

Agenda

Special Meeting (Region Shaping Projects)

Thursday, 14 November 2019

commencing at 2:00pm

Council Chambers, 1 Omrah Avenue, Caloundra

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	DECLARATION OF OPENING	5
2	RECORD OF ATTENDANCE AND LEAVE OF ABSENCE	5
3	INFORMING OF PERSONAL INTERESTS.....	5
3.1	MATERIAL PERSONAL INTEREST	5
3.2	CONFLICT OF INTEREST / PERCEIVED CONFLICT OF INTEREST	5
4	REPORTS DIRECT TO COUNCIL	7
4.1	SUNSHINE COAST AIRPORT EXPANSION PROJECT UPDATE	7
4.2	SUNSHINE COAST INTERNATIONAL BROADBAND NETWORK PROJECT	17
5	NEXT MEETING.....	27
6	MEETING CLOSURE.....	27

1 DECLARATION OF OPENING

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

2 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE**3 INFORMING OF PERSONAL INTERESTS****3.1 MATERIAL PERSONAL INTEREST**

Pursuant to Section 175C of the *Local Government Act 2009*, a Councillor who has a material personal interest in an issue to be considered at a meeting of the local government, or any of its committees must –

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

3.2 CONFLICT OF INTEREST / PERCEIVED CONFLICT OF INTEREST

Pursuant to Section 175E 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.

The other Councillors must then decide

- (a) whether the Councillor has a real conflict of interest or perceived conflict of interest in the matter and
- (b) if they decide the Councillor has a real conflict of interest or perceived conflict of interest in the matter
 - (i) whether the Councillor must 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, or
 - (ii) that the Councillor may participate in the meeting in relation to the matter, including by voting on the matter.

4 REPORTS DIRECT TO COUNCIL**4.1 SUNSHINE COAST AIRPORT EXPANSION PROJECT UPDATE****File No:** SCAEP Quarterly Reporting**Author:** Project Director (Sunshine Coast Airport Expansion)
Built Infrastructure Group

PURPOSE

The purpose of this report is to update Council on the progress of the Sunshine Coast Airport Expansion Project as at 30 September 2019. Information on project related matters since that time will be provided as an update at the Council meeting.

EXECUTIVE SUMMARY

This report provides an update on the Sunshine Coast Airport Expansion Project (the Project) and more specifically, the significant activities undertaken and milestones achieved by the Principal and the Design and Construct Contractor (Contractor) in the quarter to 30 September 2019. Site works on the project have progressed significantly and the project remains on schedule for the May 2020 opening of the major element of the runway and associated infrastructure.

Updates on the ancillary works program and the proposed Airspace Change Proposal (ACP) are also provided within this report.

Discussions continued with the Department of Environment and Science (DES) on the water quality parameters set under the Environmental Authority (EA) and the water release options.

The procurement activities for the quarter include:

- Contaminated Land Auditor (Q1913) awarded to Lloyd Consulting Environmental Services on 14 August 2019.
- Tree Maintenance Services - Separable Portion G ITT1785B (contract variation) for Aboricultural Contractors Australia Pty on 6 September 2019.
- Provision of Ongoing PFAS Management for SCAEP (Q1938) issued to Core Consultants Pty Ltd on 18 September 2019.
- In accordance with the 2019/20 Procurement Policy, suppliers from the Register of Pre-Qualified Suppliers and Preferred Supplier Arrangements have been engaged for services under the following categories:
 - Trade and General Maintenance
 - Dry Hire - Site Equipment.

OFFICER RECOMMENDATION

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

FINANCE AND RESOURCING

The total cost for the delivery of the new runway was budgeted and profiled over five financial reporting periods.

The Project budget adopted by Council for the financial year 2019/20 is \$126.89 million and includes the carry-over of approved funds unspent during the 2018/19 year. The under expenditure related to programmed works which were not completed in the previous financial year. Throughout the reporting period, regular reviews of the Project cash flow have been undertaken. The Project cash flow includes contract and ancillary works package expenditure management and other related costs.

The Principal's Representative is responsible for administration of the Design and Construct Contract.

External consultants have been engaged to assist with the mandatory monitoring activities in accordance with the Coordinator Generals Evaluation Report and subsequent environmental approvals and permits as well as amendments to those approvals and permits.

To date, the project had been funded by a Concessional Loan from the Federal Government with drawdowns to 30 June 2019 totaling \$86,556,575. These drawdowns covered costs incurred by Council for the principal contractor for the period 1 July 2018 to 30 April 2019.

During Quarter 1, Council repaid the drawdowns on the Concessional Loan with borrowings from Queensland Treasury Corporation (QTC) at a reduced interest rate (ie 1.3%) compared to that offered by the Federal Government Concessional Loan (ie. 2.5%). Council will continue to fund this project with borrowings from QTC. This has resulted in approximately \$4 million in savings via reduced interest payments.

CORPORATE PLAN

Corporate Plan Goal: *A smart economy*

Outcome: 3.3 - Investment and growth in high-value industries

Operational Activity: 3.3.1 - Manage the Sunshine Coast Airport Expansion Project, ensuring compliance with state and federal agency regulatory requirements.

CONSULTATION

Councillor Consultation

In accordance with the Project's Governance Framework, the Deputy Mayor, relevant Portfolio Councillors and the Division Councillor meet on a quarterly basis to oversee activities relating to the project, including discussion of key issues impacting the project.

Internal Consultation

- Chief Executive Officer
- Group Executive Built Infrastructure
- Group Executive Economic and Community Development
- Chief of Staff, Office of the Mayor & CEO
- Acting Chief Strategy Officer, Office of the Mayor & CEO
- General Counsel, Office of the Mayor & CEO
- Manager Communication, Office of the Mayor & CEO
- Chief Financial Officer, Finance
- Project Director (Workplace), Business Performance
- Coordinator Financial Accounting, Finance
- Manager Environment & Sustainability Policy (Acting)

- Coordinator Strategic Property, Office of the Mayor & CEO

External Consultation

- Sunshine Coast Airport (SCA)
- John Holland Pty Ltd
- Beca Consulting Pty Ltd
- Aurecon Australasia Pty Ltd
- King & Wood Mallesons
- Clayton Utz
- Office of the Coordinator-General
- Department of Environment and Science
- Mr Ted O'Brien MP – Federal Member for Fairfax, Queensland
- Mr Llew O'Brien MP – Federal Member for Wide Bay, Queensland
- Ms Fiona Simpson MP - State Member for Maroochy, Queensland
- Mr Daniel Purdie MP - State Member for Ninderry, Queensland
- Ms Sandy Bolton MP - State Member for Noosa, Queensland
- Noosa Shire Council - Mayor, Councillors and Executive Managers
- BMT WBM Pty Ltd
- Core Consulting Pty Ltd
- Future-Plus Environmental
- Civil Aviation Safety Authority (CASA)
- Airservices Australia (AA)
- Aircraft Noise Ombudsman (ANO)
- Kabi Kabi First Nation People Claimant Representatives
- PropPro Property Professionals
- Sunshine Coast Environment Council (SCEC)
- Various community groups.

Various Project groups have continued to meet in accordance with the Project's Governance Framework, namely:

- SCAEP Project Control Group - Meets on a quarterly basis to oversee the coordination of all activities relating to the project, including discussion of key issues impacting the project.
- SCAEP Project Steering Group - Meets monthly to discuss the activities relating to the delivery of the project and is chaired by the Group Executive Built Infrastructure.
- The Sunshine Coast Airport Project Control Group attended by two representatives each from Council and from the airport operator Sunshine Coast Airport Pty Ltd meets monthly. This meeting is chaired by the Group Executive Built Infrastructure.

Interaction with Airservices Australia is conducted in accordance with the Terms of Reference Agreement with Airservices Australia and Sunshine Coast Airport.

Community Engagement

The Project Director Sunshine Coast Airport Expansion provided project updates to several community interest groups including the Sunshine Coast Airport Tenants and Community & Aviation Forum meetings held on 30 July 2019.

Bi-monthly meetings with Sunshine Coast Environment Council continue to be held providing updates on environmental matters associated with the project.

Department of Environment and Science (DES) quarterly SCAEP Community Stakeholders Forum met again on 25 July 2019 for a project update and to discuss environmental factors relating to the project.

PROPOSAL

For the reporting period, the Design and Construct Contractor made significant progress on sand rehandling and placement of the first layer of Fine Crushed Rock (FCR) on a section of the runway and on the parallel taxiway area. With improved site conditions, the contractor was able to resume drainage works, topsoiling and landscaping in the northern flank area and completed works in the southern flank area. Airside drainage works and shoulders to Taxiway Alpha (A) resumed in September. Subgrade compaction recommenced on both the Runway and the Taxiway.

Management of Ponded Water

Installation of the Water Treatment Plant (WTP) began in September 2019. The WTP is scheduled to be fully commissioned and operational by mid-October 2019. The WTP will treat 0.90 ML of water per day operating on a 24 hour/day 7 day/week basis to treat both surface water and extracted groundwater.

The Project team continues to investigate options available for the management of ponded water on the project site and began applying for the required approvals and permits associated with the DES supported and Council endorsed ocean release program. A recommendation on the ocean release program is expected to be made in early November 2019 as the Contractor progresses with the construction program and weather impacts are better understood.

There was approximately 60ML of water on site at 30 September 2019. The Contractor is managing the ponded surface water in accordance with the High Level PFAS Management Plan.

Discussions continued during the quarter with DES on the water quality parameters set under the Environmental Authority (EA). DES has confirmed their support for the ocean water release option. Monitoring of ground and surface water quality continues to be managed by the project team and reported to the department.

Council along with DES were invited to present at a public meeting convened by a number of community groups on 10 September 2019, which was attended by approximately 180 people. Council presented details associated with the proposed ocean release of ponded site water and provided background information regarding the low contamination levels. DES outlined their support for this approach and provided an explanation of the issues that they had considered in reaching this position.

Airspace Change Proposal (ACP)

On 5 July 2019 a Stakeholder Round Table Discussion was convened by the Federal Member for Fairfax, Mr Ted O'Brien. Attendees included State Members for Ninderry and Noosa, Sunshine Coast Council, Sunshine Coast Airport, Noosa Shire Council and Flight Path Forum Inc. The Aircraft Noise Ombudsman attended as an observer. The purpose of the meeting was to provide a better understanding of the regulatory, technical, operational and community feedback resulting from the Airspace Community stakeholder engagement associated with the delivery of the new Runway.

Council representatives and Sunshine Coast Airport representative met with the Aircraft Noise Ombudsman on 10 July 2019.

Airservices Australia (AA) submitted the Airspace Change Proposal to the Civil Aviation Safety Authority (CASA) on 31 July 2019 for consideration.

The Executive Steering Groups and Joint Implementation Groups consisting of representatives from Sunshine Coast Council, Sunshine Coast Airport and Airservices Australia continue to meet on a regular basis to progress the planning for the transition to the new runway.

Ancillary Work Packages

Ancillary Works Packages are progressing under the management and administration of the SCAEP team.

(a) Environmental Approval Submissions

Whilst occurring outside the quarterly reporting period, on 4 October 2019 SCAEP received approval from the Department of State Development, Manufacturing, Infrastructure and Planning to progress with the trimming and permanent removal of marine plants on Sunshine Coast Airport land. The approvals relate to works required to install a fauna exclusion fence adjacent to the motorway, trim trees to achieve an obstacle limitation surface free of intrusions and to install new stormwater drains.

Since the end of the first quarter SCAEP has submitted a tidal works permit application for the installation of an underground pipeline to facilitate the release of ponded surface water to the ocean. Owners consent from the Department of Natural Resources, Mines and Energy has been received.

(b) Flood Mitigation Levee

The construction of the flood mitigation levee has now been completed and is in the process of handover to Council as an asset. The new access road along the levee provides landside access from David Low Way to the levee and adjacent drainage channels. Access to this road will be restricted to authorised personnel only.

(c) National Park Revocation

DES has granted authorisation for Flood Levee works to be undertaken within the Mt Coolum National Park for flood mitigation purposes. This includes in-principle approval of revocation of the area of the National Park under the bund footprint. The revocation of this section of National Park and transfer to Council in freehold tenure is underway.

(d) Wallum Heath Management Area (WHMA)

Clearing works to remove taller woody vegetation as per the approved Wallum Heath Management Plan commenced in May. Due to wet site conditions, remaining vegetation will be cleared in early November (outside of Eastern Ground Parrot breeding season). All woody materials that resulted from the clearing works will be mulched and provided to SCA for landscaping purposes.

(e) Mount Emu She-Oak

The respite in rainfall over August and September has allowed the receiving area to dry out and decent plant growth to occur. Weed maintenance was undertaken in August in the receiving area. This included control of *Melaleuca* regrowth and seedlings.

A Mount Emu She-Oak population count was completed in September 2019. This count recorded a number of new Mount Emu She-Oak plants.

During the last population survey in September 2018, a total of 56 Mount Emu She-Oaks were identified in the heath tiles and 8 identified in the individual planting area, with a combined total of 64 plants. During the May 2019 event, there was an overall increase of population numbers to 69 plants.

(f) Acid Frog and Ground Parrot Monitoring

Council has recently received the annual acid frog report for the Project. The report concludes that based on the results of monitoring surveys during the current (2018/19) and previous (2017/18) wet season, it does not appear as though clearing and construction works undertaken at SCA site have had a significant adverse impact on numbers of any of the acid frog species with numbers of two species having increased significantly since 2016/17.

Ongoing weed management has been recommended for the WHMA and the contractor has been advised of this requirement.

Eastern Ground Parrot monitoring occurred in August 2019. A report is yet to be submitted.

(g) Vegetation Management Area (VMA)

Groundwater wells in the VMA will continue to be monitored prior to construction of the frog ponds in mid-2020. Regrowth of understorey species is occurring and control of these across the VMA will be the focus of maintenance over the next 9 months.

(h) Obstacle Limitation Surface

The appointed contractor commenced works towards the end of the quarter on trimming or removal of the vegetation penetrating the approach and takeoff surfaces.

(i) Conservation Corridor

The Project has received a draft design for the Conservation Corridor from the Contractor. Initial feedback is currently being developed and will be forwarded to the Contractor.

Clearing works to facilitate the corridor perimeter fence installation adjacent to the Sunshine Motorway are expected to occur later this year.

(j) Installation of Western Anemometer

Work on the provision of a new anemometer at the western end of the new runway is still progressing. The proposed location has been previously approved by Bureau of Meteorology's Meteorological Authority Office (MET). A Request for Quote based on the radio data transmission was forwarded to companies approved by the MET. The submissions are currently being assessed. This contract is anticipated to commence in late October. The anemometer is planned to be operational prior to the transition to the new runway.

(k) ARFFS Rapid Response Route

The Design and Construct Contractor has been issued a variation notice to carry out the detailed design. The 80% design was assessed by Airservices Australia as being compliant for response times as set out in MoS Part 139H. The final design will be reviewed by Airservices Australia.

(l) Finland Road Traffic Management

The contract with Evolution Traffic Control Pty Ltd continues. The operation has changed in recent weeks due to the load limit imposed by Department of Transport and Main Roads (TMR) on the Bli Bli Bridge. Following discussions with TMR, vehicles exceeding the load limit are now permitted to turn right into Finland Rd. This situation has required an additional traffic controller to assist in traffic management and minimise delays.

A report to Council requesting approval to enter into a lease agreement with the Kabi Kabi Peoples Aboriginal Corporation (KKPAC) for the property at 331 - 335 Finland Road, Marcoola was endorsed at the August 2019 Ordinary Meeting. The opportunity arose to enter into a lease agreement with the KKPAC to open the potential for economic, cultural and educational growth for the corporation and community awareness. The property to be leased to the KKPAC is on Council Freehold land. This land is currently leased to Sunshine Coast Airport Pty Ltd (SCAPL) as part of the Sunshine Coast Airport - Commercial Partner

Agreement. The lease agreement is to be executed by Council as the current Lessor. On completion of the new runway the lease is to be novated to Sunshine Coast Airport Pty Ltd.

Project Works Program

The current approved Works Program dated 27 March 2019 is being revised by the Design and Construct Contractor, John Holland (Contractor). The Contractor's current program shows completion of the requisite separable portions in time for the transition date of May 2020. The Contractor is considering initiatives to support efficient delivery of critical path activities as part of their program to achieve the targeted milestones.

Completion of the overall project remains on target for delivery by the end of 2020.

State Government Approvals

Numerous State Government agency approvals, permits or amendments have been required in accordance with the Coordinator-General's and the Minister for the Environment's overarching approvals. All Environmental Approvals associated with the Contractor's works have been obtained and all monitoring and reporting requirements have been met.

Legal

External legal review is undertaken in relation to Council's responsibilities associated with compliance with EA approvals and acquittal of Council's obligations in relation to its General Environmental Duty.

The construction of the project is subject to the procurement requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Policy

- Sunshine Coast Airport Master Plan 2007
- Regional Economic Development Strategy 2013-2033

Risk

The risk and opportunities register, which includes the mitigation strategies for each identified risk, has been continuously reviewed and updated. The higher order risks are summarised below:

- Timeframe associated with preparation for the transition from RWY18/36 to RWY13/31.
- Impacts associated with PFAS management.
- Alteration of Air Traffic Control Tower services by Airservices Australia.

All other risks have been identified as medium to low.

Once the Airspace Change Proposal is determined by CASA and commitment to the May 2020 transition is confirmed, a complex sequence of events will be triggered that cannot be reversed.

The delays to the construction program due to the inability for a certain period to remove ponded water from the site has resulted in a tighter program for the completion of the initial component of the runway and associated infrastructure but it is still on track to complete by May 2020.

A complex project such as the SCAEP requires that contingencies be identified to address all potential outcomes, however low the probability of their occurrence may be.

The SCAEP team, together with representatives from Sunshine Coast Airport Pty Ltd are meeting regularly with CASA to discuss possible mitigation measures that could be implemented in the event that unavoidable delays arise for the Contractor.

Previous Council Resolution**Lease Agreement Kabi Kabi Peoples Aboriginal Corporation at 331 - 335 Finland Road, Marcoola - Ordinary Meeting 22 August 2019 (OM19/125)**

That Council:

- (a) *receive and note the report titled “Lease Agreement Kabi Kabi Peoples Aboriginal Corporation at 331 - 335 Finland Road, Marcoola”*
- (b) *resolve, pursuant to Section 236(2) Local Government Regulation 2012, that an exception to dispose of an interest in land at Lot 1 RP 133655 (331 - 335 Finland Road, Marcoola), other than by tender or auction applies, as the disposal is, pursuant to Section 236(1)(c)(ii) to a person whose restored enjoyment of the land is consistent with Aboriginal tradition or Island custom and*
- (c) *approve the preparation, negotiation and execution of a lease to the Kabi Kabi Peoples Aboriginal Corporation for a term not less than 25 years with an annual rent in the sum of \$1 per annum.*

Sunshine Coast Airport Expansion Project Update - Special Meeting 22 August 2019 (SM19/14)

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

Confidential - Not For Public Release - Sunshine Coast Airport Expansion Project - Alternative Release Methods for Poned Site Water - Special Meeting 22 August 2019 (SM19/18)

That Council endorse the application for approvals to release ponded water from the Sunshine Coast Airport Expansion Project direct to the sea, via a bored underground pipeline from the western side of David Low Way at the northern end of the Airport site, to a point approximately 400 metres seawards of the Lowest Astronomical Tide level.

Related Documentation

- Sunshine Coast Airport Expansion Project Environmental Impact Statement (EIS).
- Sunshine Coast Airport Expansion Project Additional Information to the Environmental Impact Statement (AEIS).
- Project Plan. A detailed Project Plan has been prepared for the Project. The Project Plan will be reviewed and amended, as required, as the Project progresses through different stages.

Critical Dates

With advice that CASA was progressing towards the approval of the Airspace Change Proposal (ACP), Airservices Australia is now working through the standard aeronautical information publication process in accordance with the Aeronautical Information Regulation and Control (AIRAC) requirements in preparation for the May 2020 transition. An Operational Readiness and Transition (ORAT) process will be initiated to ensure that all stakeholders are aware of the role that each will play in the transition to the new runway.

A runway readiness program has been developed with input from SCC, SCA, Airservices Australia and CASA to ensure the rigour necessary to complete all necessary activities to achieve the milestones in a timely manner.

Implementation

Delivery of the Sunshine Coast Airport Expansion Project is to continue in accordance with various approvals obtained to date.

Work as detailed in this report continues.

4.2 SUNSHINE COAST INTERNATIONAL BROADBAND NETWORK PROJECT

File No: Council meetings
Author: Group Executive
Economic & Community Development Group

PURPOSE

The purpose of this report is to update Council on the progress of the Sunshine Coast International Broadband Network (SCIBN) project (the project).

EXECUTIVE SUMMARY

The SCIBN project is driven by the economic benefits that it will deliver for the Sunshine Coast region. The 2017 GQI Project Feasibility Study identified the project will help retain jobs that might otherwise have been lost to the region, and stimulate new investment and jobs growth. In total, the project can contribute up to 864 jobs and \$453 million in economic value-add.

The project will result in:

- the fastest data connection from the East Coast of Australia to Asia
- the only landing point in Australia for an international cable outside a capital city
- the first cable to land at a point outside Sydney on the east coast of Australia
- a significant point of difference for the Sunshine Coast and provision of a major boost to other Council projects such as SunCentral Maroochydore and
- the only such initiative to be led by a local government.

On 3 July 2018, Council executed a Project Implementation Agreement (PIA) with RTI Connectivity Pte Ltd (RTI) for a stubbed Branch Unit (BU) to be included in the Japan-Guam-Australia-South cable system (JGA-S).

Subsequently, on 6 September 2018, Council entered into a Framework Agreement with RTI and a Tripartite Agreement with RTI and Alcatel Submarine Networks (ASN) for the delivery of the Sunshine Coast branch to connect to the JGA-S system.

The key progress that has been achieved since the report to Council in August 2019 includes the following:

- Vertiv completed construction of the cable landing station located in Maud Street, Maroochydore and this milestone achievement was acknowledged at an onsite event attended by the Queensland Premier and the Minister for State Development, Manufacturing, Infrastructure and Planning. The event, held on 26 September 2019, attracted very good media coverage nationally and internationally.
- The Australian Communication and Media Authority (ACMA) approved the non-protection zone installation permit on 13 September 2019.
- On 16 September 2019, advice was received from the Commonwealth Department of the Environment and Energy that it had been decided that the installation of the cable is not a controlled action. This means that the project does not require further assessment and approval under the Environment Protection and Biodiversity Conservation Act (EPBC) before it can proceed.

- Coe Drilling completed the horizontal directional drilling required to facilitate the landing of the cable and has commenced the installation of the beach manhole.
- Local company Auscom completed the \$1 million contract for the terrestrial connection between the cable landing station and the beach manhole.
- The freighter transporting the cable arrived in Honiara on 26 September 2019, where the cable will be transferred to the *Ile de Brehat* for installation. The transfer is expected to start on 29 October 2019.

The Proposal section of this report provides further information on the project specifics.

OFFICER RECOMMENDATION

That Council receive and note the report titled “Sunshine Coast International Broadband Network project”.

FINANCE AND RESOURCING

The project cost is estimated at a capital cost of \$35 million, with expenditure at the the end of September 2019 at \$23.98 million.

Council has executed an Assistance Agreement with the Queensland Government for a grant of \$15 million towards the project under the Jobs and Regional Growth Fund and the first payment claim of \$2.5 million has been submitted to the Queensland Government.

A business case has been drafted that includes capital costs, operations and maintenance costs and anticipated revenue that will be generated from customers accessing the cable network through the Sunshine Coast cable branch. The target is for these revenue streams to, at the least, meet Council's borrowing costs and debt servicing requirements.

The business case will be updated once the additional operational agreements are complete.

CORPORATE PLAN

Corporate Plan Goal: *A smart economy*

Outcome: 1.2 - New capital investment in the region

Operational Activity: 1.2.2 - Implement actions of the Sunshine Coast International Broadband Network project to facilitate landing of a submarine cable.

CONSULTATION

Portfolio Councillor Consultation

The Sunshine Coast International Broadband Network Project Control Group (PCG) has met on the following dates: 17 January 2018, 19 February 2018, 24 April 2018, 18 June 2018, 20 July 2018, 13 August 2018, 18 September 2018, 24 October 2018, 28 November 2018, 30 January 2019, 25 February 2019, 25 March 2019, 23 April 2019, 28 May 2019, 25 June 2019, 30 July 2019, 26 August 2019, and 26 September 2019.

The PCG membership is as follows:

- Mayor
- Deputy Mayor
- Portfolio Councillor Economic Development and Innovation
- Chief Executive Officer
- Group Executive Economic and Community Development.

A requirement of the Queensland Government funding is that they have a representative as an observer on the PCG which is the Queensland Government Chief Information Officer.

Internal Consultation

The following have been consulted in relation to the project:

- Senior Technical Officer
- Head of Economic Development.

Consultation has occurred with the Division 8 Councillor, Parks and Gardens, TIM Branch and Holiday Parks in relation to the impacts of the construction of the beach manhole and horizontal directional drilling.

External Consultation

- Alcatel Submarine Networks
- Department of Agriculture and Fisheries
- Department of Home Affairs
- Department of State Development, Manufacturing, Industry and Planning
- EGS Survey
- Potential investors associated with the project
- Queensland Treasury Corporation
- RTI Connectivity
- Trade and Investment Queensland
- University of the Sunshine Coast.

The following firms have been engaged to provide specialist advice in relation to the project:

- Maddocks (Legal)
- The Grex Group (Commercial)
- Worrall Consulting (Technical).

Community Engagement

No formal community engagement, beyond the external consultation referred to above, has been undertaken.

In preparing the various applications, stakeholder engagement has occurred across a range of government agencies and project notification letters have been emailed to stakeholders.

PROPOSAL

On 3 July 2018, Council executed a Project Implementation Agreement (PIA) with RTI for the inclusion of a stubbed Branch Unit (BU) into the Japan-Guam-Australia-South cable system (JGA-S).

Subsequently, on 6 September 2018, Council entered into a Framework Agreement with RTI and a Tripartite Agreement with RTI and ASN for the delivery of the Sunshine Coast branch segment into the JGA-S system.

RTI are leading cable owners and develop global telecom infrastructure and large-scale data connectivity in selected markets. RTI offer their neutral products and services to international telecommunications carriers, multinational enterprises, global content providers, and educational institutions.

RTI currently leads a consortium which is undertaking a submarine cable project connecting Japan to Sydney via Guam (JGA). The opportunity for Council to have a submarine cable branch connection to JGA-S, landing on the Sunshine Coast (see Diagram 1). The installation of the cable is expected to be completed in the first half of 2020.

The branch connection for the cable length from the Sunshine Coast to the main cable will be approximately 550 kilometres.

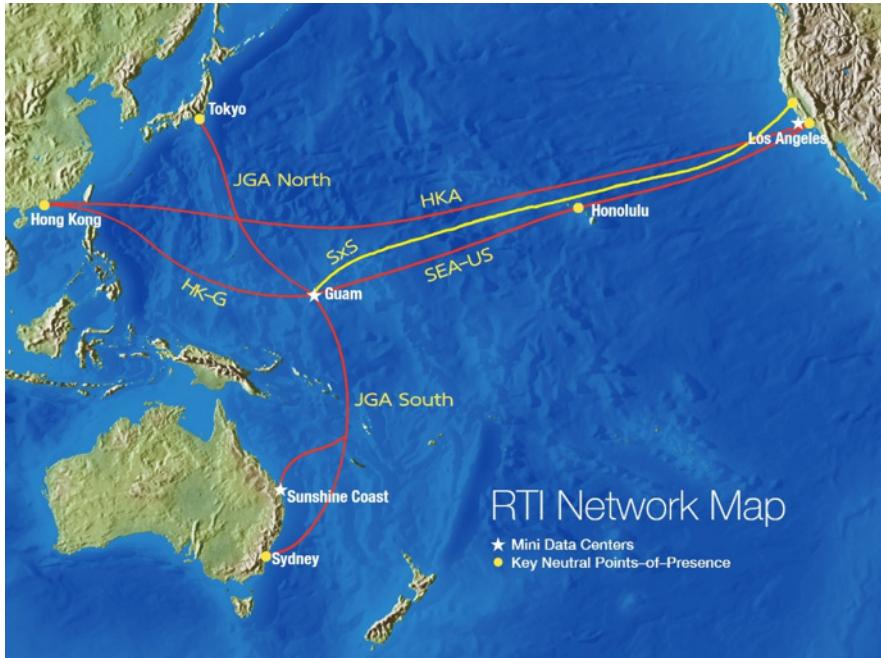


Diagram 1. RTI Network Map showing Sunshine Coast Branching Unit from JGA-South Cable

ASN have completed the manufacture and qualification of all land and sea cables and these have been loaded aboard a freighter. The components will be transferred to an installation vessel prior to installation being commenced.

Commercial arrangements

A summary of the documents that make up the commercial arrangements is as follows:

Project Implementation Agreement (Council and RTI): commitment to the design and capacity of a Branching Unit. Executed 3 July 2018.

Construction Tripartite Agreement (Council, RTI and ASN): ASN for design, manufacture and construction of the Branch in accordance with current industry standards with respect to materials, construction processes and expected asset life; RTI-C to provide project management services. Executed 6 September 2018.

Framework Agreement (Council and RTI): terms on which the SC Branch would be designed, manufactured and constructed and general principles for the operation and utilisation of the Branch. Executed 6 September 2018.

Other arrangements currently being developed include the following:

Indefeasible Right of Use: will detail the arrangements governing the physical ownership of the branch verses access to the capacity on the branch. The details of this have been agreed and can be finalised once the remaining documents being agreed.

Facilities Access Agreement: will detail access rights to facilities such as beach manhole, ducting and cable landing station. Currently in draft and being negotiated.

Network O&M: will detail the operations and maintenance including system monitoring, configuration and management, response-time, maintenance, upgrade and repair. Currently in draft and being negotiated.

Marine Maintenance O&M: will detail arrangements to cover all marine components of the branch. Currently in draft and being negotiated.

Go-to-Market: The generation of revenue will involve customers transmitting data across the branch and the trunk cable to destinations including Sydney, Guam, Hong Kong, Japan and the United States. To make any transactions seamless for customers, it is expected that there will a consolidated price for traffic for the complete length of the transmission. The approach is designed to incentivise both parties to work together for the long term and ensure the viability of the project.

Project Delivery

Permitting

The State development approval for the cable installation within Queensland waters, under the *Planning Act 2016 (Qld)* and including the BMH and HDD, was received on 25 June 2019.

The Australian Communication and Media Authority (ACMA) approved the non-protection zone installation permit on 13 September 2019.

On 16 September 2019, advice was received from the Commonwealth Department of the Environment and Energy that it had been decided that the installation of the cable is not a controlled action. This means that the project does not require further assessment and approval under the Environment Protection and Biodiversity Conservation Act (EPBC) before it can proceed.

Manufacturing

The manufacturing of the cable is complete and has been loaded on a freighter at the ASN factory in Calais. The freighter has arrived in Honiara where the cable will be transferred to the *Ile de Brehat* in advance of the installation. The vessel will head to Sydney to start the installation of JGA-S before arriving on the Sunshine Coast in late December 2019 to start the installation. The installation and subsequent commissioning will be finalised in the first half on 2020.

SCIBN Project – State Assistance Agreement

The State Assistance Agreement (the Agreement) under the Queensland Jobs and Regional Growth Fund was executed on 14 August 2018.

The Agreement provides for three payments (\$2.5 million, \$7.5 million, and \$5 million) to Council as follows:

- First payment after Council has expended at least \$5 million
- Second payment after Council has expended at least \$20 million
- Final payment upon commissioning of the project.

The first payment claim of \$2.5 million has been received from the Queensland Government.

SCIBN Terrestrial Network

The terrestrial network of the SCIBN project is being delivered by Council and includes the preparation of designs, necessary approvals and tenders for the construction of four separate components:

- Beach Manhole
- Horizontal Directional Drilling
- Cable Duct Route
- Cable Landing Station.

Beach Manhole and Horizontal Directional Drilling

The beach manhole will be located in the Pierce Park Carpark (as per Diagram 2). This is the location for the landing of the optic fibre and the energised submarine cable.

The beach manhole will be completely underground and only identifiable by the access pit lid. For the RTI contract, the green northern line will be used to reach a suitable working depth for the submarine cable to be installed and hauled through the horizontal directional drill path to the beach manhole. The light blue line is the planned second bore to provide for a future submarine cable landing. The red line represents the alignment of the future revetment wall construction.

Coe Drilling is the successful tenderer for the construction of the beach manhole and horizontal directional drilling required to facilitate the landing of the cable. The drilling has been completed and the two pipes are now in place. Work has commenced on the beach manhole with the chamber ready for installation.

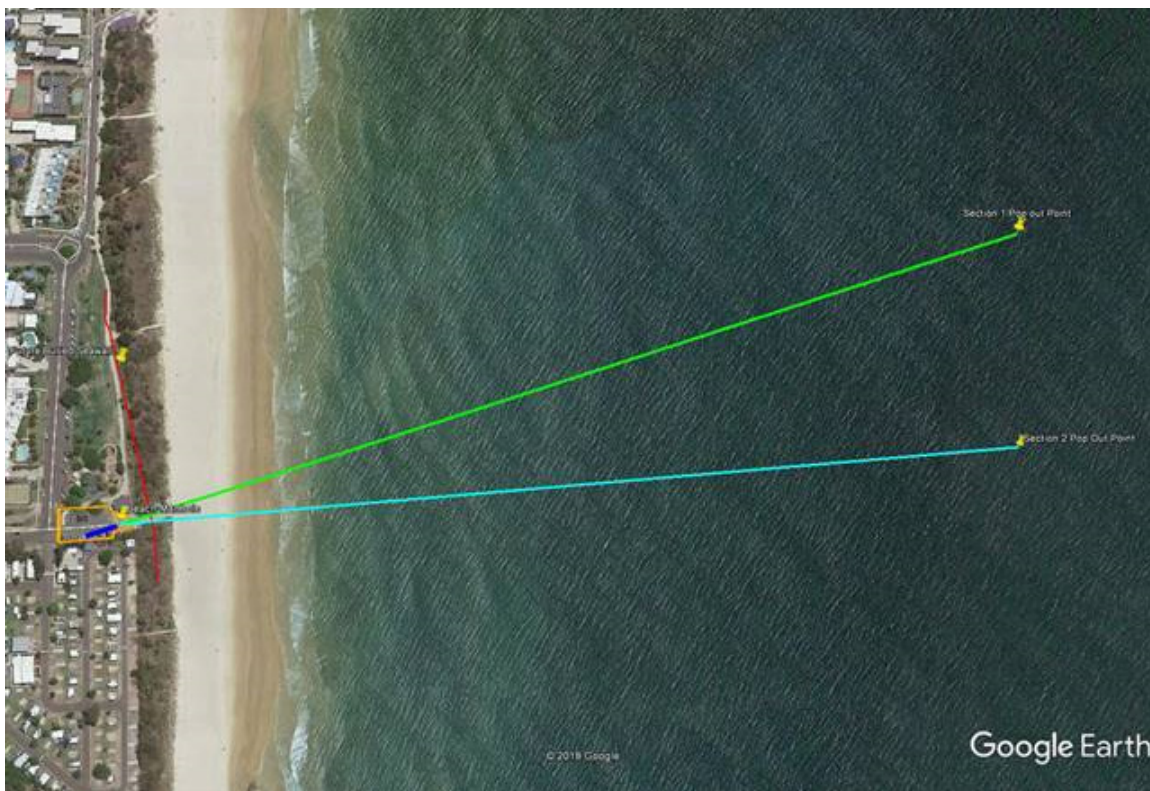


Diagram 2. Beach Manhole and Horizontal Drilling illustration

Terrestrial Duct Network Route

Covering a distance of approximately 1.5 kilometres, the terrestrial duct network route is designed to have minimal impact on business and residents along the route. The key roads along the route are Kingsford Smith Drive, cross Aerodrome Road into Rose Street, Parker Street, Second Ave, and Bungama Street, and across Maud Street into the Cable Landing Station.

Local company Auscom has completed the \$1 million contract for these works.

Cable Landing Station

This facility is located at 44-46 Maud Street, Maroochydore and has been designed to incorporate up to four international submarine cables which will allow the Sunshine Coast region and Queensland to facilitate additional submarine connections into the future.

Located in the Cable Landing Station, the City Point of Presence (PoP) (with a total of 24 rack space) provides for domestic carrier connection of the international submarine cable connectivity, and connection to Maroochydore City Centre and the wider region. Council's carrier licence provides the necessary authority to enter into the carrier to carrier agreements.

Promotion/Investment attraction

Since the announcement of the SCIBN project, Council has held discussions with a number of data centre operators seeking to capitalise on the international connection and indicating an interest in the Sunshine Coast for their next investment. Written expressions of interest have been lodged by interested parties.

A Marketing campaign was launched to coincide with the announcement of the completion of the cable landing station. Results to date include 59 leads from the cable landing station announcement specific campaign. Some of the leads are generic in nature (curious consumers) while others are business leads. All leads are being followed up.

Major marketing activities for FY2019/2020 are linked to the project's key milestones including the collection of video/imagery to be taken when the cable ship, the *Ile de Brehat*, is near the shore in December 2019.

Other promotional activities include presentations to partners and key clients of legal and accounting firms, a peak industry body, participation in the "Economic Impacts of Submarine Cables" workshop held by the Sunshine Coast Business Council, and briefings/tours.

Legal

Following the receipt of owners consent from the Queensland Government for the works associated with the beach manhole from the State, an Operational Works application has been lodged.

Queensland Government approval of the development application for the beach manhole and horizontal direction drilling has been received on 25 June 2019.

ACMA has approved the application for an installation permit for the submarine cable.

The Department of Environment and Energy has responded to the EPBC Act referral with a decision it is not a controlled action.

Policy

This project will contribute to achieving the goals included in Council's Regional Economic Development Strategy 2013-2033.

The establishment of a submarine cable landing on the Sunshine Coast has also been recognised by the Queensland Government in *Shaping SEQ: the South East Queensland Regional Plan*, which has been jointly agreed by the State and by south east Queensland councils.

The structure of the previously approved Significant Contracting Plans for these Significant Contracts complies with the requirements of Council's Procurement Policy.

Risk

There are a range of risks to Council with this project.

Project risk

Council will make payments to ASN on satisfactory milestones being achieved. RTI will verify the satisfactory achievement of those milestones.

Reputational risk

If Council does not complete this project, there is the risk that other councils will look to land an international submarine cable(s) in their local government areas. With the recent announcement on the project proceeding, this risk has reduced.

There is also a reputational risk to Council if the project is not executed properly or is not project managed appropriately.

Financial risk

All costs for submarine cable systems are in US\$ (unless otherwise indicated above) and Council will need to manage its exposure to movements in the exchange rate as a result of any contract for the submarine cable branch being in US\$.

Mitigating risk

Technical and project experts have helped Council develop and finalise the various contracts and arrangements with RTI-C and ASN and others.

It should also be noted that, although there are considerable risks, the project provides significant economic opportunities and benefits for the Sunshine Coast and, if Council was not to proceed with JGA-S opportunity, there would be no certainty that the other available option would materialise – or, in fact, that the risks would be less/fewer with that project.

Previous Council Resolutions**Special Meeting 22 August 2019 (SM19/15)**

That Council note the discussions held in confidential session in relation to the Sunshine Coast International Broadband Network project.

Special Meeting 23 May 2019 (SM19/1)

That Council receive and note the report titled “Sunshine Coast International Broadband Network Project”.

Special Meeting 28 February 2019 (SM19/2)

That Council receive and note the report titled “Sunshine Coast International Broadband Network Project”.

Special Meeting 8 November 2018 (SM18/21)

That Council authorise the Chief Executive Officer to proceed as discussed in confidential session in relation to the Sunshine Coast International Broadband Network project.

Special Meeting 10 September 2018 (SM18/18)

That Council authorise the Chief Executive Officer to proceed as discussed in confidential session in relation to the Sunshine Coast International Broadband Network project.

Ordinary Meeting 16 August 2018 (OM18/141)

That Council authorise the Chief Executive Officer to proceed as discussed in confidential session in relation to the Sunshine Coast International Broadband Network project.

Special Meeting 29 June 2018 (SM18/8)

That Council authorise the Chief Executive Officer to proceed as discussed in confidential session in relation to the Sunshine Coast International Broadband Network project.

Special Meeting 17 May 2018 (SM18/7)

That Council

- (a) note the progress of the Sunshine Coast International Broadband Network project*
- (b) resolve in accordance with Section 39 of the Local Government Act 2009 that the Sunshine Coast International Broadband Network project is an enterprise that is directed to benefitting and can reasonably expected to benefit the Sunshine Coast Local Government area and*

- (c) *resolve to conduct a beneficial enterprise in relation to the Sunshine Coast International Broadband Network project.*

Ordinary Meeting 17 May 2018 (OM18/62)

That Council:

- (a) *receive and note the report titled "Strategic Contracting Procedures" and*
- (b) *apply Chapter 6 Part 2 Strategic Contracting Procedures of the Local Government Regulation 2012 to its contracts, following adoption by Council of:*
- (i) *a contracting plan and*
- (ii) *a contracting manual*

which will not be more than one year after the date of this resolution.

Ordinary Meeting 19 April 2018 (OM18/55)

That Council

- (a) *note the progress of the Sunshine Coast International Broadband Network project and*
- (b) *resolve that, because of the specialised nature of the services, it would be impractical or disadvantageous for the local government to invite quotes or tenders.*

Ordinary Meeting 22 March 2018 (OM 18/46)

That Council note the progress of the Sunshine Coast International Broadband Network project.

Special Meeting 22 February 2018 (SM18/3)

That Council note the progress of the Sunshine Coast International Broadband Network project.

Ordinary Meeting 25 January 2018 (OM18/12)

That Council note the progress of the Sunshine Coast International Broadband Submarine Cable project.

Special Meeting 23 November 2017 (SM17/46)

That Council:

- (a) *receive and note the report titled "Sunshine Coast International Broadband Submarine Cable"*
- (b) *invite Expressions of Interest to identify a partner(s) to deliver the international broadband submarine cable and*
- (c) *note that the calling for Expressions of Interest as noted in (b) above would be in the public interest for the following reasons:*
- i. *being able to discuss and negotiate the best outcome given a number of unknowns in the construction and operation of the proposed project*
- ii. *to allow industry driven analysis of existing and future costs for construction and ongoing operation of the project on which to base economic decisions and*
- iii. *to enable a bespoke contract between Council and the successful respondent.*

Related Documentation

- Feasibility Study: Sunshine Coast International Broadband Submarine Cable (10 November 2017)
- Market Sounding Report: Sunshine Coast International Broadband Submarine Cable (November 2017)

- Sunshine Coast International Broadband Submarine Cable Network Business Case (as at 5 September 2018)
- Sunshine Coast International Broadband Submarine Cable Network Project Plan (as at 5 September 2018)
- Jobs and Regional Growth Fund Assistance Agreement and variations.

Critical Dates

The cable is scheduled to be ready for service in the first half of 2020.

Implementation

The project will continue to be implemented in accordance with the above timeframes.

5 NEXT MEETING

Nil

6 MEETING CLOSURE