *Local Government Regulations 2012*, to enable a new lease to be granted to Scouts other than via tender or auction. The Girl Guides ceased to use their facility many years ago and in 2003 entered into a sub-lease arrangement with the North Coast 4x4 Club Inc. It is recommended for Council to enter into a lease arrangement directly with North Coast 4x4 Club Inc.

A new survey plan has been arranged in order to separate the single Lease area. This will now identify two lease areas, Lease area AM for the Scouts lease and Lease area AN for the former Guides lease area.

The North Coast 4x4 Club was established in 1998 with 16 foundation members. The club currently has 62 members, both individual and family membership; approximately 100 people total. During the 14 years the club has occupied the building they have maintained the grounds and undertaken a number of renovations and repairs.

Although the club could not share the facility while under a lease arrangement with the guides, they would be willing to make the facility available for other uses at an affordable hire fee.

The club has been in this building for a number of years as it is central to the Sunshine Coast and has easy access from the highway. As such, the club gets healthy representation at monthly meetings and positive engagement from members. The club is one of the few 4WD clubs in SEQ that can afford a clubhouse and is one of the reasons they have become one of the larger 4WD clubs in the region.

A 10 year lease is recommended to be negotiated with North Coast 4x4 Club Inc.

(iv) Sunshine Coast Bee Keepers Inc.

Proposal is to lease Area AJ on Lot Plan 940 SP127767, Yandina Sports Complex, North Street, Yandina. Lease area AJ is situated on the Farrell Street side of the Yandina Sports Complex, refer *Appendix A – Proposed sites for multiple lease areas*. Lease area AJ is 3726m².

Formerly a lawn bowls club, the lease area is relatively level with easy access from Farrell Street. The community lease area can easily accommodate more than one community group and it is proposed to split the area into two lease areas (one comprising the existing building, the other comprising the former lawn bowls area) with common access and parking.

Until late 2016, the site was leased to the Yandina Community Centre Inc. During their tenure, the Yandina Community Centre focused most of their activities within the building and did not fully utilise the balance of the property. This group ceased operations in 2016 and vacated the property.

It is proposed that the Sunshine Coast Bee Keepers Association Inc. be granted a lease over the former lawn bowls area. A 12 month Permit to Occupy has recently been granted to Independent Theatre Inc. over the Lease area comprising the former Yandina Community Centre building.

The Sunshine Coast Beekeepers Inc was established 16 years ago by a small group of amateur enthusiasts to discuss common problems and to assist others to get started in the craft of beekeeping.

The meetings were held at various members' houses, but as attendances now regularly exceed 40 people this is now impractical.

The group is seeking to establish its own base from which they can grow the group and improve the service to the community as a whole, providing a forum and facilities where members and potential members can learn about beekeeping, the industry in general; increasing public awareness of the importance of bees in our environment and the beneficial qualities of natural honey. To this end, the group was incorporated in 2016 and intends to host regular guest speakers, provide a mentoring program for new beekeepers, a free library service and a monthly newsletter.

The Sunshine Coast Bee Keepers Inc. propose to develop a part of the community lease area AJ, where the bowling greens were once located, and construct a 120m² steel frame shed on a concrete slab. The shed would be divided into three sections to cater for:

- Main assembly area
- Storage room, and
- Work area

One or two demonstration hives would be located on the site and the entire site would be protected by a substantial fence to exclude roaming animals.

A 10 year lease is recommended to be negotiated with Sunshine Coast Bee Keepers Inc.

Legal

Legal Services have been consulted on this process to ensure Council complies with section 236 of *Local Government Regulations 2012*.

Policy

This request is in accordance with the following Council policies:

1. *Procurement Policy*, and
2. *Community Groups Occupying Council Owned or Council Controlled Land and/or Infrastructure Policy*

Risk

Any identified risks to community groups leasing Council property are managed within the terms of the lease.

Previous Council Resolution

Previous Council Resolution (OM16/165) relating to the "*Potential Relocation of Coolum Community Centre Building*" from Council Ordinary Meeting 15 September 2016 is relevant to the proposal for Coolum Bridge Club Inc.

Previous Council Resolution (OM16/161) relating to the "*Exceptions Under Local Government Regulation 2012 for Community Organisations and Government Agencies*" from Council Ordinary Meeting 15 September 2016 is relevant to Yandina Scouts, which is referenced in the proposal for North Coast 4x4 Club Inc.

Related Documentation

There is no related documentation relevant to this report.

Critical Dates

While there are no critical dates relevant to this report, the proposed leases will require a process of negotiation, preparation and land surveys in order to be established.

Implementation

Should Council resolve that leases may be granted to the Community organisations referred to in this report and that exceptions apply, new leases will be registered as they are executed.

8.5 ECONOMIC DEVELOPMENT AND MAJOR PROJECTS

Nil

8.6 OFFICE OF THE MAYOR AND THE CEO**8.6.1 SUNSHINE COAST COUNCIL INTERNATIONAL RELATIONS POLICY AND MISSIONS**

File No:	Council Meetings	
Author:	Senior Project Officer Office of the Mayor and Chief Executive Officer	
Appendices:	App A - 2017-2018 Sunshine Coast International Missions Program.....	143
Attachments:	Att 1 - Report on the implementation of the International Missions Program	145

PURPOSE

This report provides an overview of International Relations activities undertaken in the period 1 January 2016 to 30 June 2017 and proposes the Sunshine Coast International Missions Program for 2017-2018.

EXECUTIVE SUMMARY

Council's international relations and engagement activities are undertaken in accordance with the International Relations Policy. The program of activities undertaken on an annual basis encompass many aspects of fostering local to global connections, in order to raise awareness of the region's investment and export opportunities and better position the Sunshine Coast in key markets.

A report on Council's International Relations activities is provided to Council on an annual basis. The report provided at **Attachment 1** covers the eighteen month period of 1 January 2016 to 30 June 2017, as a result of the change agreed by Council on 21 April 2016 to move the international relations reporting arrangements from a calendar year to a financial year basis.

The detailed Report on the *Implementation of the International Relations Policy and the Sunshine Coast International Missions Program, January 2016-June 2017* ("the Report") at **Attachment 1** is provided for Council's consideration. Key activities detailed in this report include:

hosting fifteen inbound delegations

- one investment mission in May-June 2016 to Hong Kong, China, South Korea and San Francisco
- two outbound trade missions to Japan, China and Hong Kong
- managing a range of requests and support activities associated with three of Council's existing international agreements
- participating in exhibitions, forums, seminars and trade events within Australia to promote the region to an international audience
- hosting regional visits and market briefings for Queensland Government Trade and Investment Commissioners and Austrade Trade Commissioners and
- supporting youth and cultural exchanges with Xiamen in China, and Tatebayashi and Izumisano in Japan.

This program of activities and engagement has been instrumental in achieving:

- support for the introduction of Sunshine Coast businesses to new markets in Asia
- wider awareness of the investment opportunities associated with Council's key projects, namely SunCentral Maroochydore, the proposed international broadband submarine cable and the expansion of the Sunshine Coast Airport
- greater awareness of the export capabilities of the Sunshine Coast's local businesses
- raising the profile of the Sunshine Coast as a visitor destination in Korea;
- participation by a wider range of parties in competitive market processes associated with Council's key projects and
- Queensland and Australian government representatives being better informed of the economic, trade and investment priorities of the region and are thus able to identify new market opportunities for Sunshine Coast businesses and advocate "in market" on their behalf.

In line with the requirements of the International Relations Policy, a 2017-2018 International Missions Program (see **Appendix A**) is proposed for Council's endorsement. The program makes provision for one investment mission and one trade mission focused on one or more of this region's nominated high-value industries. Specific industry focus, destinations within nominated countries and the timing of the trade mission is to be determined through direct industry engagement.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled "Sunshine Coast Council International Relations Policy and Missions"**
- (b) note the Report on the Implementation of the International Relations Policy and the Sunshine Coast International Missions Program, January 2016-June 2017**
- (c) approve Council's participation in the 2017-2018 Sunshine Coast International Missions Program (Appendix A) and**
- (d) approve the overseas travel and costs associated with the international missions identified in Appendix A.**

FINANCE AND RESOURCING

International Missions Program expenditure for the reporting period was within budgeted allocations –the total costs were \$79,938 against a total allocated budget of \$91,000. It is to be noted that the annual Investment Mission approved in the 2016-2017 program to be undertaken in May 2017 has been deferred to September 2017 to coincide with the renewal of Council's Friendship Agreement with Fenland District Council and the Asia Pacific Cities Summit, which is being attended by a delegation of south east Queensland Mayors. Funding of \$30,000 to meet the costs of the deferred mission has been committed from the current financial year to meet those expenses, with any other costs to be met from the 2017-2018 budget for this program.

The costs of the proposed program for 2017-2018 have been incorporated into the approved 2017-2018 budget for International Relations activities. The budget allocated for the International missions, of approximately \$74,500, represents 0.01% of Council's total budget for 2017-2018 and approximately 0.25% of Council's budget allocated to supporting initiatives arising from the implementation of the Regional Economic Development Strategy.

The costs nominated for each mission are an estimate due primarily to the variability in international airfares, fluctuating prices that can occur as discounted airfares are released and the volatility of exchange rates. In making travel arrangements, every effort is made to secure the most competitive airfare available for the intended travel route and realise savings against the approved budget. In each case, the cost estimate includes the cost of Councillor and Council officer travel and accommodation, visas (where required) and on-ground travel.

CORPORATE PLAN

Corporate Plan Goal: *A smart economy*

Outcome: 1.4 - Strong local to global connections

Operational Activity: 1.4.1 - Plan and coordinate delivery of the approved 2017-2018 International Missions Program.

CONSULTATION

Portfolio Councillor Consultation

In developing the 2016-2017 Report and the proposed 2017-2018 Program, consultation has been undertaken with:

- Mayor Mark Jamieson
- Deputy Mayor Tim Dwyer
- Councillor Jenny McKay

It should be noted that further Councillor Consultation will be undertaken prior to the determination of the industry and destination of the proposed 2017-2018 Trade Mission.

Internal Consultation

In developing the 2016 Investment Mission and 2016-2017 Report and the proposed 2017-2018 Program, consultation has been undertaken with:

- Chief Strategy Officer
- Manager, Economic Development
- Coordinator, Investment Attraction, Economic Development and Major Projects Branch
- Coordinator, High Value Industries, Economic Development and Major Projects Branch
- Coordinator, Smart Cities Framework, Infrastructure Services

External Consultation

In developing the 2016-2017 Report and the proposed 2017-2018 Program, consultation has been undertaken with:

- Trade and Investment Queensland (including relevant Trade and Investment Commissioners)
- Visit Sunshine Coast
- Australian Trade and Investment Commission
- Manager, Regional Economic Development (SEQ North Regional Office), Department of State Development
- SunCentral Maroochydore Pty Ltd
- Food and Agribusiness Network, Sunshine Coast
- Participants in the TIQ Trade Mission to Hong Kong and Taiwan, May 2017

Community Engagement

There is no Community Engagement applicable for this report.

PROPOSAL

One of the key principles underpinning *Sunshine Coast: The Natural Advantage -Regional Economic Development Strategy 2013-2033* is the recognition that the region needs to shift from a consumption-based economy to one that is outwardly focused, investment oriented and connected to global and emerging markets.

Through the work of Council and many others in the region, clear evidence is emerging of some structural shifts in the economy with a greater diversity of business investment occurring within the nominated high-value industries and better performance of the region across a range of economic indicators.

A key economic policy priority for Council in facilitating this shift is to strengthen the region's economic foundations, support local business and create an environment that encourages investment and generates enduring employment and career opportunities for the community. Broadening access to the global market place is an essential element of:

- improving the competitiveness of the region;
- sourcing new capital to enable business and employment growth;
- expanding the availability of facilities and infrastructure that the community will need as the region continues to grow; and
- showcasing the Sunshine Coast's export capabilities and attractions within the global environment.

To this end, on 18 February 2014, Council adopted (SM14/1) its first International Relations Policy, which determined the organisation's corporate approach to international engagement. The Policy is directed at maintaining and enhancing Council's international reputation and providing a robust and transparent framework for Council's relationships and engagement with international entities. These objectives were purposefully targeted to ensure Council approaches its international engagement in a manner that is focused on building a professional and compelling value proposition in wider markets and with other international governments.

As part of that Policy and in line with commitments in the *Regional Economic Development Strategy 2013-2033*, Council now also develops and endorses each year, a prospective program of missions to promote awareness of key investment opportunities in the region and to assist local businesses to access new markets. One of the central accountability tenets of the Policy is that a formal report is presented to Council each year on the prior year's international missions program and other related activities.

This report presents to Council the activities conducted in 2016 (January to June) and the 2016-2017 financial year. The activities conducted in the first half of the 2015-2016 financial year (July to December 2015) were reported to Council in the 2015 report that was considered on 21 April 2016.

The Report on the *Implementation of the International Relations Policy and the Sunshine Coast International Missions Program, January 2016-June 2017* (see **Attachment 1**) demonstrates a considerable body of international engagement, trade and investment related activities undertaken to support Council's core economic priorities. Some of the activities were associated with international missions, while other activities were undertaken domestically to take advantage of on-shore events, programs and trade and diplomatic visits.

The adopted International Missions Program (2016-2017) included approval for a combined Trade and Investment Mission to the United Kingdom, Germany and Israel, to be led by the Mayor in May 2017. This mission has been postponed to August 25 -September 12 2017, to

coincide with the 20th anniversary of the signing of the Fenland District Council Friendship Agreement and the invitation from that Council for the Mayor to reconfirm the Friendship Agreement in September. It will also enable the Mayor to attend the Asia Pacific Cities Summit in Korea (as part of the Council of Mayors South East Queensland delegation) - and thus avoid the need for two overseas visits in 2017.

Council's international relations and engagement activities encompass many aspects of fostering local to global connections in order to raise awareness of the region's investment opportunities and better position the Sunshine Coast in key markets.

In the period 1 January 2016 to 30 June 2017 these activities included:

- hosting fifteen inbound delegations
- two outbound trade missions to Japan, China and Hong Kong
- one outbound investment mission to Hong Kong, China, South Korea and the USA;
- managing a range of requests and support activities associated with three of Council's existing international agreements
- participating in exhibitions, forums, seminars and trade events within Australia to promote the region to an international audience
- hosting regional visits and market briefings for Queensland Government Trade and Investment Commissioners and Austrade Trade Commissioners and
- supporting youth and cultural exchanges with Xiamen in China, and Tatebayashi and Izumisano in Japan.

This program of activities and engagement has been instrumental in achieving:

- supporting Sunshine Coast businesses to access new export markets in Asia
- wider awareness in key markets of the investment opportunities associated with Council's key projects, namely SunCentral Maroochydore, the international broadband submarine cable and the expansion of the Sunshine Coast Airport. This also contributed to generating a wider level of expressions of interest in the process to engage a commercial partner for the Sunshine Coast Airport
- greater awareness of the export capabilities of the Sunshine Coast's local exporters;
- Two feature episodes on Korea's premier travel program on the Sunshine Coast, which reached over 3 million households in South Korea
- the identification of parties who may participate in competitive market processes seeking investment in Council's key projects and
- Queensland and Australian government representatives who are better informed of the economic, trade and investment priorities of the region and are thus able to identify new market opportunities for Sunshine Coast businesses and advocate "in market" on their behalf.

In line with the requirements of the International Relations Policy, a 2017-2018 International Missions Program (see **Appendix A**) is proposed for Council's endorsement. The program makes provision for one investment mission and one trade mission focused on one or more of this region's nominated high-value industries. Specific industry focus, destinations within nominated countries and the timing of the trade mission is to be determined through direct industry engagement. The proposed 2017-2018 International Missions Program will ensure continuation of achievements to strengthen the region's economic foundations.

Reporting

In line with the Policy, a report will be provided to Council in 2018 on the conduct of Council's international relationships, missions and delegations implemented in 2017-2018. This report will accompany any proposals for a 2018-2019 International Missions Program.

Legal

There are no specific legal matters arising for Council from the Report or the proposed 2017-2018 Program. Council does not provide specialist financial or commercial advice to businesses or individuals who participate in missions. Participants travel at their own cost and are advised to purchase their own travel and related insurances in the event of accident, injury or loss of property. All regional marketing collateral carries a disclaimer that recipients should exercise their own judgment and seek their own professional advice before relying on information contained therein.

In accordance with section 188 of the *Local Government Regulation 2012*, any international travel undertaken by a Councillor or Council officer as part of an international mission has been – and will be – reported in Council's Annual Report for the financial year in which the travel occurred.

Policy

This report has been completed to accord with the requirements of Council's International Relations Policy.

The activities covered by the Report and the destinations, projects and industries nominated as focal areas for the proposed 2017-2018 Program are consistent with the policy settings, priorities and actions nominated in *Sunshine Coast- The Natural Advantage: Regional Economic Development Strategy 2013-2033*.

Risk

Should Council decide not to continue participating in the activities authorised in its International Relations Policy, this would potentially place the following at risk:

- The attainment of relevant goals and the delivery of actions nominated in *Sunshine Coast -The Natural Advantage: Regional Economic Development Strategy 2013-2033*
- The ability of Council to meaningfully facilitate introductions for local businesses to new export markets and support trade and export growth from this region, which has implications for building structural resilience in the regional economy
- The ability to generate wider-scale investor interest in Council's major projects without which, Council may be unlikely to realise the benefits associated with greater competitive tension when seeking investment in these projects and
- The ability of the region to attract and secure domestic infrastructure and business investment given the potential for the region's economy to be viewed as having limited depth in terms of broad-scale private investment and capacity to export.

There is a risk of a negative public reaction to expenditure associated with participating in international missions. The pursuit of investment that will facilitate the delivery of key regional projects is necessary if the region is to improve its infrastructure mix, strengthen the regional economy and achieve a more sustainable and prosperous community. Similarly, facilitating access to new export markets for local business and industry is a legitimate activity for local government. These activities are carried out by many other local governments in Queensland and Australia as a means to strengthen the local business environment, grow investment in local business and supply chains and generate new employment opportunities. Annual reporting of International Relations activities provides requisite transparency and accountability.

Council's commitment to support an annual program of international missions has also been in the public domain since the launch on 24 September 2013 of *Sunshine Coast- The Natural Advantage: Regional Economic Development Strategy 2013-2033*.

Previous Council Resolution

There have been multiple Council Resolutions relevant to Council's International Relations Policy and International Missions Program since 2013.

Council resolved on 21 April 2016 (OM16/56) as follows:

That Council:

- (a) *receive and note the report titled "Sunshine Coast International Relations Policy and Missions"*
- (b) *note the annual Report on the Implementation of the International Relations Policy and 2015 Sunshine Coast International Missions Program (Appendix A)*
- (c) *approve Council's participation in the 2015-2016 Investment Mission (Appendix B) and the 2016-2017 Sunshine Coast International Missions Program (Appendix C) and*
- (d) *approve the overseas travel associated with the international missions identified in Appendix B and Appendix C, with the costs for the 2015-2016 International Mission to be met from the 2015-2016 budget for the Strategy and Coordination Branch and an amount of \$61,000 referred to the 2016-2017 budget process.*

Council resolved on 26 February 2015 (OM15/20) as follows:

That Council:

- (a) *receive and note the report titled: "**Sunshine Coast International Relations Policy and Missions Program**"*
- (b) *note the first annual Report on the implementation of the International Relations Policy and 2014 Sunshine Coast International Missions Program (Appendix A)*
- (c) *approve the 2015 Sunshine Coast International Missions Program (Appendix B) and*
- (d) *approve the overseas travel identified in the 2015 Sunshine Coast International Missions Program at Appendix B, with \$55,847 of the associated costs to be met from the 2014-2015 budgets for the Strategy and Coordination Branch and the Sunshine Coast Airport and an amount of \$21,450 to be referred to the 2015-2016 budget process.*

Related Documentation

- Sunshine Coast Council International Relations Policy
- *Sunshine Coast – The Natural Advantage: Regional Economic Development Strategy 2013–2033*
- Sunshine Coast Council Corporate Plan 2017-2021
- *Advancing Trade and Investment, Queensland Trade and Investment Strategy 2017-2022*, Trade and Invest Queensland
- *China, Towards 2016*, Tourism and Events Queensland
- *International Education and Training Strategy to Advance Queensland, 2016-2026*, Trade and Invest Queensland
- Sunshine Coast Council Business Investment Policy

Critical Dates

Given the lead times involved in the organisation and programming of international missions and the growing number of requests for the region to host international delegations, an early decision on this report is sought so that appropriate logistical arrangements can be implemented.

Implementation

Subject to Council's endorsement of this report, programming arrangements will commence immediately for the mission proposed to be undertaken in September of this year.

As indicated above, all details associated with overseas travel will be appropriately reported in Council's Annual Report for the relevant financial year as required under section 188 of the *Local Government Regulation 2012*.

8.6.2 APPOINTMENT ACTING MAYOR

File No: Council meetings

Author: Chief Executive Officer
Office of the Mayor and Chief Executive Officer

That Council, in accordance with section 165(2) of the Local Government Act 2009, appoint a Councillor as Acting Mayor for the period of 20 August 2017 – 28 August 2017 inclusive.

9 NOTIFIED MOTIONS**10 TABLING OF PETITIONS**

Petitions only eligible for submission if:

- * Legible
- * Have purpose of the petition on top of each page
- * Contain at least 10 signatures
- * Motion limited to:
 - Petition received and referred to a future meeting
 - Petition received and referred to the Chief Executive Officer for report and consideration of recommendation
 - Petition not be received

11 CONFIDENTIAL SESSION**11.1 PLANNING AND ENVIRONMENT****11.1.1 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - PROPOSED LAND ACQUISITION, LANDSBOROUGH**

File No: Meeting Management
Author: Coordinator Biodiversity and Waterways
Planning and Environment Department

This report is confidential in accordance with section 275 (h) of the *Local Government Regulation 2012* as it contains information relating to other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.

11.1.2 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - PROPERTY ACQUISITION AT 5 ELIZABETH STREET, KENILWORTH

File No: F2015/19001
Author: Coordinator Open Space and Social Policy
Planning and Environment Department

This report is confidential in accordance with section 275 (g) of the *Local Government Regulation 2012* as it contains information relating to any action to be taken by the local government under the Planning Act, including deciding applications made to it under that Act.

11.1.3 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - FUTURE TRANSPORT CONSIDERATIONS

File No: Council meetings
Author: Acting Manager Major Urban Developments
Planning and Environment Department

This report is confidential in accordance with section 275 (h) of the *Local Government Regulation 2012* as it contains information relating to other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.

11.2 COMMUNITY SERVICES

Nil

11.3 INFRASTRUCTURE SERVICES

Nil

11.4 CORPORATE SERVICES

Nil

11.5 ECONOMIC DEVELOPMENT AND MAJOR PROJECTS**11.5.1 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - ACQUISITION OF LAND FOR ROAD PURPOSES - MOOLOOLABA**

File No: Council Meeting
Authors: Principal Property Officer
Economic Development and Major Projects Department
Manager Commercial
Economic Development and Major Projects Department

This report is confidential in accordance with section 275 (f) of the *Local Government Regulation 2012* as it contains information relating to starting or defending legal proceedings involving the local government.

11.5.2 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - COMMERCIAL LEASE PROPOSAL

File No: Council Meeting
Authors: Principal Property Officer
Economic Development and Major Projects Department
Coordinator Property, Projects and Development
Economic Development and Major Projects Department

This report is confidential in accordance with section 275 (h) of the *Local Government Regulation 2012* as it contains information relating to other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.

11.5.3 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - STRATEGIC ACQUISITION - MOOLOOLABA

File No: Council meetings
Author: Coordinator Property, Projects and Development
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.

11.6 OFFICE OF THE MAYOR AND THE CEO

Nil

12 NEXT MEETING

The next Ordinary Meeting will be held on 17 August 2017 in the Council Chambers, Corner Currie and Bury Streets, Nambour.

13 MEETING CLOSURE