

Agenda

Special Meeting

Thursday, 28 February 2019

commencing at 2:00pm

Council Chambers, Corner Currie and Bury Streets, Nambour

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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 INTERNATIONAL BROADBAND NETWORK PROJECT****File No:** Council meetings**Author:** Group Executive
Economic & Community Development Group**Attachments:** Att 1 - SCIBSC Investment Attraction Roadmap 19**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

On 3 July 2018, Council executed a Project Implementation Agreement (PIA) with RTI Connectivity Pte Ltd (RTI-C) for a stubbed Branch Unit (BU) insertion into the Japan-Guam-Australia-South cable system (JGA-S) and Branch Segment (BS) installation.

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 a branch segment into the JGA-S system.

The agreement 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.

The key drivers for the project are the economic outcomes 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 key progress that has been achieved in the last quarter includes:

- RTI-C announced that they would construct an additional cable, SxS, between Guam and California.
- The successful tenderer, Vertiv, have commenced on the cable landing station.
- Tenders have been issued for the construction of the beach manhole and horizontal drilling required to facilitate the landing of the cable
- Investment attraction activities, with the attraction of a data centre one of the key targets
- The marine survey of the proposed branch route has been confirmed for early March

The proposal section 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 \$20.6 million in the 2018/19 financial year. The expenditure at the end of January 2019 being \$6.07 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.

An application for \$10 million in funding to provide for a fibre connection between the Sunshine Coast and Brisbane was submitted under the Building Better Regions Fund.

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 finalised 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, 19 February, 24 April, 18 June, 20 July, 13 August, 18 September, 24 October, 28 November 2018 and 30 January 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:

- Lead Advisor Technical
- Senior Technical Officer
- Project Manager.

Consultation has occurred with the Division 8 Councillor, Parks and Gardens, TIM Branch and Tourist Parks in relation to the impacts of the construction of the beach manhole and horizontal drilling. Following awarding of the contract, the Tourist Park will be advised of the confirmed dates and time of construction, and a project newsletter prepared for local residents and accommodation facilities.

External Consultation

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

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

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

Community Engagement

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

Council has met with a number of commercial fishing industry participants on an informal basis with the aim of providing the industry with early visibility on the project and its potential impacts.

Council will, in conjunction with Commonwealth regulatory agencies, engage formally with the commercial fishing industry to better understand potential impacts for the industry as well as cable operations. This formal consultation will depend on further advice from the Commonwealth and is expected to occur in mid-2019.

PROPOSAL

On 3 July 2018, Council executed a Project Implementation Agreement (PIA) with RTI Connectivity Pte Ltd (RTI-C) for a stubbed Branch Unit (BU) insertion into the Japan-Guam-Australia-South cable system (JGA-S) and Branch Segment (BS) installation.

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

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

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 (branch) to JGA, 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.

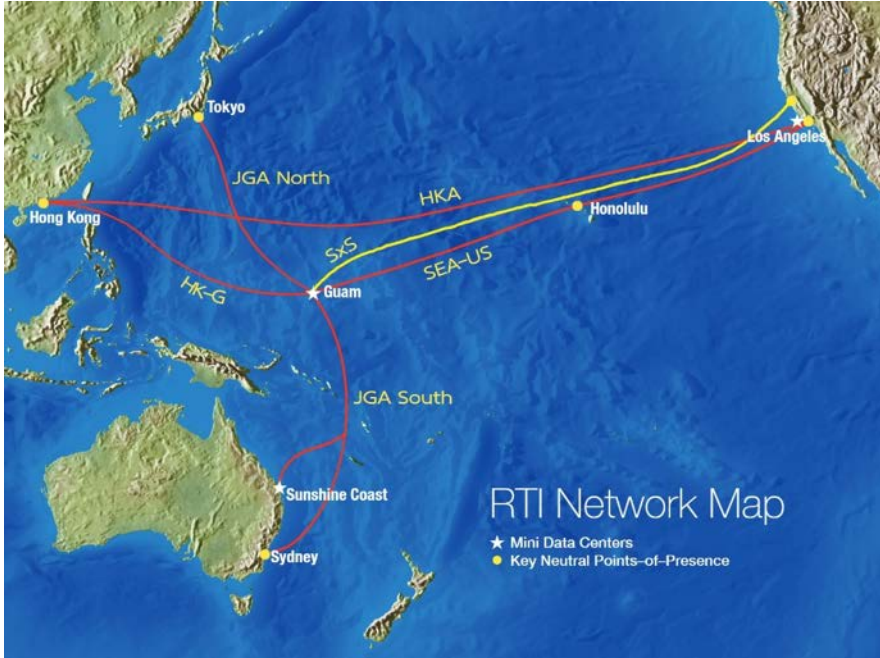


Diagram 1: RTI Network Map showing Sunshine Coast Branching Unit from JGA-South Cable

On the 23 January 2019 RTI-C announced that it has awarded NEC Corporation a contract to be the system supplier for the SxS Cable System. The 10,500 kilometre undersea fibre optic cable system will directly connect Guam and California.

RTI is an investor in the East segment of the SEA-US Cable System, a highly efficient Trans-Pacific cable. RTI will forge connections between South-East Asia and the United States for more than 1.5 billion people. Their vision is to maintain carrier neutrality, enabling them to provide its partners with dramatically increased bandwidth. Google and AARNet (Australian Academic Research Network) are consortium partners in the JGA-South portion of the trunk cable which provides potential opportunity for Council and the region.

It is expected that, by taking the opportunity to connect with this cable project while it is being installed rather than attempting a branch connection to the cable at a later stage, there will be significant cost savings which can be realised by Council and improvements in the final interface (connection).

This opportunity also realises potential time savings with work to be performed at the end of the trunk cable program of works. A number of potential risks are also avoided by being part of the construction process for the main cable, such as knowing that the cable type will be the same, and of the same age, therefore in the future avoiding a potential shortened service life if Council were to connect to an existing older cable.

Commercial arrangements

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

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

Construction Tripartite Agreement (Council, RTI-C 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-C): 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 included

Indefeasible Right of Use: will detail the arrangements governing the physical ownership of the Branch verses access to the capacity on the Branch.

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

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

Marine Maintenance O&M: will detail arrangements to cover all marine components of the Branch.

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.

SCIBN Project – State Assistance Agreement

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

The Assistance Agreement provides for three payments (\$2.5 million, \$7.5 million, and \$5 million) to be paid to Council:

- 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.

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
- Cable Duct Route
- Cable Landing Station
- Carrier Backhaul and connection to Maroochydore City Centre.

Beach Manhole

The Beach Manhole will be located in the Pierce Park Carpark (as per Diagram 2 below). This is the location for the landing of the optic fibre and energised submarine cable. Construction of this facility will occur between late July and mid-September (the school 3rd term) to minimise impact on the Tourism industry. The tender closed Monday 18 February 2019 and contract award is expected to occur by end-March, allowing time for the contractor to complete necessary preparations for the July install.

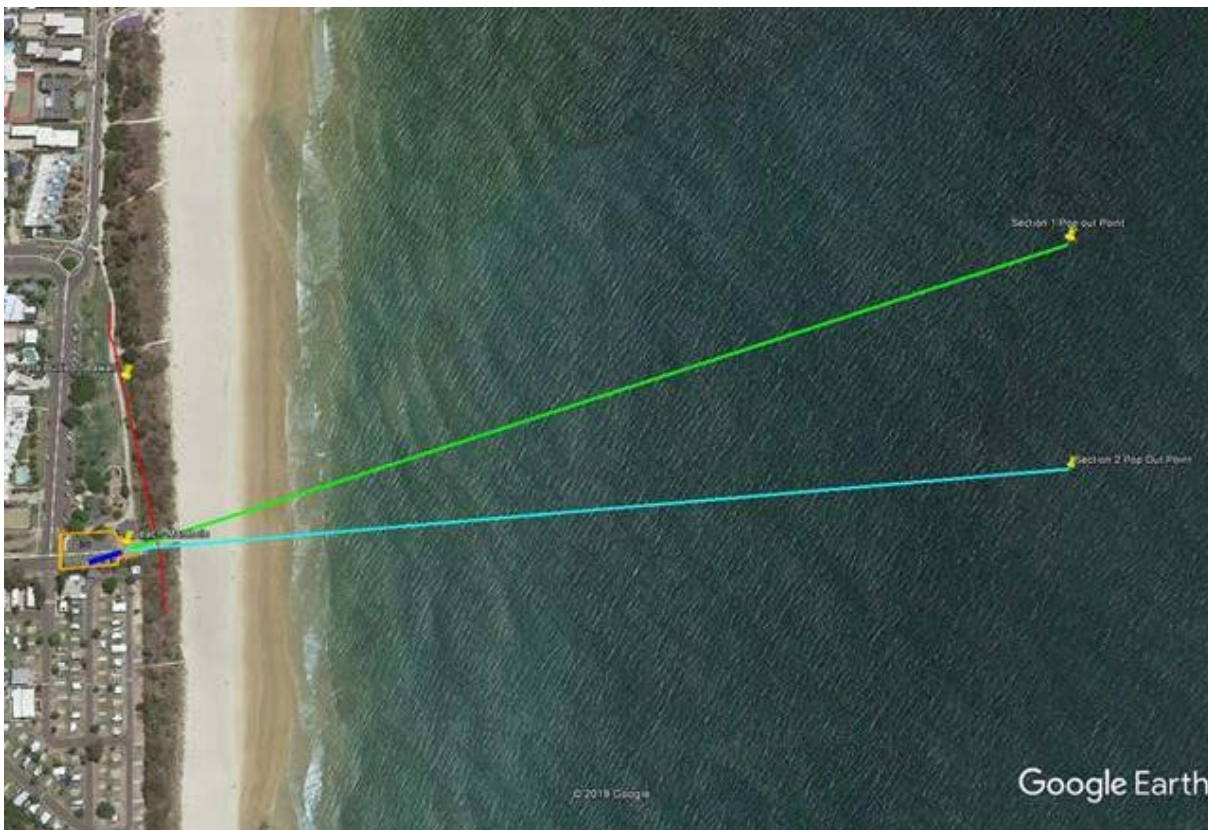


Diagram 2- Beach Manhole and Horizontal Drilling illustration

The area inside the orange lines represents the construction fencing area to be in place for approx. 8 weeks while the dark blue line represents the size of the drilling rig required to bore 700m offshore to 10m water depth.

The beach manhole will be completely underground and only identifiable by the 1m round access pit lid. For the RTI-C 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.

Terrestrial Duct Network Route

Covering a distance of approximately 1.5 kms, 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, Bungama Street and across Maud Street into the Cable Landing Station – refer to Diagram 3. Construction is planned for mid-July to mid-September 2019 to minimise tourism impact and align with the construction timeline.

Approvals for the route are expected from both TMR and the TIM branch of council by late February 2019. The tender is expected to be released early March 2019.



Diagram 3: Terrestrial Duct Network

Cable Landing Station

This facility is located at 44-46 Maud Street has been designed to incorporate up to four international submarine cables which will allow our region and Queensland to facilitate additional submarine connections into the future. To ensure the Sunshine Coast can directly benefit from the international connection, a mini exchange or City Point of Presence has been built into the design. In addition, an Internet Exchange will be created to provide cross-connect for cloud-based services to service the region directly. Both of these features will need to be actively supported to attract and connect local and national carriers and digital economy firms to the region.

On 30 November 2018, Council announced the selection of Vertiv as the lead contractor. Construction commenced early February 2019 and completion set for July 2019.

A concept design (refer to Diagram 4) was developed prior to releasing the tender to ensure all technical and visual amenity objectives could be achieved within the remnant land and complying with the Planning Scheme requirements for a utility.

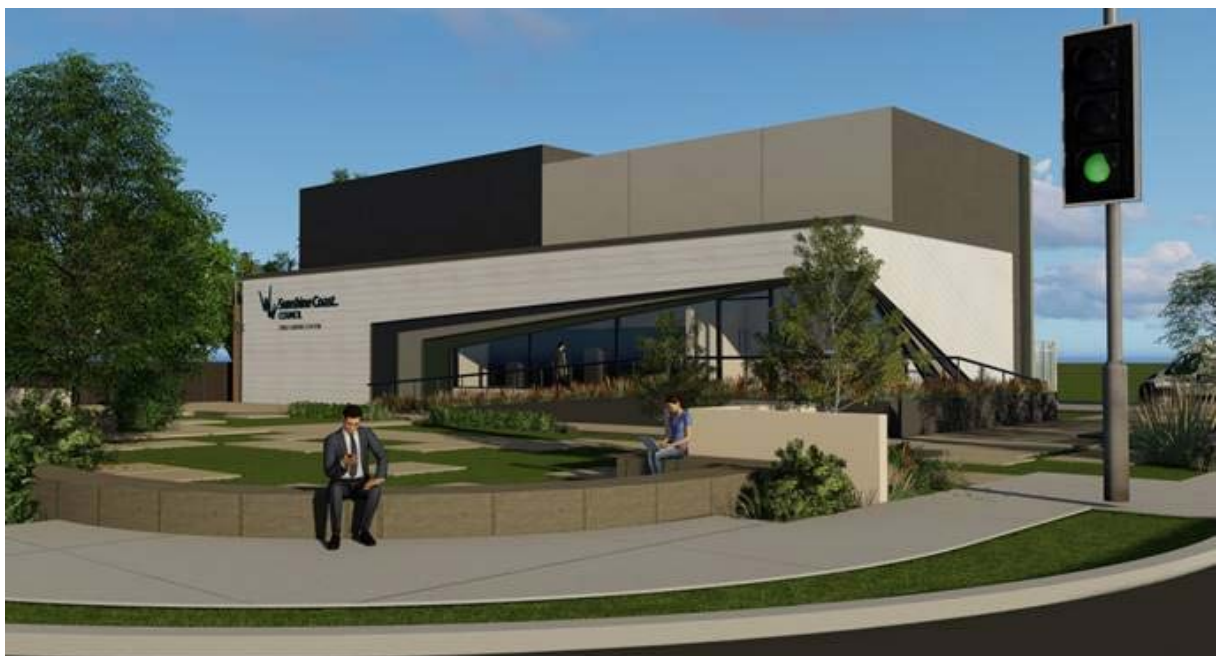


Diagram 4: Construction Design for cable landing station by Vertiv

Illumination and projection proposal

A subsequent tender is proposed following the completion of the Cable Landing Station design process to secure a night time colour illumination and visual projection solution. This concept is intended to articulate the building with unique, seasonal or event related colours, shapes and projections.

Activation of City Point of Presence, Internet Peering and Content Delivery Networks

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. To complete the carrier network a suitable procurement selection process will be undertaken to select and attract an internet peering exchange and content delivery networks in the City PoP. Each of these elements are core to connecting the international capacity to the Sunshine Coast Region and supporting the projected investment and employment targets identified in the feasibility study.

Carrier Backhaul and connection to Maroochydore City Centre

To complete the connection to Sunshine Coast and National Carrier networks, a high fibre count optic fibre cable will be installed from the Cable Landing Station to the exchanges in Duporth Avenue, Maroochydore.

A proportion of the fibres in the cable will be connected to the Maroochydore City Centre as it passes through to enable the City Centre Smart City infrastructure and connect to every lot and future building. Investigations will continue to establish the potential to connect from councils earlier 2006 build Maroochydore to Palmwoods via Sippy Downs onwards to Nambour. If feasible, the extension of the SCIBN backhaul fibre could deliver additional strategic benefits for the region by allowing a connection directly to the Nambour NBN Point of Interconnect. This would involve an additional approximate 9km fibre build. A tender for these works will be developed and related in the third quarter of 2019 for completion by early 2020.

Connecting to NBN and delivering enhanced benefits for the region

The backhaul fibre builds outline above and providing the infrastructure for carriers to connect to the NBN will allow the SCIBN project to provide connection benefits to the wider region. The activation of SCIBN in this way fulfills the vision of achieve smart region outcomes and further justification for the Top 7 Intelligent Community status. Interconnectivity to Retail Service Providers across Australia through the NBN Access Seeker arrangements will be facilitated through the council carrier licence supporting the SCIBN project.

The Operational and commercial considerations of achieving these connections and activating them successfully will be considered in a future and possibly separate report relating to the Council Carrier business. This is expected to demonstrate a methodology to deliver on the SCIBN project and advance associated savings and revenue potential for Council.

Each of these SCIBN terrestrial network assets collectively create the ecosystem of connections and features to enable the digital economy directly to the Sunshine Coast and, more broadly, Queensland.

Investment attraction

Council has coordinated a series of targeted briefs and email alerts to the business community with email distribution reaching more than 3,000 local businesses, and LinkedIn posts reaching more than 20,000 views (and counting). There has also been a business briefing the week after the cable announcement which attracted more than 80 local businesses to learn more about the project.

In addition, a briefing to all the Trade and Investment Queensland Overseas Commissioners was held in Brisbane on 11 October and to a range of investors in Sydney on 16 October – with more briefings to follow. Dedicated email alerts are broadcast to international Chambers of Commerce.

A 10-week promotion with Beach City (which reaches one million plus knowledge workers/businesses) will commence soon to feature the cable and local entrepreneurs.

Since the announcement of the SCIBN project, discussions have been held with a number of data centre operators with Council seeking to capitalise on the international connection and indicating strong interest in the Sunshine Coast for their next investment. A copy of the Investment Attraction Roadmap is attached to the report.

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 properly.

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\$.

QTC (as Council's financial adviser) has identified three options that could be considered for managing this exposure however only one of these is likely to be feasible given the time constraints within which Council is managing this project. That option is for Council to purchase United States currency and hold this in a foreign currency account with its banker (Commonwealth Bank of Australia in Brisbane). QTC has identified however that the purchasing, holding and disposing of foreign currency is a Type 2 financial arrangement for which the Treasurer's approval is required.

Council wrote to the Local Government Minister on 6 August 2018 seeking approval under section 61A of the Statutory Bodies Financial Arrangements Act 1982 (SBFA Act) to enter into a Type 2 financial arrangement in relation to managing the funding arrangements to support the contractual obligations associated with this project – especially given that the costs associated with this project are in US\$ and Council will need to manage its exposure to foreign currency movements. This approval was provided by the Under Treasurer on 29 August 2018.

Mitigating the 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 Resolution

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)

Critical Dates

The timing of the marine survey is critical to avoid potential cost increases. It is currently scheduled to commence in early March 2019.

The cable is expected 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.

Sunshine Coast International Broadband Submarine Cable Investment Attraction Roadmap

International Broadband Submarine Cable



The Sunshine Coast international broadband submarine cable project will deliver up to \$927 million in new investment to Queensland and up to 864 new jobs. The cable is the fastest connection to Asia from Australia and provides increased speed and diversity. It puts the Sunshine Coast on the business map of the world.

Infrastructure

Aim: Secure necessary infrastructure to fully leverage the cable and investment opportunity.

1. Conduct tender for cable landing station
 2. Conduct process to secure Tier 3 Data Centre (with key attributes)*
 3. Ensure backhaul to Brisbane helps realise market potential
 4. Link to Qld Government fibre
 5. Develop right pricing plans to support investment and business development
 6. Utilise investment incentives scheme where required
- Meetings with Qld Government and PCG on access to fibre
 - Use cable media release and ebook to target data centres (develop wish list)
 - Evaluate backhaul options, identify partners and cost, go to market.

Collateral/Promotion

Aim: Develop key marketing tools to generate awareness and drive leads.

1. Develop associated media collateral (media release, videos, newsletters)
2. Develop a cable ebook telling the story and benefits (in multiple target market languages)
3. Develop associated cable content, testimonials and user case studies
4. Develop various pitch decks to suit different target markets
5. Develop and deliver cable benefit 'white paper' with Microsoft or equivalent
6. Conduct local market briefings to generate content and benefit statements
7. Test content internally and externally before release.

Partnerships

Aim: Leverage partner network to expand cable promotion/investment reach.

1. Use RTI and ASN to promote new cable to potential customers
2. Brief TIQ onshore and Commissioners to promote cable and identify opportunities
3. Brief Austrade onshore/offshore to promote cable and identify opportunities
4. Target key Over the Top (OTT) companies such as Google, Amazon, Microsoft, Alibaba and Facebook
5. Use local networks (eg. banks and commercial real estate agents, Chambers/SCBC) to get access to national level clients
6. Use local Federal Members to get access to Government and Departments
7. Bring local business community on journey.

Delivery

Aim: Promote cable at key meetings and events, develop and deliver marketing plan to generate leads.

1. Participate in Sub-Partners Singapore Conference in Sep'18 and PTC/Hon in Jan'19 with RTI to announce cable – follow-on meetings
2. Local market briefings to key companies and questionnaire to SEQ CIOs
3. Presentations to Government and Departments on cable and opportunities
4. Use professional networks (LinkedIn, Invest App, Facebook) etc. to market
5. Investment campaigns (digital) to Singapore/HK/ China and Japan as well as Brisbane/Sydney and Melbourne
6. In-market briefings to selected audiences in each of the target markets
7. Ongoing webinars to Austrade and TIQ onshore/offshore.



**It is expected that the Data Centre provider will enable and/or facilitate the peering and interconnectivity to content and cloud services at market prices within a 'Market Place' (peering internet cloud exchange) – ensuring that the Sunshine Coast is a true Point of Presence (PoP) for international and domestic digital connectivity with full consumer content peering and consumer and business cloud peering.*

4.2 SUNSHINE COAST AIRPORT EXPANSION PROJECT UPDATE

File No: SCAEP Quarterly Reporting
Author: Project Director (Sunshine Coast Airport Expansion)
Built Infrastructure Group
Attachments: Att 1 - SCAEP Update – *Confidential*.....*Conf 5/15*

PURPOSE

The purpose of this report is to provide Council with a progress update on the delivery of the Sunshine Coast Airport Expansion Project.

EXECUTIVE SUMMARY

This report provides an update on the Sunshine Coast Airport Expansion Project (SCAEP or Project) and more specifically, the significant activities undertaken and milestones achieved in the last quarter by the Principal and the Design and Construction Contractor.

The report also includes information on the ancillary works programs and the Instrument Flight Procedure and Airspace design.

An update is also provided on the continuing discussions with the Department of Environment and Science (DES) on the water quality parameters set under the Environmental Authority (EA).

Confirmation has been received from the Office of the Coordinator-General that the project as designed does not require further evaluation.

The procurement activities for the quarter include:

- A Request for Quote for Q18267 Airspace Design - Stakeholders Engagement was issued to Council's Pre-Qualified Suppliers for Media and Communications Services (Arrangement No R162) issued on 9 January 2019.

OFFICER RECOMMENDATION

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

FINANCE AND RESOURCING

The Project expenditure continues to align with the forecasted expenditure. As at 31 December 2018 actual expenditure for 2018/19 was at 45.9% (\$67.15 million) of the full year's budget. The adopted budget for 2018/19 is \$146.29 million, with a cumulative total of \$205.9 million. A review of the financial position including monthly forecast expenditures was undertaken in accordance with Council's Budget Review process in December 2018.

The total Project cash flow includes contract and ancillary work package expenditure, financing and management costs.

Administration of the overall project continues to be managed by the Project team, including the monitoring of mandatory governance requirements required to deliver a project of this nature.

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

External consultants are continuing to assist with the mandatory monitoring activities in accordance with the Coordinator Generals Evaluation Report and subsequent environmental approvals and permits.

In accordance with the Federal Government Concessional Loan Agreement a quarterly Concessional Loan Report was submitted to the Department of Infrastructure, Regional Development and Cities. Council's request to amend the drawdown schedule for the Concessional Loan has been approved by the Federal Government. The first drawn down will be \$70 million in February 2019.

CORPORATE PLAN

Corporate Plan Goal: *A smart economy*

Outcome: 1.1 - Strong economic leadership, collaboration and identity

Operational Activity: 1.1.7 - Oversee all activities associated with the Sunshine Coast Airport Runway Construction project, including finalisation of procurement arrangements, design and construction contract and ensuring performance targets are met.

CONSULTATION

Mayor and Councillor Consultation

In accordance with the Project's Governance Framework, the Mayor, relevant Portfolio Councillors and the Division Councillor generally 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
- Group Executive Liveability and Natural Assets
- Chief of Staff Office of the Mayor
- Chief Strategy Officer, Office of the Mayor
- Projects Lawyer, Office of the Mayor
- Coordinator Media, Office of the Mayor
- Manager Environment and Sustainability Policy, Liveability and Natural Assets
- Coordinator Biodiversity and Waterways, Liveability and Natural Assets
- Coordinator Natural Areas Management, Liveability and Natural Assets
- Chief Financial Officer, Business Performance
- Manager Business Development, Business Performance
- Coordinator Financial Accounting, Business Performance
- Coordinator Strategic Property, Business Performance
- Coordinator Flooding & Stormwater Policy & Planning, Built Infrastructure

External Consultation**External Consultation**

- Sunshine Coast Airport
- John Holland Pty Ltd
- Beca Consulting Pty Ltd
- Aurecon Australasia Pty Ltd
- King & Wood Mallesons
- Office of the Coordinator-General
- BMT WBM Pty Ltd
- Core Consulting Pty Ltd
- Future-Plus Environmental
- PSK Environmental
- Department of Environment and Science
- Civil Aviation Safety Authority (CASA)
- Airservices Australia (AA)
- IDS Australasia Pty Ltd
- Unitywater
- Port of Brisbane Pty Ltd
- Converge Heritage and Community, including Archaeo Cultural Heritage Services Pty Ltd
- Kabi Kabi First Nation People Claimant Representatives
- PropPro Property Professionals
- Sunshine Coast Environment Council
- 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 Chief Executive Officer.
- The Sunshine Coast Airport Project Control Group attended by two representatives each from Council and from the airport operator Palisade Investment Partners. This meeting is chaired by the Group Executive Built Infrastructure.

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

Community Engagement

The Project Director provided project updates to several community interest groups.

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

An information session was held for the residents of Finland Road, Marcoola providing an update on the traffic management solution.

Members of the team were involved in a Community Engagement meeting arranged by the Department of Environment and Science (DES) to discuss the project on 4 December 2018.

Project site visits were hosted to Liberal State Government Representatives and to the Federal Member for Fairfax and the Chinese Embassy Delegates during the quarter.

PROJECT PROGRESS

Significant milestones have been achieved this quarter by both the Principal and the Contractor. The ancillary works program is progressing under the direct management of the SCAEP team.

Milestones achieved this quarter by the Design and Construct Contractor, John Holland included the first stage of sand rehandling works, minor works to enable the change to push-back apron operations and the dune rehabilitation planting in the vicinity of Beach Access No 111.

The Ground Service Equipment area to the north-west of the terminal apron has been cordoned off in a Special Event Zone and asphalt surfacing, gravel and topsoil has been removed in preparation for pavement placement. The first of the permanent culvert drainage elements have been installed.

Minor unforeseen delays have impacted the contractor due to interruptions to the supply of water due to the on-going water main issues being experienced by Unitywater. Water has had to be transported by road tankers into the project site. However, the overall progress on critical activities remains on target to deliver the project in accordance with the contract completion date.

The final batch of Issued for Construction (IFC) design drawings and specifications have been issued by John Holland. This includes the detailed runway design, apron and the fuel main system.

The Office of the Coordinator-General confirmed that the final Runway Detailed Design does not require further evaluation and is in accordance with the Coordinator-General's Evaluation Report (CGER).

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

Airservices Australia (AA) continue to work on the new airspace and instrument flight procedures design for completion for the May 2020 changeover. Airservices Australia's has developed a safety case for the continued use of the existing Air Traffic Control (ATC) Tower with some modification to the console.

Ancillary Work Packages

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

a) Environmental Approval Submissions

Minor amendments to the current Environmental Authority (EA) are currently being negotiated with DES. SCAEP are seeking amendments relating to:

- The removal of a groundwater monitoring location associated with conditions for the removal of the reclamation bund and polishing pond; and
- Water quality parameters to more realistically reflect the natural water quality parameter variations associated with the type of local environment and significant rainfall events that were experienced in 2018.

b) Pavement Impact Assessment

As a condition of the Coordinator General's Evaluation Report, Council is required to use detailed project-related traffic and transport generation information together with the Department of Transport and Main Roads Pavement Impact Assessment tool to calculate the compensation for loss of asset life of the state road network. An external consultant prepared this report and it was submitted to TMR in November 2018. The calculations contained within the report support a nil quantum contribution.

c) Flood Mitigation Levee

The contract for the construction of the flood mitigation levee has been awarded to Auzcon Pty Ltd. All approvals have now been obtained for the works to commence. The sheet piling required for the work has now arrived from overseas and the contractor commenced work on site on 23 January 2019 with a view to having the works complete by mid-2019.

d) National Park Bund

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. Survey consultants, JFP, are presently preparing the revised cadastral plans for the area. Council is progressing final revocation and offsets in parallel.

e) Acid Frog and Ground Parrot Monitoring

Monitoring of remaining acid frog and ground parrot habitat occurred in mid-November 2018 and again in mid-December 2018. Works included acid frog recruitment surveys, hydroperiod monitoring, surface water monitoring, bioacoustics monitoring and installation of movement activated camera systems. Ground Parrot monitoring indicates positive recruitment with a number of juvenile Eastern Ground Parrots observed during flush transects and also recorded on movement activated cameras. Acid frogs monitoring detected two acid frog species (*Litoria olongburensis* and *Crinia tinnula*), representing two age cohorts/breeding events again showing positive recruitment for these species.

The next survey event is scheduled for mid-late February 2019.

f) Airspace and Instrument Flight Procedure Design

Airservices Australia continue to progress on the new airspace and instrument flight procedures design for completion for the May 2020 changeover. Stakeholder information sessions associated with airspace design are scheduled to commence in early March 2019 with multiple community events scheduled in identified areas.

g) Installation of Western Anemometer

Work on the provision of a new anemometer at the western end of the new runway is progressing. The proposed location has been approved by BOM's Meteorological Authority Office. Radlink Communications are currently preparing a report on options to provide a radio link connection from the anemometer to the Air Traffic Control tower as opposed to the use of cabling in order to significantly reduce costs. On receipt of this report, the project team's proposal for the method of installation and connection of the new anemometer will be circulated to the stakeholders. Once this is agreed, quotes for supply and installation will be invited from suitable providers.

h) Relocation of the Bureau of Meteorology Instrumentation

The new Automatic Weather Station (AWS) has been installed on the new site and is fully operational. The existing AWS has now been decommissioned.

i) Finland Road Intersection

Approval in principal has been obtained from the Department of Transport and Main Roads to establish traffic control in the form of temporary manually operated traffic signals at the intersection with Finland Rd and David Low Way rather than to construct a separate access road. A contract to operate these signals was awarded to Evolution

Traffic Control Pty Ltd in late November 2018. These signals commenced operation on 30 November and will continue anytime when the traffic associated with deliveries to the site is forecast to exceed the trigger value of 20 commercial deliveries in a day.

Project Works Program

The Works Program is currently being revised by the Design and Construct Contractor, John Holland.

Commissioning of the runway 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.

Legal

The construction of the project will be 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 that includes the mitigation strategies for each identified risk continues to be reviewed and updated. The higher risks are summarised below:

- Timeframe associated with Airspace design and transition from RWY18/36 to RWY13/31.
- Management of OLS penetrations.
- Impacts associated with PFAS management.
- Provision of Air Traffic Control services by Airservices Australia.

All other risks have been identified as medium to low.

Previous Council Resolution**Special Meeting 8 November 2018 (SM18/19)**

That Council note the discussions held confidential session in relation the Sunshine Coast Airport Expansion Project.

Related Documentation

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

The preliminary design of the Airspace and Flight Paths are to be completed by early March 2019 in order to meet the Aeronautical Information Regulation and Control (AIRAC) publication cycles for May 2020.

Implementation

Work as detailed in this report will continue.

4.3 MAROOCHYDORE CITY CENTRE - CEO UPDATE

File No: Council meetings

Author: Portfolio Director, Major Projects
Office of the CEO

Attachments: Att 1 - SunCentral CEO Update31
Att 2 - SunCentral Maroochydore Pty Ltd Annual Report 2018 .37

PURPOSE

The purposes of this report is to:

- Provide a project delivery update for the Maroochydore City Centre Project as provided by the CEO of SunCentral Maroochydore Pty Ltd and
- Present the SunCentral Maroochydore Pty Ltd Annual Report for 2017-2018 to Council.

OFFICER RECOMMENDATION

That Council receive and note the report titled “Maroochydore City Centre - CEO Update”.



Maroochydore City Centre Project - Quarterly Report (Q2 Oct-Dec 2018) to the SCRC Shareholder Representative Group	
Dated	16 January 2019
Author	John Knaggs, Chief Executive Officer, SunCentral Maroochydore P/L (SCM)

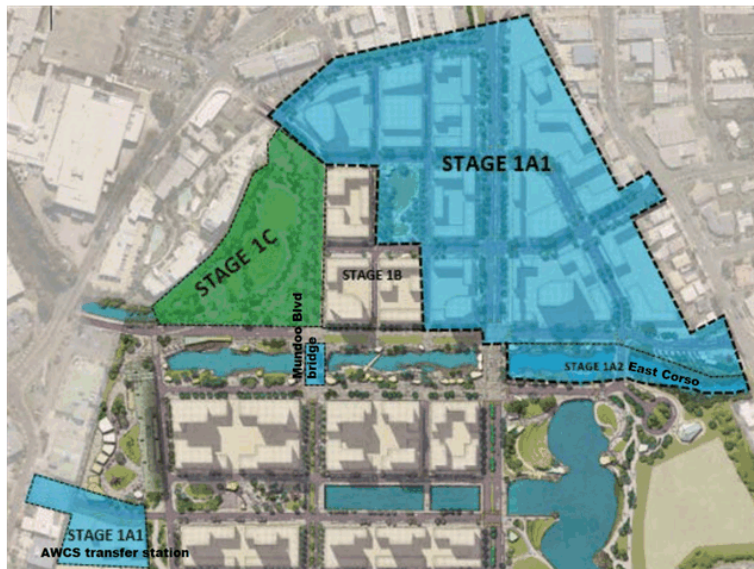
Introduction

This Maroochydore city centre (MCC) project report to the Shareholder Representative Group (SRG), deals with the period October to December 2018 inclusive, and provides a high-level summary of the more significant project delivery activities undertaken in the reporting period.

1. Construction management update

Construction on site is being carried out in the stages 1A1 to 1A2, as outlined in the plan below. Stage 1C is yet to commence in any form and Stage 1B is not yet planned for delivery.

Construction staging (northern part of site)



The following construction works are reported for the period.

- a) **Stage 1A1 main civil / subdivisions works** – This stage of works is nearing completion with finalisation of Stage 1A civil works in the next quarter. Subject to SRG agreement an opening event in August is to be scheduled / planned.

Works being completed at present in the northern portion of the site include the remaining street kerbs, footpath paving, street pole installation, street tree preparations and planting. Whilst these civil works are being completed, as scheduled the Mundoo Blvd bridge works (part only) will continue for some months with the completion of the initial structure by August 2019.



- b) **Stage 1A2 East Corso** – These infrastructure works for revetment wall and landscaping of the East Corso edges, are underway and scheduled for completion in August 2019.
- c) **Stage 1C infrastructure / Mundoo Boulevard (north) and civic park (part)** – Detailed design development for these two components of infrastructure is underway, with final design approval pending. Procurement will be undertaken in the first half of 2019 and construction will occur over the balance of the year. Subject to further discussion at SRG level it is intended to sub-stage the civic park works and focus on the completion of the Mundoo Blvd north works in the first instance. This is part of the staging review recently carried out by SCM in discussion with the SRG.

The following photographs depict current work areas on site.



Stage 1A1 – First Avenue works



Stage 1A1 - urban square works



Stage 1A1 - urban square works



Stage 1A1 - bridge abutment works Mundoo Blvd Bridge (across Corso)



Stage 1A2 - East Corso works



*Stage 1A1 – Automated waste collection system transfer station site
civil works (off Carnaby St)*



ANNUAL REPORT



SunCentral Maroochydore Pty Ltd | A.B.N. 92 603 652 231 | 30 June 2018



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CHAIRMAN'S FOREWORD



Innovation, dedication and tenacity are the key factors behind the great strides achieved in creating Maroochydore's new city centre over the 2017-18 financial year.

While great progress has been achieved during the 2017-18 financial year, it is important to remember that building a new city centre for Maroochydore is a 15 to 20-year project.

This unique greenfield CBD development is still very much in its early stages, however the project is gaining the attention of major national and international investors and developers.

Most of the first stage of the city centre is either under negotiation or contract, with interest received from a diverse range of sectors including professional services/commercial, government, technology, health, education and residential.

The Expressions of Interest process has delivered many exciting prospects, with the potential to enliven new investment opportunities for both the private sector and government as the region grows.

The Sunshine Coast Regional Council has announced that it will establish its new civic headquarters in the Maroochydore City Centre and the University of the Sunshine Coast has also formalised its interest in the project.

SunCentral has been especially delighted by the strong local support that exists for the project. This financial year, Sunshine Coast-based development company Evans Long unveiled its vision for a five-storey office building in the city centre with 4460m² of commercial space.

The calibre of organisations that responded to our call for a preferred technology partner further served to reinforce the potential this project has to deliver one of Australia's most technologically advanced CBDs.

Interest in the Maroochydore City Centre project was also buoyed this financial year by Council's plan to connect the region to the global communication network via a sub-sea broadband cable, and the Federal Government's shortlisting of the North Coast Connect submission for a fast rail service linking the Sunshine Coast to Brisbane.

On behalf of the Board of Directors of SunCentral Maroochydore Pty Ltd, I thank our leadership team for its steady, considered stewardship of this project as we chart a course for long-term success.

Dr Doug McTaggart
Chairman, SunCentral Maroochydore

CEO'S FOREWORD



What a difference a year makes. The past 12 months has seen the northern section of the new Maroochydore city centre really take shape with the main street layout and key waterway created for the commercial heart of the CBD.

What a difference 12 months can make! During the early construction stages of the Maroochydore City Centre, much of the progress lay hidden beneath the surface of this landmark 53-hectare site.

Installation of more than \$10 million worth of underground infrastructure in the first stage of the project was completed this financial year, including telecommunications and electrical supply conduits, water and sewerage mains and the underground automated waste collection system.

The \$37 million stage one civil construction program has supported approximately 150 jobs, the first of many thousands of employment opportunities to be created by the new CBD in the years ahead.

Now as our efforts shift to above-ground works and the CBD streets take shape, the vision is coming into sharp focus for all to see. The new city streets will be lined with hoop pine, Moreton Bay ash and other trees, and street furniture and other features are being installed.

There'll also be shaded pedestrian areas and a new 2800m² park to give the commercial precinct colour and open space for everyone to enjoy.

Work is expected to begin on the first buildings in the new CBD in 2019, creating hundreds of jobs both during and post construction, which will be a terrific boost for the local economy.

Sunshine Coast Regional Council's bold vision for an international sub-sea broadband cable is also likely to attract more national and even international attention for the project, given that Maroochydore will have Australia's fastest telecommunications and data connection to Asia and the second fastest to the United States.

A project of the size and scale of the future Maroochydore City Centre does not happen overnight, nor without the support of many talented staff, consultants, project specialists and external delivery partners.

I thank all those who have embraced this bold vision for a dynamic, desirable 21st Century CBD for the Sunshine Coast region.



Mr John Knaggs
CEO, SunCentral Maroochydore

MAJOR ACHIEVEMENTS

2017

- JULY** Installation of the first underground pipes for the automated waste collection system
- AUGUST** Third Maroochy Music and Visual Arts Festival held on site
- SEPTEMBER** 80 percent of Stage 1 underground automated waste collection system complete
- DECEMBER** 90 percent of Stage 1 underground infrastructure installed

2018

- JANUARY** Expressions of Interest opened for a telecommunications and technology partner to help design and implement a digital strategy for the new Maroochydhore City Centre
- FEBRUARY** Above-ground civil works commence in the core commercial precinct, including construction of new city streets, bike paths, walkways, street lightning and urban square
- APRIL** Road asphaltting commences in the core commercial precinct
- JUNE** Sunshine Coast developers Evans Long unveil plans for a five storey office building in the Maroochydhore City Centre



FUTURE PROSPECTS

2018/19

- Naming of streets and first park in the core commercial precinct
- Completion of Stage 1A civil works
- Construction of the first bridge in the core commercial precinct
- Opening of the first street and new park in the core commercial precinct
- Construction of the first buildings in the core commercial precinct commences
- Commence works on new civic park
- Construction of the first stage of the Corso

2019/20

- Completion and occupation of first buildings
- Completion of new civic park



SOME OF OUR TOP STORIES IN 2017 / 2018

MAROOCHYDORE CBD

Support grows for new hi-tech city centre

Many companies have already signed up to the unique project on the Sunshine Coast, writes Nicola McDougal.



CONstruction of the first buildings in the Sunshine Coast's new central business district will start early next year, but there is already a wave of interest from companies keen to be a part of the unique development.

The 50-hectare greenfield site lies in the heart of Maroochydore, on the Sunshine Coast, which is a region that is entering a period of growth and economic expansion. The Maroochydore CBD project is just one kilometre from the coast's world-class beaches and 18 kilometres from the Sunshine Coast Airport, which will offer direct flights to destinations in Asia and the Pacific when a new runway opens in 2020.

SunCentral Maroochydore Pty Ltd was established by the landowner, Sunshine Coast Regional Council, in 2015 to oversee design and delivery of the city centre development. SunCentral chief executive John Kruggs said approvals were in place for 150,000 square metres of commercial

gross floor area, 65,000 square metres of retail gross floor area and 2000 residential apartments, with the project's core commercial precinct already in the market.

"There are productive negotiations under way for 80 per cent of the lots in that precinct and we expect to take other stages of the project to market later this year," Mr Kruggs said. "The market is calling for scale and that's what the new Maroochydore City Centre offers as a major urban regeneration project."

Plans are in the pipeline for light rail

to link the new CBD with the key coastal centres of Maroochydore and Cabourda, and for the federal government to provide funding to develop business case for a fast rail service between Brisbane and the Sunshine Coast. A proposed international submarine broadband cable connecting directly to the Maroochydore City Centre site offers further potential to transform the region's economy.

Mr Kruggs said more than \$10 million in infrastructure had already been installed below the streets of the core commercial precinct to ensure the new CBD was one of

the most advanced in the country. "There will be digital solutions for the management of street lighting, car parking, water and power and signage, and all public infrastructure power usage will be offset by the Sunshine Coast Regional Council's 100% solar farm," he said. "We have also installed a system that will allow waste to be transported underground from residential and commercial buildings and parks and public spaces at 70km/h to a central collection area, creating Australia's first CBD without wheeled bins."

The new CBD will include commercial and mixed-use buildings, residential apartments, retail outlets, a premium hotel, and convention and exhibition facilities, with 40 per cent of the site dedicated to parks, plazas and waterways.

Mr Kruggs said the total construction cost of the 20-year project was estimated at \$2.1 billion in 2015. "The new CBD is expected to create more than 15,000 permanent jobs and inject more than \$1.4 billion into the local economy."

It will be a wonderful asset for the region and a desirable location in which to work, live, shop and dine, and to visit, he said. "The future is certainly bright for Maroochydore as the capital city of the Sunshine Coast."



10 gigabit city rises

Developers look to make most of ultra-fast internet capabilities

CRUISE technology is set to take the Sunshine Coast to the next level, with a new 10 gigabit city centre rising in Maroochydore.

The new CBD will include commercial and mixed-use buildings, residential apartments, retail outlets, a premium hotel, and convention and exhibition facilities, with 40 per cent of the site dedicated to parks, plazas and waterways.

Mr Kruggs said the total construction cost of the 20-year project was estimated at \$2.1 billion in 2015. "The new CBD is expected to create more than 15,000 permanent jobs and inject more than \$1.4 billion into the local economy."


It will be a wonderful asset for the region and a desirable location in which to work, live, shop and dine, and to visit, he said. "The future is certainly bright for Maroochydore as the capital city of the Sunshine Coast."

THE AGE

Sunshine Coast goes it alone in \$1 billion cable project

By Tony Meeks
 3 December 2017 • 9:02pm

In the world of e-business, one second makes all the difference. That one second could make a billion dollars worth of difference to the Queensland economy.



That is what the Sunshine Coast is counting on when, on Saturday, it calls for expressions of interest from the private sector to build a \$1 billion undersea communications cable into the Sunshine Coast.

Already more than 30 businesses from Singapore are interested.

On Saturday, the Sunshine Coast Regional Council will formally ask for the private sector to lodge its interest in providing the sixth undersea telecommunications link from the northern hemisphere into Australia.



SOME OF OUR TOP STORIES IN 2017 / 2018



Sunshine Coast Daily

FULL STEAM AHEAD: Work progresses on the first stage of the new Maroochydore city centre. PHOTO: SUNCENTRAL

First CBD 'residents' to put down roots

THE first 'residents' of the new Maroochydore CBD will be putting down roots in a matter of months. But there won't be an apartment block in sight. More than 200 trees are about to be planted in the new CBD, with a mixture of hoop pine, Moreton Bay Ash and other trees to provide the greenery in the first stage of the \$430 million city centre.

development. A 3500sq m public park, tree-lined boulevard and shaded pedestrian landscape architect Trish Menzies, director of Vee Design, busy with the first, 8ha phase of the project. Two to three thousand shrubs and ground covers will be used along with the trees to provide colour to the core commercial zone and public square.

"The main street will be a tree-lined boulevard and shaded pedestrian environment," Ms Menzies said. Hoop pines will act as gateways at junctions and mature trees will be planted on every corner. A grove of Moreton Bay Ash trees will be planted in one corner of the park in the urban square, to provide a shaded sitting area. Cabbage palms will also feature in the park, while a large open shelter overlooking the lawn will be at one end of the park. About 85 per cent of the underground infrastructure required for the CBD has been installed in the first stage and the first buildings are set to begin construction from late-2018.



BUSINESS FIRST

WORKING TOGETHER TO BUILD A GREENFIELD CITY CENTRE THE SMART WAY

W



BUSINESS FIRST


Building a greenfield city centre the smart way

W



FUTURE CITY

NEWS



Sunshine Coast Daily

The shape of things to come in new CBD

Pivotal 53ha commercial site to drive region growth

As the new Maroochydore CBD is helping to shape the Sunshine Coast's future, new streets, walkways and an urban square are helping to shape the heart of the region. With construction now ramping up, it is important that those involved with the responsibility of developing the 53ha pivotal CBD site get it right.

The 53ha site is the region's most centrally located and is the heart of the CBD. It is a green space for the future with the potential to be a landmark building in a prime site.

It is a green space for the future with the potential to be a landmark building in a prime site.

It is a green space for the future with the potential to be a landmark building in a prime site.



Sunshine Coast Daily

Two deals for new city centre

Locals in \$45m investment

THE new Maroochydore CBD is helping to shape the Sunshine Coast's future, new streets, walkways and an urban square are helping to shape the heart of the region. With construction now ramping up, it is important that those involved with the responsibility of developing the 53ha pivotal CBD site get it right.

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It is a green space for the future with the potential to be a landmark building in a prime site.



Sunshine Coast Daily

CBD's streets open soon

SCOTT SAWYER

FROM the second half of this year the first streets of the new Maroochydore city centre will be open to the public. Work is well advanced on the 53ha pivotal CBD site and the first streets are set to be opened in the latter half of this year.

After a quiet winter and early spring, the first streets of the new Maroochydore city centre will be opened in the latter half of this year. Work is well advanced on the 53ha pivotal CBD site and the first streets are set to be opened in the latter half of this year.

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WHAT THEY HAVE SAID

The construction of a new Maroochydore CBD will create the only greenfield city heart in Australia and the development is expected to create thousands of new jobs and provide a \$5.9 million boost to the Queensland economy.

BUSINESS FIRST

The 53-hectare greenfield site lies in the heart of Maroochydore, on the Sunshine Coast, which is a region that is entering a period of growth and economic expansion. The Maroochydore CBD project is just one kilometre from the coast's worldclass beaches and 10 kilometres from the Sunshine Coast Airport, which will offer direct flights to destinations in Asia and the Pacific when a new runway opens in 2020.

AUSTRALIAN FINANCIAL REVIEW

The Sunshine Coast intends to become Australia's next technology hub and is proceeding with plans to develop a hi-tech town centre. Leading the push is Sunshine Coast Council Mayor Mark Jamieson, who believes the region northeast of Brisbane is well-located to provide and additional gateway and greater reliability for Australia's internet connectivity.

THE AUSTRALIAN

Demographer and "futurist" Bernard Salt said the potential for a brand-new CBD in an established community like the Sunshine Coast was almost unlimited.

"If you're going to impose a CBD on the urban fusion that is the Sunshine Coast then do it right, plan it well, incorporate the latest in global technology and my view is Australians will embrace it," Mr Salt said.

"It's a tremendous initiative and I would suspect once you have this up and running you will have copycat projects in other parts of the country.

THE AUSTRALIAN

One of Queensland's largest urban regeneration projects is starting to take shape on the Sunshine Coast. Maroochydore's new CBD will take up to 20 years to build and cost more than \$2b. It includes technology that makes even putting out the wheelie bins obsolete. Once complete, 15,000 jobs could be created. The first city streets will be open by the end of the year and the first commercial buildings won't be far behind.

SEVEN NEWS, BRISBANE

We have Australia's first greenfield CBD under construction and SunCentral will be lauded as an example for what all cities should aim for with smart technologies being used across water, power, waste, signage, WiFi and health services.

JENNIFER SWAINE, SUNSHINE COAST DAILY



Demographer and "futurist" Bernard Salt said the potential for a brand-new CBD in an established community like the Sunshine Coast was almost unlimited.

THE AUSTRALIAN

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The Directors present their report together with the financial report of SunCentral Maroochydore Propriety Limited (the Company) for the reporting period from 1 July 2017 to 30 June 2018.

Directors

The Directors of the Company at any time during, or since the end of, the reporting period are:

Name, qualifications and independence status	Experience and other directorships
Dr Doug McTaggart Bsc (Hons), MA, PhD, DUniv, FAICD, SF Fin. Chairperson Independent Non-Executive Director	Extensive experience in corporate leadership, commercial development, infrastructure financing and investment. Currently a director of Suncorp Group, Spark Infrastructure (Chairman) and QIMR Berghofer Institute of Medical Research (Chairman). Also a member of the ANU Council and the Land Account Expert Advisory Panel for the Indigenous Land Corporation. Appointed as Director and Chairperson in March 2015.
Mr Don Boyd BA, LLB Independent Non-Executive Director	Extensive understanding of brand development marketing, structuring commercial developments and managing complex organisational challenges. Directorships include Moore Stephen Australia Pty Ltd, Baldwins Pastoral Holdings Pty Ltd, Logan Downs Pty Ltd, Russell Estates Pty Ltd, Tarranalama Pty Ltd and consultant for Norton Rose Fulbright Australia. Appointed Director in March 2015.
Mr Michael Kerry BA (Hons), MCD Independent Non-Executive Director	Extensive knowledge and experience across the public and private sectors of urban planning, major property and infrastructure developments throughout Australia. Currently an Urban Management Advisor and a Director of Capital Metro ACT and Major Projects Advisory Board for the Whitsunday Regional Council. Appointed Director in March 2015.
Ms Jude Munro AO, BA (Hons), Grad Dip Public Policy, Grad Dip Business Administration, FIPAA, FAICD, awarded keys to the City of Brisbane. Independent Non-Executive Director	Extensive experience and knowledge of corporate governance practises, managing stakeholder relations, infrastructure financing and delivery models. Current directorships include Victoria Planning Authority (Chair), Victorian Pride Centre (Pty Ltd (Chair), Metro Tasmania, Newcastle Airport Pty Ltd and Jude Munro & Associates. Previous appointment included 10 years as the CEO of Brisbane City Council and Chair, Queensland Urban Utilities and Director, AirServices Australia. Appointed Director in March 2015.
Mr Morgan Parker LLB Independent Non-Executive Director	Extensive global experience in master-planned urban development, investment financing and marketing. Appointed Director in March 2015.

Directors have been in office since the start of the reported period to the date of this report unless otherwise stated.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

Chief Executive Officer

Following his appointment by the Member, Mr John Knaggs took up the position of Chief Executive Officer of SunCentral Maroochydore Pty Ltd, in May 2015.

Company Secretary

Mr David Wright was appointed to the position of Company Secretary in April 2015.

Directors' Meetings

The number of meetings attended by each of the Directors of the Company during the reported period are:

Director	No. of full meetings of Directors		No. of Committee Meetings	
	A	B	A	B
Dr D F McTaggart	8	8		
Mr D R Boyd	8	8	4	4
Mr M J Kerry	7	8		
Ms J R Munro (AO)	7	8	4	4
Mr M B Parker	8	8		

A = Number of meetings attended B = Number of meetings eligible to attend

Audit, Risk & Remuneration Committee Meetings

The Audit, Risk & Remuneration Committee comprises Ms. Jude Munro (AO) as Chair and Mr. Don Boyd. The meeting is attended by the Company's Chairman, Chief Executive Officer and Company Secretary/Chief Financial Officer. The purpose of the Committee is to provide advice and assistance to the Board in relation to efficient governance and risk management. The Committee achieves its objective by reviewing, advising and making recommendations to the Board on:

- the integrity of internal financial management, control and reporting systems;
- annual project and operating budget reporting;
- annual remuneration of the Chairman, Directors and Chief Executive Officer;
- compliance with statutory reporting obligations;
- the appointment and performance of the external auditor;
- the appointment of an internal auditor;
- the adequacy of internal control systems; and
- the quality of internal and external reporting of financial and non-financial information.

Corporate Governance Statement

Responsibilities

The Directors are responsible to the Member for the performance of the Company in both the short and the long term and seek to balance the sometimes competing objectives in the best interests of the Company as a whole. The Directors draw on relevant corporate governance best practice principles to assist them to contribute to the performance of the Company.

The functions of the Board include:

- To deliver on the aspirations of the Sunshine Coast Regional Council in establishing an identifiable city heart for the wider Sunshine Coast – a contemporary central business district characterised as a high density, transit orientated city centre with a high quality public realm and embedded smart city technology;
- Review and approval of corporate strategies, the annual budget and financial plans;
- Monitoring organisational performance and the achievement of the Company's strategic goals and objectives, as outlined in the Company's Statement of Corporate Intent;
- Monitoring financial performance including approval of the annual financial report and liaison with the Company's auditors;
- Appointment, and assessment of the performance, of the Chief Executive Officer;
- Ensuring there are effective management processes in place and approving major development initiatives;
- Enhancing and protecting the reputation of the Company and the Member;
- Ensuring the significant risks facing the Company have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place; and
- Reporting to the Member.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

Board Members

Details of the members of the Board, their qualifications and independent status are set out in the Directors' report under the heading "Directors". The Board operates in accordance with the principles set out in the Company's constitution, including:

- The Board can be a minimum of one (1) and a maximum of ten (10) and currently comprises five (5) Members.
- Subject to the approval of the Member, the Directors may elect a Chairperson and may determine the period for which the Chairperson will hold office.

Objectives

The Company's objectives are to:

1. Promote, facilitate, carry out and control the development, disposal and management of land and other property within the MCC PDA;
2. Achieve an appropriate balance between commercial and non-commercial functions and outcomes;
3. Ensure the MCC becomes a high density city centre and identifiable city heart for the wider Sunshine Coast;
4. Accommodate public facilities and entertainment that benefit the general community; and
5. Achieve excellence and innovation in the management of integrated private/public open space and park areas.

Review of Operations

During the reporting period the company generated income of \$21,222,565 of which \$19,510,904 was provided by the parent entity, Sunshine Coast Regional Council. Development costs incurred in the pursuit of the company's objectives totalled \$19,293,646. The profit for the Company for the reporting period amounted to \$47,380 (2017: \$24,875).

Significant Changes in the State of Affairs

No significant changes in the Company's state of affairs occurred during the reported period.

Principal Activities

The Company is a special purpose entity established by the Sunshine Coast Regional Council to be responsible for delivering and managing the Maroochydhore City Centre (MCC) Priority Development Area (PDA) as part of a 'beneficial enterprise' as defined under the Local Government Act 2009 (Qld). No significant change to the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the reported period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in the future reporting periods.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Company and the expected results of those operations in future reported periods have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

The Company is an Australian Proprietary Company that is limited by shares. No dividends were paid or declared by the Company during the reported period.

Options

No options over issued shares or interests in the company were granted during or since the end of the reported period and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the reported period, for any person who is or has been an officer or auditor of the Company.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is set out on page 12.

This report is made with a resolution of the Directors:



Dr Douglas McTaggart
Chairman

Dated at Maroochydhore this day 15th of October 2018.

AUDITOR'S INDEPENDENCE DECLARATION

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of SunCentral Maroochydore Pty Ltd

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of SunCentral Maroochydore Pty Ltd for the financial year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Carolyn Dougherty
as delegate of the Auditor-General of Queensland

9 October 2018
Queensland Audit Office
Brisbane

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
Income			
Revenue	4	21,187,224	11,587,341
Investment income	5	35,341	40,051
Total Income		21,222,565	11,627,392
Expenses			
Development Costs	6a	19,293,646	10,084,457
Operating Expenses	6b	1,870,792	1,515,008
Depreciation and amortisation	12	10,748	3,052
Total Expenses		21,175,185	11,602,517
Net profit/(loss) before income tax		47,380	24,875
Net profit/(loss) for the year		47,380	24,875
Other comprehensive income		-	-
Total comprehensive income for the year		47,380	24,875
Profit attributable to:			
Parent Entity		47,380	24,875

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018	2017
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	9	1,085,651	945,634
Trade and other receivables	10	4,557,968	3,313,525
Other assets	11	23,947	25,243
Total Current Assets		5,667,566	4,284,402
Non-Current Assets			
Property, plant and equipment	12	87,158	14,848
Total Non-Current Assets		87,158	14,848
Total Assets		5,754,724	4,299,250
Liabilities			
Current Liabilities			
Trade and other payables	13	4,943,442	3,544,567
Employee benefit provisions		134,755	125,816
Total Current Liabilities		5,078,197	3,670,383
Non-Current Liabilities			
Employee benefit provisions		4,787	4,506
Total Non-Current Liabilities		4,787	4,506
Total Liabilities		5,082,984	3,674,889
Net Assets		671,740	624,361
Equity			
Equity attributable to Parent Entity:			
Share capital	16	500,000	500,000
Retained earnings		171,740	124,361
Total Equity		671,740	624,361

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Share Capital (Ordinary)	Retained Earnings	Total
	\$	\$	\$
Balance as at 1 July 2017	500,000	124,360	624,360
Comprehensive income			
Profit for the year	-	47,380	47,380
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year attributable to members of the parent entity	-	47,380	47,380
Transactions with owners, in their capacity as owners, and other transfers	-	-	-
Shares issued during the year	-	-	-
Dividends paid or provided for	-	-	-
Total transactions with owners and other transfers	-	-	-
Balance at 30 June 2018	500,000	171,740	671,740

	Share Capital (Ordinary)	Retained Earnings	Total
	\$	\$	\$
Balance as at 1 July 2016	500,000	99,485	599,485
Comprehensive income			
Profit for the year	-	24,875	24,875
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year attributable to members of the parent entity	-	24,875	24,875
Transactions with owners, in their capacity as owners, and other transfers	-	-	-
Shares issued during the year	-	-	-
Dividends paid or provided for	-	-	-
Total transactions with owners and other transfers	-	-	-
Balance at 30 June 2017	500,000	124,360	624,360

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
Cash flows from operating activities			
Cash receipts from customers		22,072,368	10,186,162
Cash paid to suppliers and employees		(21,884,634)	(10,125,444)
Cash generated from operating activities		187,734	60,719
Interest received		35,341	40,052
Net cash generated from operating activities	18	223,075	100,771
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Acquisition of property, plant and equipment		(83,058)	(16,965)
Net cash used in investing activities		(83,058)	(16,965)
Cash flows from financing activities			
Proceeds from issue of share capital		-	-
Net cash provided by financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		140,017	83,805
Cash and cash equivalents at 1 July 2017		945,634	861,829
Cash and cash equivalents as at 30 June 2018	9	1,085,651	945,634

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. Reporting entity concept

SunCentral Maroochydore Propriety Limited (the Company) is a private company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office is 9 Golf Street, Maroochydore Queensland 4558. The Company's prime purpose is the promotion and development management of the Maroochydore City Centre project on the Sunshine Coast in Queensland. The Company's parent entity is the Sunshine Coast Regional Council.

SunCentral Maroochydore Pty Ltd is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. There has not been any changes in the Company's accounting policies since the Company's inception.

The amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report but have future commencement dates are judged by the Directors not likely to have a material impact on the financial statements.

(i) Revenue from Contracts with Customers (AASB 15)

AASB 15 is effective from 1 January 2018 and will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers. The main changes as a consequence of the new standard relate to inconsistencies between entities' reported revenues, principally in relation to when an entity recognises revenue under long term contracts (e.g. construction contracts) and contracts that bundle together goods and services (e.g. contracts that bundle a telephone handset with network services). The Company does not hold contracts of this kind and therefore the standard is not anticipated to impact on the Company at this time.

(ii) Leases (AASB 16)

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

AASB 16 substantially carries forward the lessor

accounting requirements in AASB 117 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. AASB 16 requires enhanced disclosures for both lessees and lessors to improve information disclosed about an entity's exposure to leases and is applicable to annual reporting periods beginning on or after 1 January 2019, with early application permitted. The company holds minimal small value leases of this kind and therefore the standard is not anticipated to materially impact on the company in terms of expenditure.

3. Basis of preparation

a. General Information and statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements were approved by the Board of Directors on the date shown on the Directors' declaration.

b. Reporting period and Comparatives

Pursuant to the provisions of AASB 101 Presentation of Financial Statements, and as agreed with the Company's parent entity, the financial statements as presented are for the reporting period from 1 July 2017 through to 30 June 2018. The Comparative period represents the reporting period from 1 July 2016 to the 30 June 2017. The comparative figures have been adjusted in the current year to account for an immaterial calculation error.

c. Basis of measurement

The financial report, except for the cash flow information, has been prepared on an accrual basis and is based on the historical cost basis, modified, where applicable, by the measurement at fair value. The amounts presented in the financial statements have been rounded to the nearest dollar.

d. Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. Basis of preparation cont.

e. Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

f. Foreign currency

Transactions in foreign currencies are translated to Australian dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate on that date. Foreign currency differences arising on translation are recognised in income or expense.

g. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with the banks and other short-term highly liquid investments with original maturities of three months or less.

h. Trade and Other Receivables

Trade and other receivables include amounts due from 'customers' for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

i. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 46 days of recognition of the liability.

j. Financial instruments

i. Non-derivative financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company ceases to recognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial

assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: cash and cash equivalents (refer to Note 9) and receivables (refer to Note 10). Such financial assets are recognised at fair value plus any directly attributable transaction costs.

ii. Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company ceases to recognise a financial liability when its contractual obligations are discharged, cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables (refer to Note 13). Such financial liabilities are recognised at fair value plus any directly attributable transaction costs.

iii. Compound financial instruments

The Company has not issued any compound financial instruments.

iv. Derivative financial instruments, including hedge accounting

The Company holds no derivative financial instruments.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. Basis of preparation cont.

k. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at historic cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised as "other income" in the statement of comprehensive income.

Plant and equipment that have been contributed at no cost or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

ii. Depreciation

Depreciation is recognised in expenses on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Depreciation is recognised on a straight-line basis over the term of the lease for leasehold improvements over the shorter of either the unexpired period of the lease or the estimated useful life of the improvement.

The estimated useful lives for the current and comparative periods are as follows:

Classification of Asset	Depreciation Rate
• Office equipment	2 years
• Leasehold improvements	2 years
• Office furniture	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

l. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

m. Impairment

i. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in finance costs and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income.

ii. Non-Financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in expenses.

n. Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits are presented as current liabilities where the entity does not have any unconditional right to defer settlements beyond 12 months, regardless of when the actual settlement is expected to occur. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. Basis of preparation cont.

i. Salaries and wages

A liability for salaries and wages is reported in Note 13 within accrued expenditure.

ii. Annual leave

A liability for annual leave is reported in Note 13.

iii. Long service leave

A liability for long service leave is reported on the face of the Statement of Financial Position.

iv. Superannuation

Contributions are made by the entity to each employee's designated superannuation fund and are charged as expenses when incurred.

o. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

p. Revenue

i. Services

Revenue from services rendered is recognised as income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Development Revenue: Income derived from the parent entity, in order to meet costs directly attributable to the company's delivery of the development of the Maroochydore City Centre Priority Development Area on the behalf of the parent entity.

Development Management Fee: Income derived from the parent entity, corresponding to the costs incurred by the company in the managing the delivery of the Maroochydore City Centre Priority Development Area.

q. Interest Received

Interest Received comprises interest income on funds invested. Interest income is recognised as it accrues using the effective interest method.

r. Income tax

The Company is exempt from income tax under section 24AM of the Income Tax Assessment Act 1936 (ITAA 1936) on the basis that the Company is a State/Territory Body (STB), by virtue of the fact that the Company's sole shareholder is the Sunshine Coast Regional Council.

s. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4. Revenue	2018	2017
	\$	\$
The Company's revenue for the reporting period consist of the following:		
Development Revenue		
Construction Revenue	17,502,727	8,063,127
Land Maintenance	46,176	71,244
Sales and Marketing	1,735,997	1,367,969
Total Development Revenue	19,284,899	9,502,341
Development Management Fee	1,896,545	2,040,000
Other Income		
Sundry income	5,780	45,000
	21,187,224	11,587,341

5. Investment income	2018	2017
	\$	\$
Investment income for the reporting period consists of the following:		
Interest income on bank deposits	35,341	40,052
	35,341	40,052

6. Expenses	2018	2017
	\$	\$
a. Development Costs		
Approvals	68,389	15,995
Construction	16,058,440	6,852,773
Design	1,384,645	1,776,477
Land Maintenance	46,176	71,244
Sales & Marketing	1,735,997	1,367,969
	19,293,646	10,084,459
b. Operating Overheads		
Board & Governance costs	484,785	450,047
Financial costs	26,456	24,946
General costs	48,880	13,471
Information Technology & Communication costs	68,223	43,975
Premises costs	76,433	76,213
Staff costs	987,806	900,156
Contractor / Consultant costs	178,209	6,200
	1,870,792	1,515,008

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

7. Key management personnel

Details of key management personnel for the period have been detailed in the Director's Report.

Key management personnel includes the remuneration for all Non-Executive Directors and the Chief Executive Officer, as follows:

a. Key management personnel compensation (or remuneration)	2018	2017
	\$	\$
Short term employee benefits		
Salaries and wages	722,771	729,646
Annual leave	13,101	2,008
Post employment benefits		
Superannuation	77,600	78,425
Other long term employee benefits		
Long service leave	8,937	14,519
	822,410	824,599

Total remuneration for all Non-Executive Directors and the Chief Executive Officer was agreed by the Company's Member in March 2015. The base fee for the Chairperson is \$109,589 per annum. Base fees for other directors are \$63,927 per annum. Directors' base fee cover all Board activities. Directors are entitled to superannuation contributions of 9.5% of the base fee.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

8. Employee remuneration

Included in operating overheads for the reporting period are the following employee expenses for staff other than the CEO:

	2018	2017
	\$	\$
	421,955	319,631
Salaries and wages	49,130	36,954
Superannuation	(2,974)	1,706
Increase/(Decrease) in liability for annual leave	9,218	4,504
Increase/(Decrease) in liability for long service leave	477,329	362,796

9. Cash and cash equivalents

Cash and cash equivalents consist the following:

	2018	2017
	\$	\$
Cash at bank - unrestricted	515,651	475,634
Call Deposits	570,000	470,000
	1,085,651	945,634

Cash and cash equivalents in the statement of cash flows

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 14.

An indemnity amount over cash and cash equivalents has been provided in relation to the Local Government Workcare Bank Guarantee. Refer to Note 21 for further details.

10. Trade and other receivables

Trade and other receivables consist of the following:

	2018	2017
	\$	\$
Trade debtors - parent entity	2,502,556	3,205,743
GST receivable	16,744	9,663
Accrued development revenue	2,032,826	96,707
ATO Client Integrated Account	3,782	-
Interest receivable	2,060	1,412
	4,557,968	3,313,526

The Company's exposure to credit and currency risk and impairment losses related to trade and other receivables are disclosed in note 14. No collateral is held over trade and other receivables.

11. Other assets

Prepayments

	2018	2017
	\$	\$
	23,947	25,243
	23,947	25,243

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

12. Property, plant and equipment

Details of the Company's property, plant and equipment and their carrying amount are as follows:

Measurement at cost	Office Furniture \$	Office Equipment \$	Leasehold Improvements \$	Total \$
Asset Values				
Opening gross value as at 1 July 2017	6,831	11,242	1,177	19,250
Additions at cost	20,433	10,885	51,740	83,058
Disposals	-	-	-	-
Closing gross value as at 30 June 2018	27,264	22,127	52,917	102,308
Accumulated Depreciation & Impairment				
Opening accumulated depreciation balance as at 1 July 2017	209	3,016	1,177	4,402
Depreciation provided during period	3,258	6,597	893	10,748
Closing accumulated depreciation and impairment as at 30 June 2018	3,467	9,613	2,070	15,150
Total book value at period end	23,797	12,514	50,847	87,158

Measurement at cost	Office Furniture \$	Office Equipment \$	Leasehold Improvements \$	Total \$
Asset Values				
Opening Gross Value as at 1 July 2016	181	926	1,177	2,284
Additions at cost	6,650	10,316	-	16,966
Disposals	-	-	-	-
Closing gross value as at 30 June 2017	6,831	11,242	1,177	19,250
Accumulated Depreciation & Impairment				
Opening accumulated depreciation balance as at 1 July 2016	55	594	701	1,350
Depreciation provided during period	154	2,422	476	3,052
Closing accumulated depreciation and impairment as at 30 June 2017	209	3,016	1,177	4,402
Total book value at period end	6,622	8,226	-	14,848

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

13. Trade and other payables	2018	2017
	\$	\$
Trade and other payables recognised consist of the following:		
Unsecured liabilities:		
Trade creditors	2,699,337	427,960
Trade and other payables	-	-
Annual Leave	83,702	70,242
Accrued expenditure	2,080,267	2,973,421
GST liability	-	-
Payroll liabilities	80,136	72,945
Amounts payable to:		
- ultimate parent entity	-	-
	4,943,441	3,544,567
Financial liabilities at amortised cost classified as trade and other payables:		
Trade and other payables:		
- total current	4,943,441	3,544,567
Less other payables (net amount of GST payable)	-	-
Financial liabilities as trade and other payables:	4,943,441	3,544,567

The average credit period on trade and other payables (excluding GST payable) is 46 days. No interest is payable on outstanding payables during this period. The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 14.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

14. Financial instruments

a. Financial risk management

i. Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk.

At the reporting date, there were no significant concentrations of credit risk. The Company does not require collateral in respect of trade and other receivables.

iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient readily available funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 365 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

iv) Market risk

Market risk is the risk of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

14. Financial instruments cont.

b. Credit risk

i. Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure.

	2018	2017
	\$	\$
Cash and cash equivalents	1,085,651	945,634
Trade and other receivables	4,557,968	3,313,526
	5,643,619	4,259,160

The Company's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

Australia	4,557,968	3,313,526
Other regions	-	-
	4,557,968	3,313,526

The Company's maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

Parent Entity	1,851,036	3,205,743
Other	653,580	1,412
	2,504,616	3,207,156

Credit risk related to balances with banks and other financial institutions is managed by the Board of Directors. Surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-.

ii. Impairment losses

The ageing of the Company's trade receivables at the reporting date was:

	Gross 2018	Impairment 2018	Gross 2017	Impairment 2017
	\$	\$	\$	\$
Not past due	2,502,556	-	3,205,743	-
Past due 31-60 days	-	-	-	-
Past due 61-90 days	-	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

14. Financial instruments cont.

c. Liquidity risk

Liquidity risk refers to the situation where the Company may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company is exposed to liquidity risk through its trading in the normal course of business.

<u>Trade and other Payables</u>	2018	2017
	\$	\$
- less than 12 months	4,943,441	3,544,567
- more than 12 months but not later than 5 years	-	-
- greater than 5 years	-	-
	4,943,441	3,544,567

d. Currency risk

The Company has no current exposure to foreign currency risk.

15. Fair Value Measurements

The Company does not subsequently measure any liabilities at fair value or a recurring basis, or any assets or liabilities at fair value on a non-recurring basis. The fair value of trade and other receivables is assumed to approximate the value of the original transaction, less any allowance for impairment.

16. Share Capital

	2018	2017
	\$	\$
Ordinary Shares in issue as at commencement of reporting period	500,000	500,000
Issued for cash	-	-
In issue at 30 June 2018 - fully paid	500,000	500,000

i. Ordinary shares

The sole holder of these shares is entitled to dividends as declared from time to time and are entitled to one vote at general meetings of the Company.

ii. Issue of ordinary shares

In April 2015, the Company approved the issue of 500,000 \$1 ordinary shares to the Sunshine Coast Regional Council.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

17. Construction and leasing commitments

a. Operating lease commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements.

Payable - minimum lease payments:	2018	2017
	\$	\$
Not later than 12 months	92,199	65,433
Later than 12 months but not later than five years	141,437	38,093
Later than 5 years	-	-
	233,636	103,526

The property lease is a non-cancellable lease with a 1 year term, with rent payable monthly in advance. There is no provision within the lease agreement for annual rental increases. An option exists to renew the lease at the end of the 1 year term for an additional term of 1 year.

b. Construction contract commitments

Commitments for construction contracts at the reporting date but not recognised in the financial statements.

Payable - minimum payments:	2018	2017
	\$	\$
Not later than 12 months	11,395,038	22,735,513
Later than 12 months but not later than five years	-	-
Later than 5 years	-	-
	11,395,038	22,735,513

18. Reconciliation of cash flow from operating activities

	2018	2017
	\$	\$
Cash flows from operating activities		
Net profit / (loss) for the year	47,380	24,875
Adjustments for:		
Depreciation	10,748	3,052
Operating surplus before changes in working capital and provisions	58,128	27,927
Change in trade and other receivables	(1,232,932)	(2,558,832)
Change in prepayments	1,296	(21,645)
Change in trade and other payables	1,388,014	2,625,704
Change in provisions and employee benefits	9,218	19,026
Change in accrued interest	(648)	8,591
Net cash generated from operating activities	223,075	100,771

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

19. Related party transactions

Related Parties

The Company's main related parties are as follows:

a. Entities exercising control over the Company

The parent entity, which exercises control over the Company, is the Sunshine Coast Regional Council. The Council and its controlled entities including this company form a group and Unitywater is an associate of the Council and is therefore also a related party.

b. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any Director of the company is considered key management personnel. For details of disclosures relating to key management personnel compensation, refer to Note 7. Key management personnel during the period have been identified in the Director's Report.

c. Other related parties

Other related parties include close family members of key management personnel and entities controlled or jointly controlled by those key management personnel, individually or collectively with their close family members. No transactions with this type of entity has occurred in the period.

d. Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2018	2017
	\$	\$
The following transactions occurred with related parties:		
Revenue		
Parent entity - Sales of goods and services	19,510,904	11,275,997
Associate of the Parent Entity - Sales of goods and services	1,675,540	311,344
Expenditure		
Parent entity - Purchase of goods and services	30,000	12,537
Associate of the Parent Entity - Purchase of goods and services	350	23,495

20. Auditor remuneration

The provision relating to the audit or review of the financial statements and all other services during the reporting period, is as follows:

	2018	2017
	\$	\$
Audit of the financial statements by the Auditor General of Queensland	23,500	23,000
	23,500	23,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

21. Contingent liabilities

Details and estimate of maximum amounts of contingent liabilities are as follows:

	2018	2017
	\$	\$
Indemnity amount provided to the Local Government Workcare Bank Guarantee	11,321	7,021
	11,321	7,021

The Company is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme the Company has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self-insurance licence be cancelled and there were insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise.

22. Economic dependency and going concern

The financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Currently, the ability of the Company to continue its operations at current levels is dependent upon future ongoing funding being provided by its parent entity the Sunshine Coast Regional Council. The Directors believe that necessary funding will be forthcoming, and that there are no current indications that the funding arrangements will change.

23. Events after the reporting period

The Directors are not aware of any significant events since the end of the reporting period.

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2018

In the opinion of the Directors of SunCentral Maroochydore Pty Ltd (the Company):

- a. the financial statements and notes, set out on pages 13 to 34 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Regulation 2001*;
 - ii. giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Dr. Douglas McTaggart
Chairman

Dated at Maroochydore this day 15th October 2018.

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Members of SunCentral Maroochydore Pty Ltd

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of SunCentral Maroochydore Pty Ltd.

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended
- b) complies with Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I am also independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Other information comprises the information included in the company's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT



In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the company for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The company's directors are also responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the company.

INDEPENDENT AUDITOR'S REPORT



- Conclude on the appropriateness of the company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

A handwritten signature in blue ink, appearing to read "C. Dougherty".

Carolyn Dougherty
as delegate of the Auditor-General

17 October 2018
Queensland Audit Office
Brisbane

Maroochydore

THE BRIGHT CITY



MAROOCHYDORE-CITY.COM.AU
OR CALL 61 (0)7 5452 7274



SunCentral

PO Box 1458, Maroochydore, Queensland 4558

5 CONFIDENTIAL SESSION**5.1 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - MAROOCHYDORE CITY CENTRE UPDATE**

File No: Council meetings
Author: Portfolio Director, Major Projects
Office of the CEO

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.

5.2 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - MAROOCHYDORE CITY CENTRE PRIORITY DEVELOPMENT AREA RISK MANAGEMENT UPDATE

File No: F2018/40422
Author: Portfolio Director, Major Projects
Office of the CEO

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.

5.3 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - SUNSHINE COAST AIRPORT - AGREEMENT PERFORMANCE UPDATE

File No: Council meetings
Author: Manager Business Development
Business Performance Group

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.

6 NEXT MEETING

Nil

7 MEETING CLOSURE
