

Agenda

Special Meeting (Quarterly Update Maroochydore City Centre)

Thursday, 8 June 2017

commencing at 9:00am

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 OBLIGATIONS OF COUNCILLORS****3.1 DECLARATION OF MATERIAL PERSONAL INTEREST ON ANY ITEM OF BUSINESS**

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

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

3.2 DECLARATION OF CONFLICT OF INTEREST ON ANY ITEM OF BUSINESS

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

4 REPORTS DIRECT TO COUNCIL**4.1 INFRASTRUCTURE SERVICES****4.1.1 MAROOCHYDORE TECHNICAL REFERENCE GROUP AND PUBLIC DOMAIN WORKS STATUS REPORT****File No:** Council meetings**Author:** Director
Infrastructure Services Department

Attachments: Att 1 - Maroochydore City Centre Streetscape Palette 13 [↓](#)
 Att 2 - Maroochydore AWCS Collection Station - Architectural Design 17 [↓](#)
 Att 3 - Technical Reference Group Minutes 22 November 2016
 *Confidential 5/142*
 Att 4 - Technical Reference Group Minutes 28 February 2017
 *Confidential 23/142*
 Att 5 - Technical Reference Group Minutes 22 March 2017
 *Confidential 27/142*
 Att 6 - Technical Reference Group Minutes 27 April 2017
 *Confidential 31/142*

PURPOSE

To inform council of the activities of the Maroochydore Technical Reference Group (TRG) for the Maroochydore City Centre Priority Development Area (MCC PDA, “the PDA”) project.

EXECUTIVE SUMMARY

The Maroochydore Technical Reference Group for the Maroochydore City Centre Priority Development Area (MCC PDA, “the PDA”) project continues to meet on a monthly basis with the SunCentral management team and provide direction and oversight of the design development process.

Since the last Shareholders Reference Group, considerable progress continues to be made on a wide range of elements, including:

- Progress of the automatic waste collection system (AWCS) with the arrival on site of the pipes
- Refinement and sign off on the smart city design and lighting components
- Review and agreement on street tree species and the use of the Caloundra depot to assist in propagation and growing of mature trees for future installation
- Regular review and commentary on the SunCentral construction delivery program
- A plan for protection of assets when future multi story building construction commences
- Ongoing hydrology studies of the canal system and flood modelling for the site
- Ongoing dialogue with TMR and approval for the Aerodrome Road intersection upgrade with on site service relocation works now underway
- Development of architectural concept designs for the new AWCS Collection Centre

OFFICER RECOMMENDATION

That Council receive and note the Maroochydore Technical Reference Group and Public Domain Works Status Report.

FINANCE AND RESOURCING

The TRG operates from current council operational budgets. Any projects arising are covered through the annual budget allocation provided to SunCentral by council. Where it is determined that increased funding allocations are required for certain components, these will be reported to council. An interest free loan of \$12.6m from the State government has been secured to fund the intersection works within the wider Maroochydore city centre area.

CORPORATE PLAN

Corporate Plan Goal: *A strong community*
Outcome: 2.4 - People and places are connected
Operational Activity: 2.4.6 - Progress the Smart City Implementation Plan through the integration of smart cities principles into capital works projects and operational activities.

CONSULTATION

Portfolio Councillor Consultation

Engagement with Councillor S Robinson, Councillor T Dwyer and Councillor J Connolly through the SunCentral Maroochydore Shareholder Reference Group meetings.

Internal Consultation

Minutes of meetings held 22 November 2016, 24 January 2017, 28 February 2017, 22 March 2017. Please note that meeting was not held in December 16.

External Consultation

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

Community Engagement

Not applicable.

PROPOSAL

The Maroochydore Technical Reference Group (TRG) for the Maroochydore City Centre Priority Development Area (MCC PDA, "the PDA") project continues to meet on a monthly basis with the SunCentral management team and provide direction and oversight of the design development process.

The TRG works in a consultative capacity ensuring that all specialist urban design, traffic engineering, community asset, accessibility, open space and landscaping specification knowledge and expertise within council are made available to ensure that the project receives full advantage of all expertise and value add resources currently available to council.

The TRG continues to take on the role of the council approval authority to approve and sign off design details on behalf of council that covers all aspects of the public realm development, acting as council's asset steward and future owner and operator of all public realm assets that are created through the development, i.e. similar to the operational works process undertaken within the council planning scheme approval process for development.

A number of items have been progressed in the last quarter that are outlined in the Proposal section of the report.

Smart City components

Webb Pty Ltd and Cardno have reviewed proposals for light poles, concluding that 12 meter poles, placed further apart would minimise cost outlay, and affords more space to incorporate landscaping. SunCentral Maroochydore (SCM) have installed CCTV cameras for the initial stages of construction to monitor assets.

On 8 December 2016, council adopted the Smart City Implementation Program (SCIP). This program outlines Smart City solutions - using information and communications technology to be installed at key locations across the region, and the design work to date has incorporated all necessary smart city back bone technology.

Urban design update

Caloundra Depot has been identified as a site for growing established tree species for placement in the Maroochydore City Centre, and agreement has been reached on the tree species palette to be planted in the project

Additional space has been negotiated for layover within the Transit Plaza, in return for the transfer of the "old" CAMCOS Corridor land at no cost to Council. It was noted that a 35 bus layover facility was proposed by TMR for the Transit Plaza which was rejected by SunCentral and council staff.

The TRG group discussed the requirement for an Asset Protection Plan prior to the commencement of bulk earthworks, aimed at protecting expensive urban infrastructure from the impacts of multi-story construction. Options will include placing sacrificial assets in defined locations or conditioning the urban development requirements to the future building construction obligations. SunCentral will undertake an assessment and produce this plan.

The TRG members have finalised a street paving palette that will provide a transition from Aerodrome Road to the SunCentral pavement treatment through the incorporation of porphyry pavers.

The TRG have been working with SunCentral staff collaboratively on street furniture designs, and the group decided to trial two styles of seating within the PDA to see which works best aesthetically and practically. These two options include a metal bench, and a mixed wood and metal bench. Attached to this report is the Maroochydore City Centre Streetscape Palette that displays the natural and urban landscaping elements that have been selected to date to create a contemporary and high quality urban city centre look and feel.

Road and traffic design update

As street naming discussions continue, SunCentral have enlisted an external consultant to assist with ongoing negotiations to resolve naming conventions for the PDA, and have progressed loading the street and park names with Council via the usual Council naming process.

The design development for the Aerodrome intersection has continued with TMR in principle approval now secured for the proposed intersection treatment, and final approval is to be forthcoming shortly. TMR have raised concerns over construction works impact on the wider network and these are being discussed during regular meetings between Project

Delivery officers and TMR officers, however this will not be an issue to hold up construction, and service relocation works are now underway.

Project Delivery also reviewed the design to ensure that it is future proof for the impacts of the light rail system, and have confirmed that the installation of a protective covering for relocated fibre optic cabling is proposed which would future-proof the development.

Work is continuing to refine the design and to seek to stage the implementation of the full design treatments across two financial years to manage the costs. The total cost estimate is in the order of \$15m, including \$6m for Telstra and Energex service relocations, \$6m for earthworks and road upgrades, \$2m for design, approvals and site management and \$1m for ancillary works and landscaping elements. A staged plan is being developed to stage the project across two financial years and which will also seek to source other funding for generic components (e.g. bus shelters) from other program sources or grants funding to reduce the cost impact of the project. The temporary car park on Aerodrome Road have been relocated to Golf Street, and is now available for use by authorised Council Staff. Stickers have been issued in order to monitor its use. A joint communication strategy is in place for Council and SunCentral undertaken works.

Waterways and drainage systems design update

Unitywater are working with SunCentral and have advised that a feasibility study will occur for the use of an on-site water treatment and recycling facility for potential implementation at MCC.

Cardno are reworking their initial flood modelling report, with the finished report expected by April 2017. This report will be reviewed by Council once received.

Infrastructure Agreement

Negotiations have concluded in relation to the SunCentral Infrastructure Agreements with a meeting of the parties held on the 9 March 2017 to finalise the documents for execution to occur. A report has been prepared for the Chief Executive Officer to exercise his delegation to finalise, implement and execute the Agreements.

AWCS (Automatic Waste Collection System) update

The TRG group discussed a request from ENVAC to weld AWCS piping on site. Potential issues were identified, mostly relating to weather conditions and cost. Welding in a temperature controlled environment i.e. indoor could ensure a higher level of integrity in the welds. Negotiations are ongoing, but there is a potential cost saving for engaging with an off-site welding company.

AWCS pipes have been delivered to site and the final design of the collection station is underway.

Given the ongoing high levels of interest in the AWCS, fact sheets and communications documents are in development with the Communications Team for public issue.

Architectural concept drawings have also been prepared for the new AWCS collection centre, to seek to create a visually attractive building for what is essentially a large industrial warehouse, following input from our Urban Architect, Council staff and Lucid (Envvac's selected design consultant). The concept designs are attached to this report.

Approvals issued

Stage 1a Designs have been formally accepted by the TRG.

Legal

No legal matters are applicable to this report.

Policy

Not applicable to this report.

Risk

All design items are subject to evaluation and risk assessments by the professional staff assessors relative to the type of works and context within the central business district.

Previous Council Resolution

There are no previous council resolutions.

Related Documentation

There is no related documentation relevant to this report.

Critical Dates

There are no critical dates.

Implementation

Maroochydore Technical Reference Group meetings will continue through 2017 with the SunCentral Maroochydore management team.

Maroochydore City Centre Streetscape Palette







Moreton Bay Fig
Ficus macrophylla



Queensland maple
Flindersia brayleyana



Moreton Bay Ash
Corymbia tessellaris



Cabbage-Tree Palm
Livistona australis



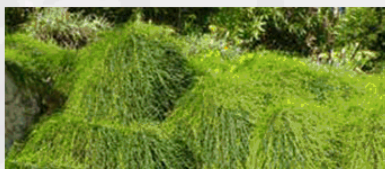
Pink Tabebuia
Tabebuia Rosea



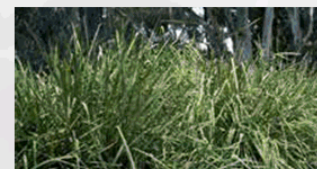
Magnolia
Magnolia grandiflora



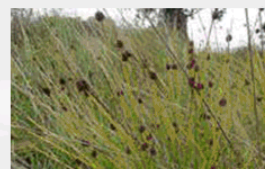
Cardboard Palm
Zamia furfuracea



Cousin It
Casuarina glauca



Mat Rush
Lomandra longifolia



Knobby Club Rush
Ficinia nodosa



landscape species



street infrastructure



DEVELOPMENT SUMMARY

TOTAL SITE AREA	2648m ²	INCLUDING 28647 EASEMENT
PROPOSED GROUND GFA	737m ²	INCLUDING EXTERNAL STAIR, EXCLUDING COOLING TOWER ENCLOSURE
PROPOSED LEVEL 1 GFA	475m ²	INCLUDING EXTERNAL STAIR LANDING AND BREAK OUT SPACE
PROPOSED TOTAL GFA	1212m ²	
PROPOSED FOOTPRINT	777m ²	INCLUDING EXTERNAL STAIR AND COOLING TOWER ENCLOSURE
LANDSCAPING	700m ²	INCLUDING 28647 EASEMENT
PLOT RATIO	29.34%	777/2648
CAR PARKING	5 CARS	
BICYCLE	3 BIKES	

DRAWING LIST

No.	Sheet Name	Revision	Status	Date
DA000	COVER SHEET	A	DEVELOPMENT APPLICATION	12/05/2017
DA001	PERSPECTIVES	A	DEVELOPMENT APPLICATION	12/05/2017
DA002	PERSPECTIVES	A	DEVELOPMENT APPLICATION	12/05/2017
DA100	SITE ANALYSIS	A	DEVELOPMENT APPLICATION	12/05/2017
DA101	SITE PLAN	A	DEVELOPMENT APPLICATION	12/05/2017
DA110	ROOF PLAN	A	DEVELOPMENT APPLICATION	12/05/2017
DA200	FLOOR PLAN - GROUND	A	DEVELOPMENT APPLICATION	12/05/2017
DA201	FLOOR PLAN - LEVEL 1	A	DEVELOPMENT APPLICATION	12/05/2017
DA400	ELEVATIONS	A	DEVELOPMENT APPLICATION	12/05/2017
DA500	SECTIONS	A	DEVELOPMENT APPLICATION	12/05/2017
DA501	SECTIONS	A	DEVELOPMENT APPLICATION	12/05/2017

MAROOCHYDORE
 AWCS COLLECTION STATION
 MAROOCHYDORE, QLD, AUSTRALIA



COVER SHEET
 MAROOCHYDORE AWCS COLLECTION STATION

Status: DEVELOPMENT APPLICATION
 Address: New Lot, PDA, Maroochydore, QLD, 4558

Scale: NTS

Project Number: 43571
 Drawing Number: DA000
 Revision: A

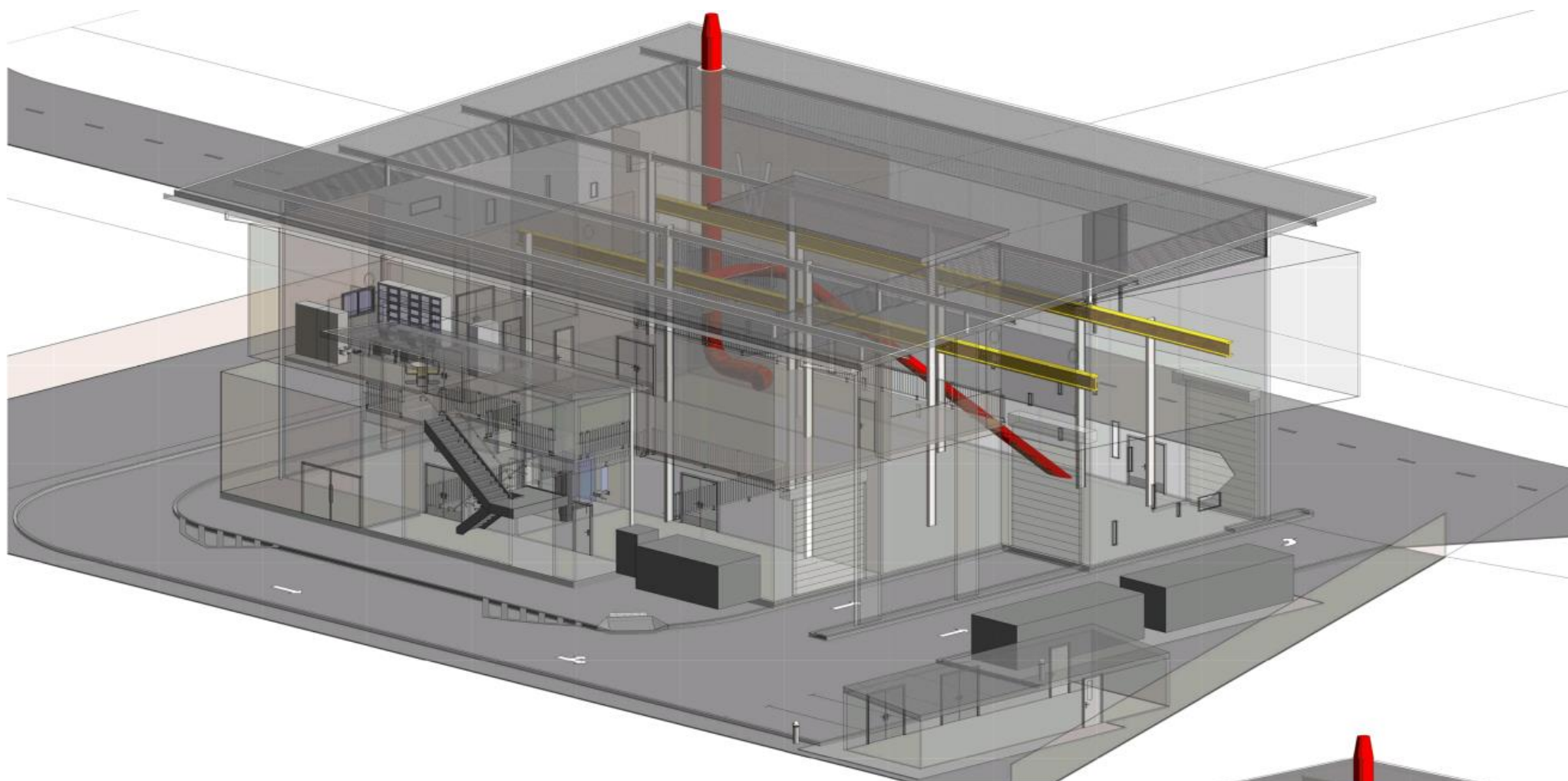


NORTHWEST PERSPECTIVE

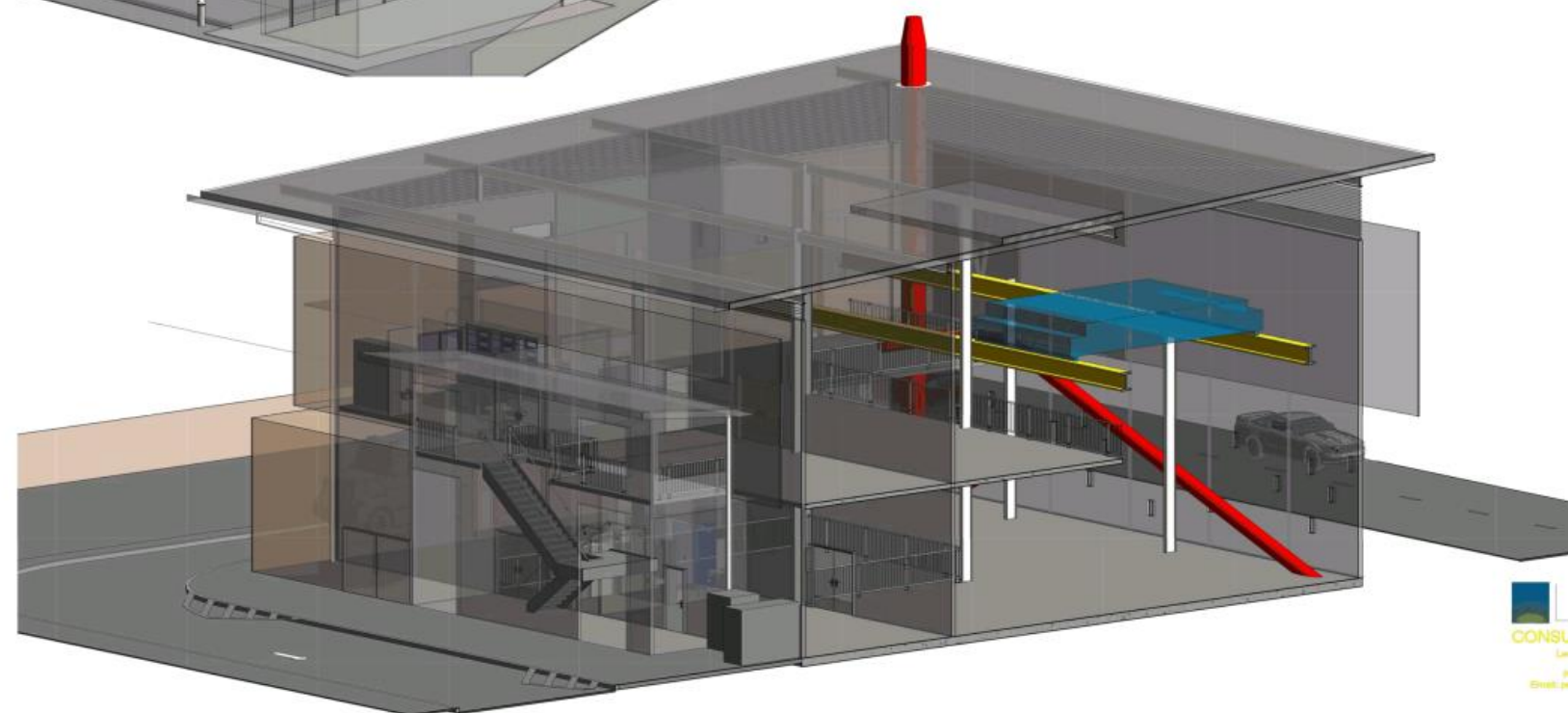


SOUTHEAST PERSPECTIVE





CROSS-SECTIONAL PERSPECTIVE 1



CROSS-SECTIONAL PERSPECTIVE 2

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envac
 REMOVING WASTE - CREATING VALUE



PERSPECTIVES
MAROOCHYDORE AWCS COLLECTION STATION

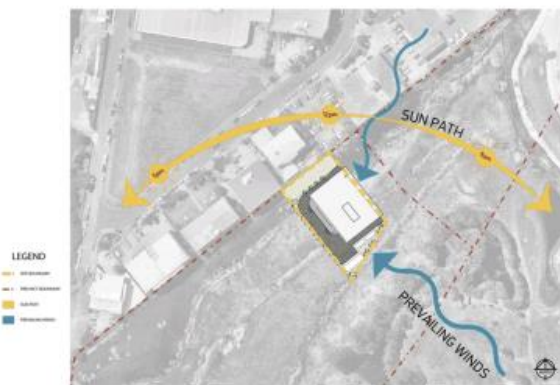
Status: **DEVELOPMENT APPLICATION**
 Address: New Lot, PDA, Maroochydore, QLD, 4558

Scale: NTS

Project Number: 43571
 Drawing Number: DA002
 Revision: A



SITE AERIAL



ENVIRONMENT



TRANSPORT AND CIRCULATION



ZONING



VIEWS OF SITE



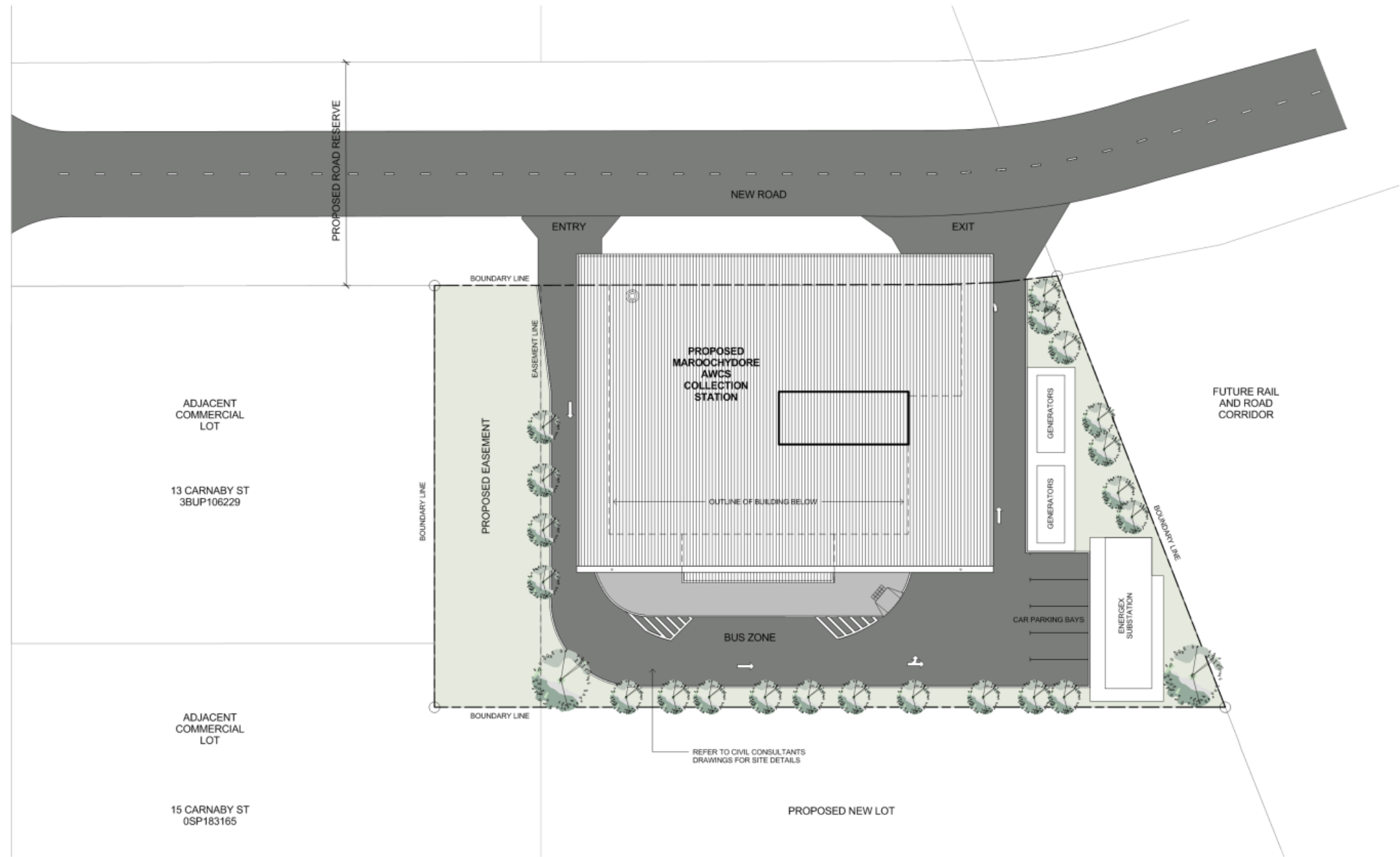
SITE ANALYSIS
 MAROOCHYDORE AWCS COLLECTION STATION

Status: DEVELOPMENT APPLICATION
 Address: New Lot, PDA, Maroochydore, QLD, 4558

Scale: NTS

Project Number: 43571
 Drawing Number: DA100
 Revision: A

CARNABY STREET



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 REMOVING WASTE - CREATING VALUE

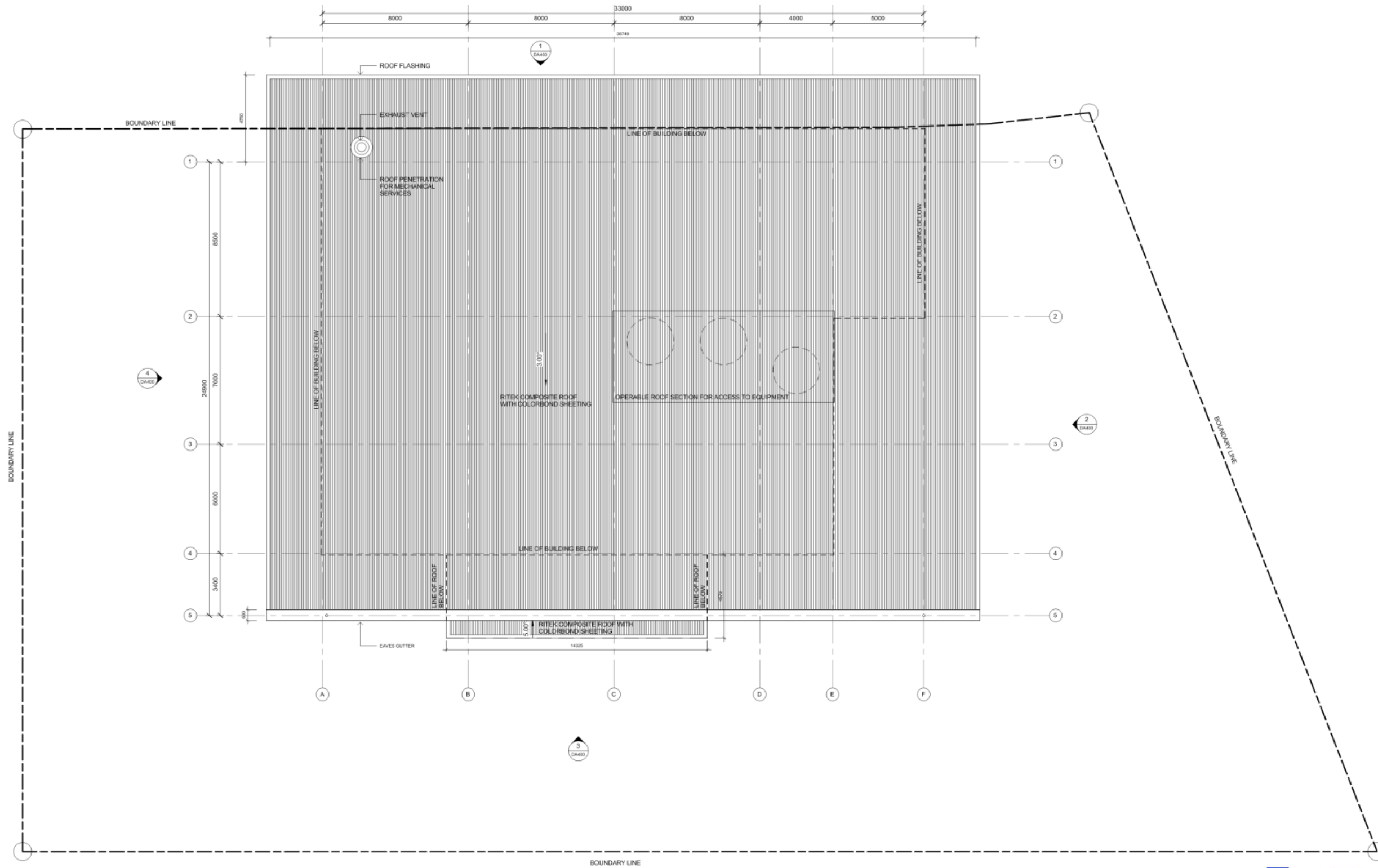
Sunshine Coast | SITE PLAN
 MAROOCHYDORE AWCS COLLECTION STATION

Status: **DEVELOPMENT APPLICATION**
 Address: New Lot, PDA, Maroochydore, QLD, 4558

Scale: 1:200 @ A1
 0 16

North:

Project Number: 43571
 Drawing Number: DA101
 Revision: A



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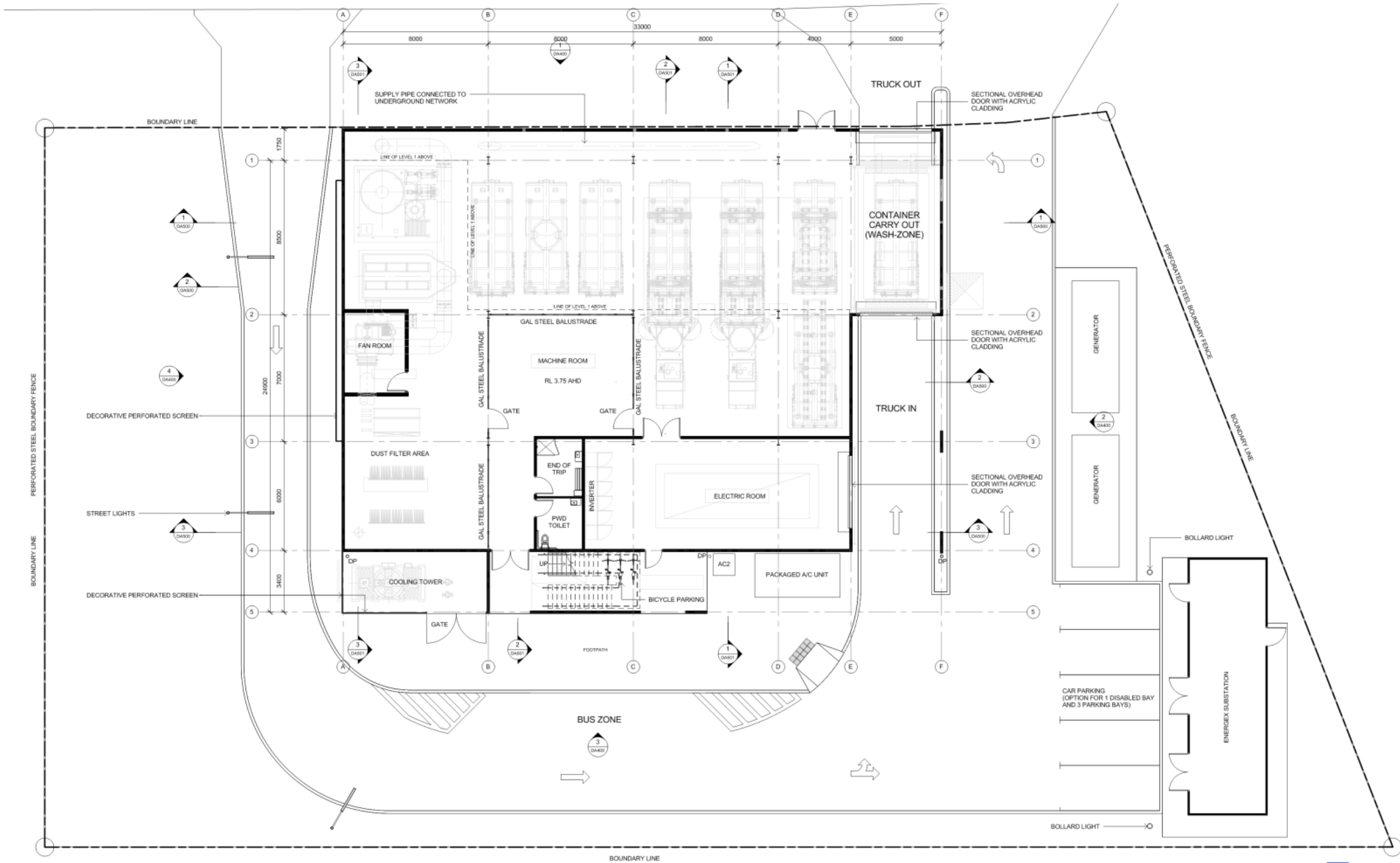
ROOF PLAN
 MAROOCHYDORE AWCS COLLECTION STATION

Status: **DEVELOPMENT APPLICATION**
 Address: New Lot, PDA, Maroochydore, QLD, 4558

Scale: 1:100 @ A1
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Project Number: 43571
 Drawing Number: DA110
 Revision: A



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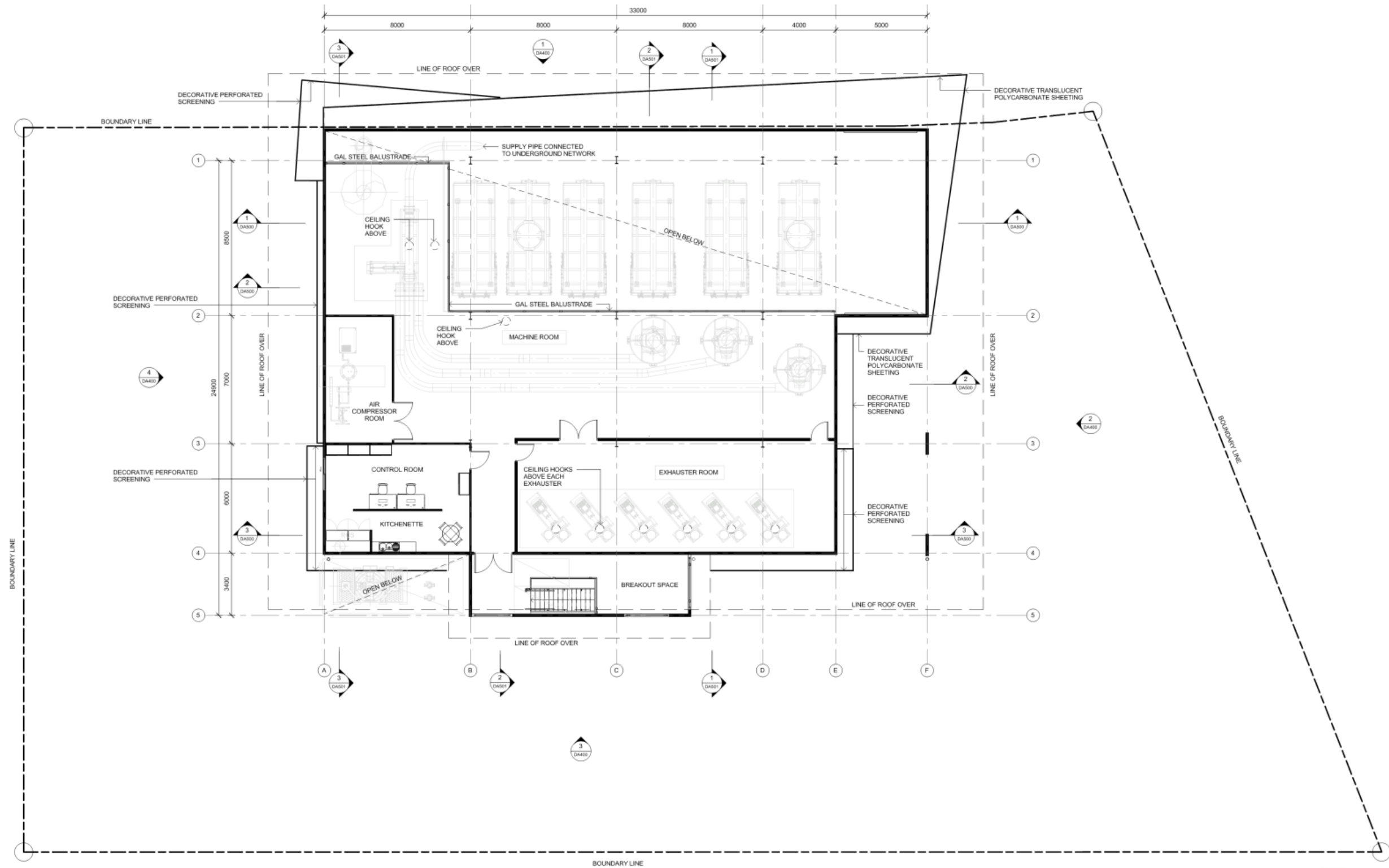
FLOOR PLAN - GROUND
 MAROOCHYDORE AWCS COLLECTION STATION

Status: **DEVELOPMENT APPLICATION**
 Address: New Lot, PDA, Maroochydore, QLD, 4558

Scale: 1:100 @ A1
 0 1 2 3 4 5 6 7 8



Project Number: 43571
 Drawing Number: DA200
 Revision: A



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 REMOVING WASTE - CREATING VALUE



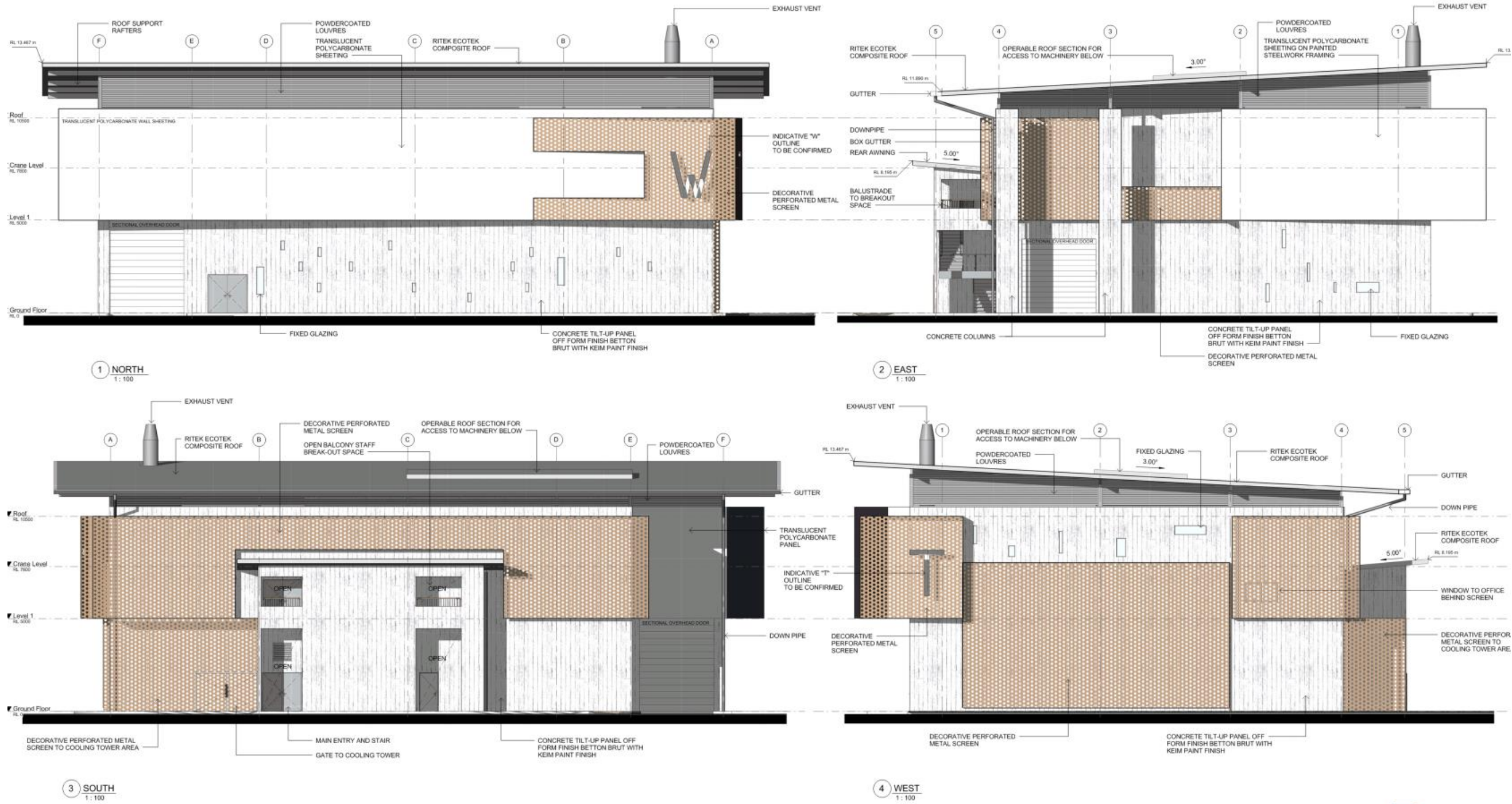
FLOOR PLAN - LEVEL 1
 MAROOCHYDORE AWCS COLLECTION STATION

Status: **DEVELOPMENT APPLICATION**
 Address: New Lot, PDA, Maroochydore, QLD, 4558

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Project Number: 43571
 Drawing Number: DA201
 Revision: A

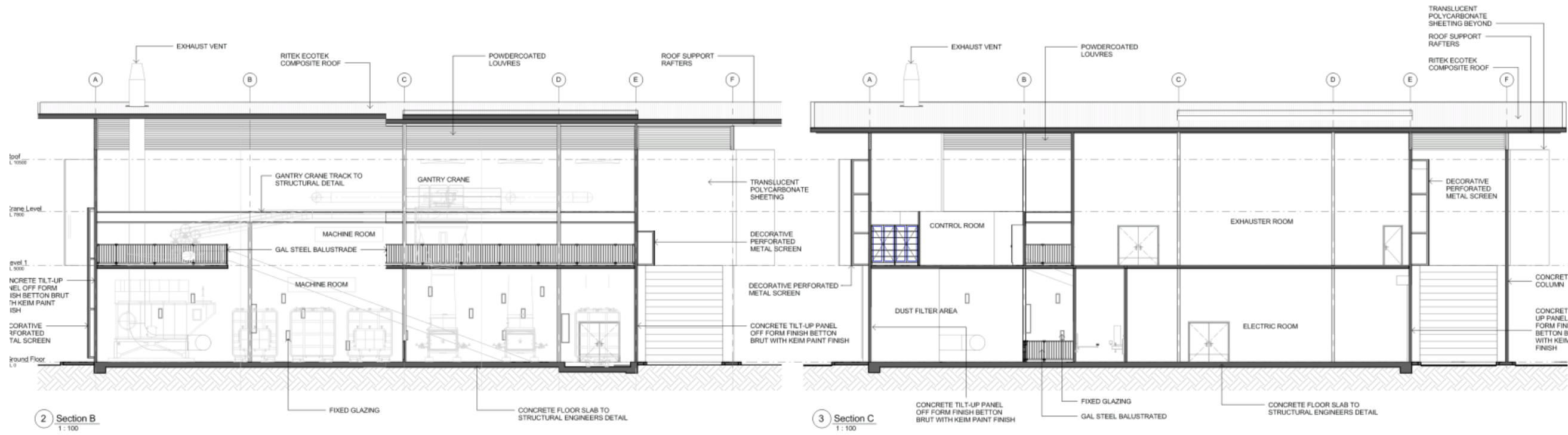
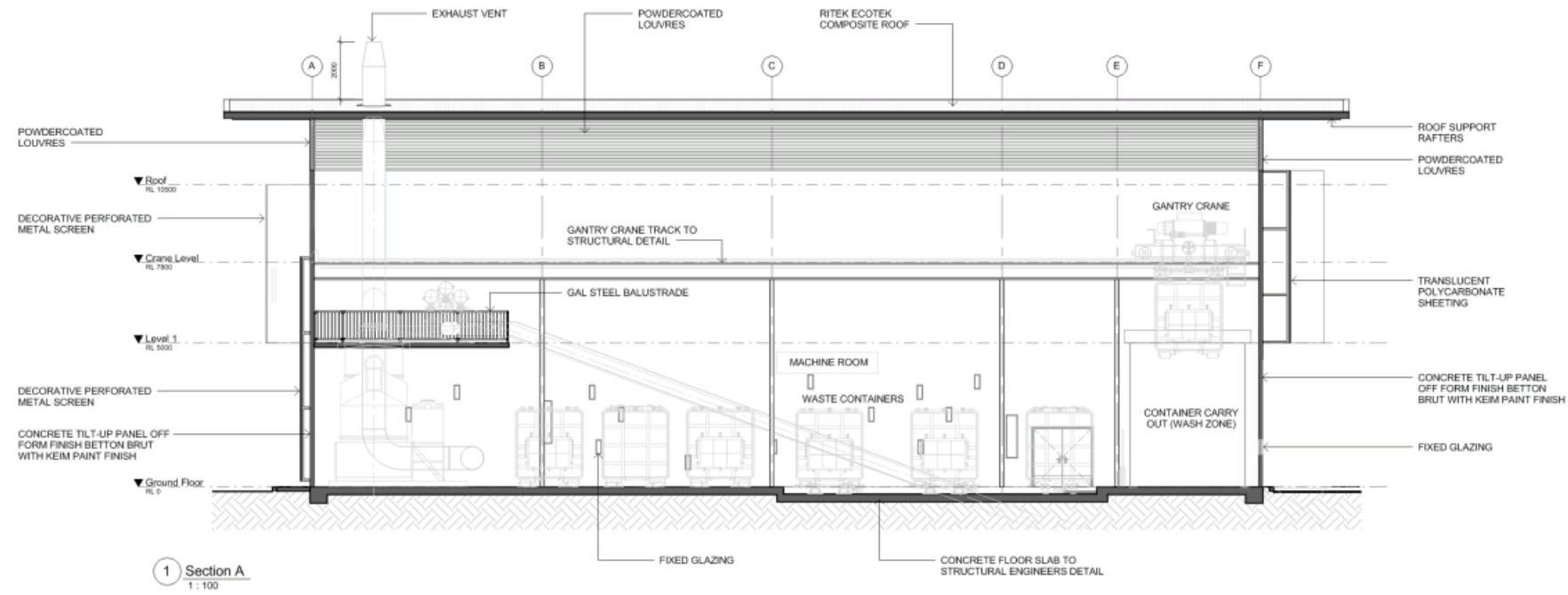


ELEVATIONS
 MAROOCHYDHORE AWCS COLLECTION STATION

Status: DEVELOPMENT APPLICATION
 Address: New Lot, PDA, Maroochydhore, QLD, 4558

Scale: 1:100 @ A1

Project Number: 43571
 Drawing Number: DA400
 Revision: A



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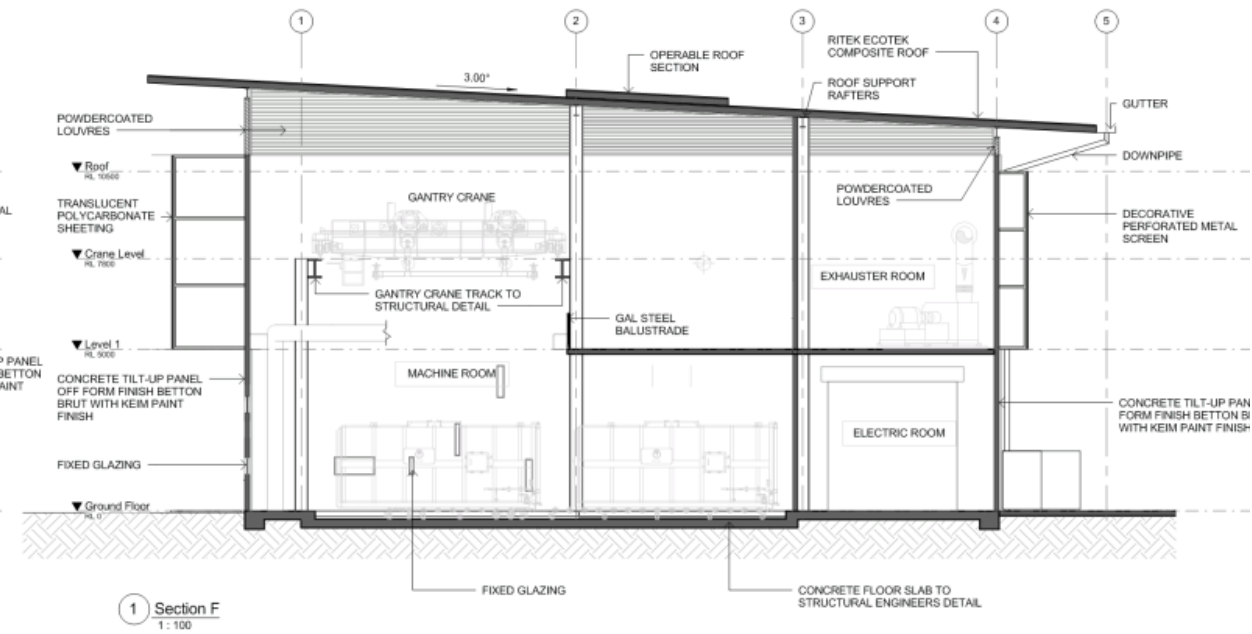
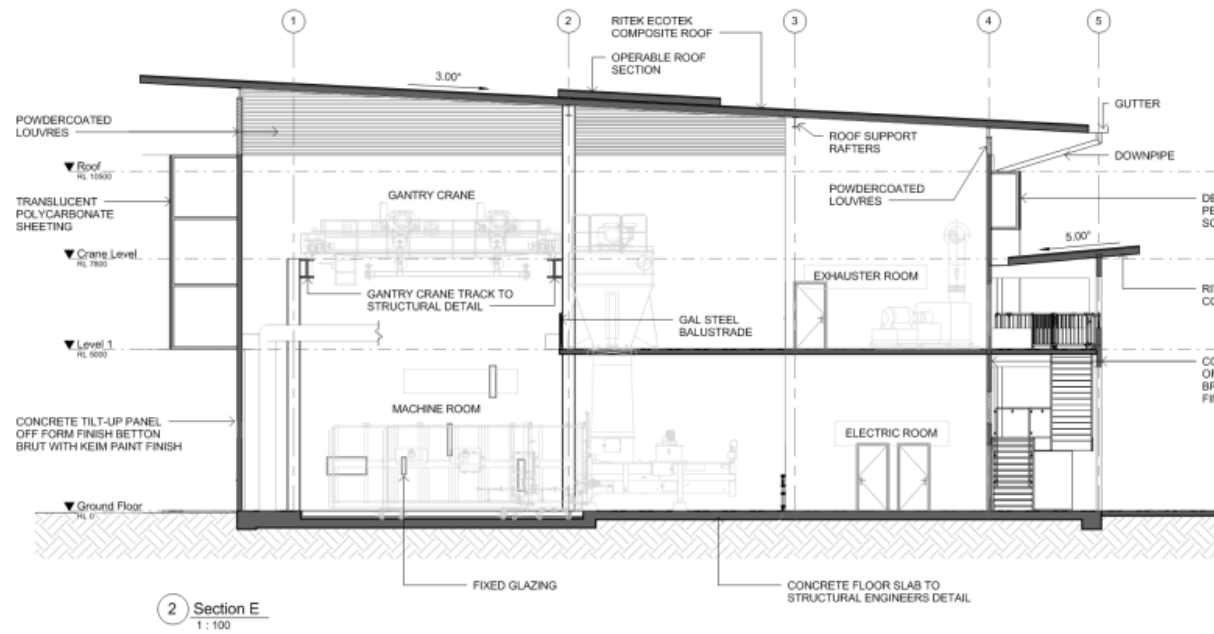
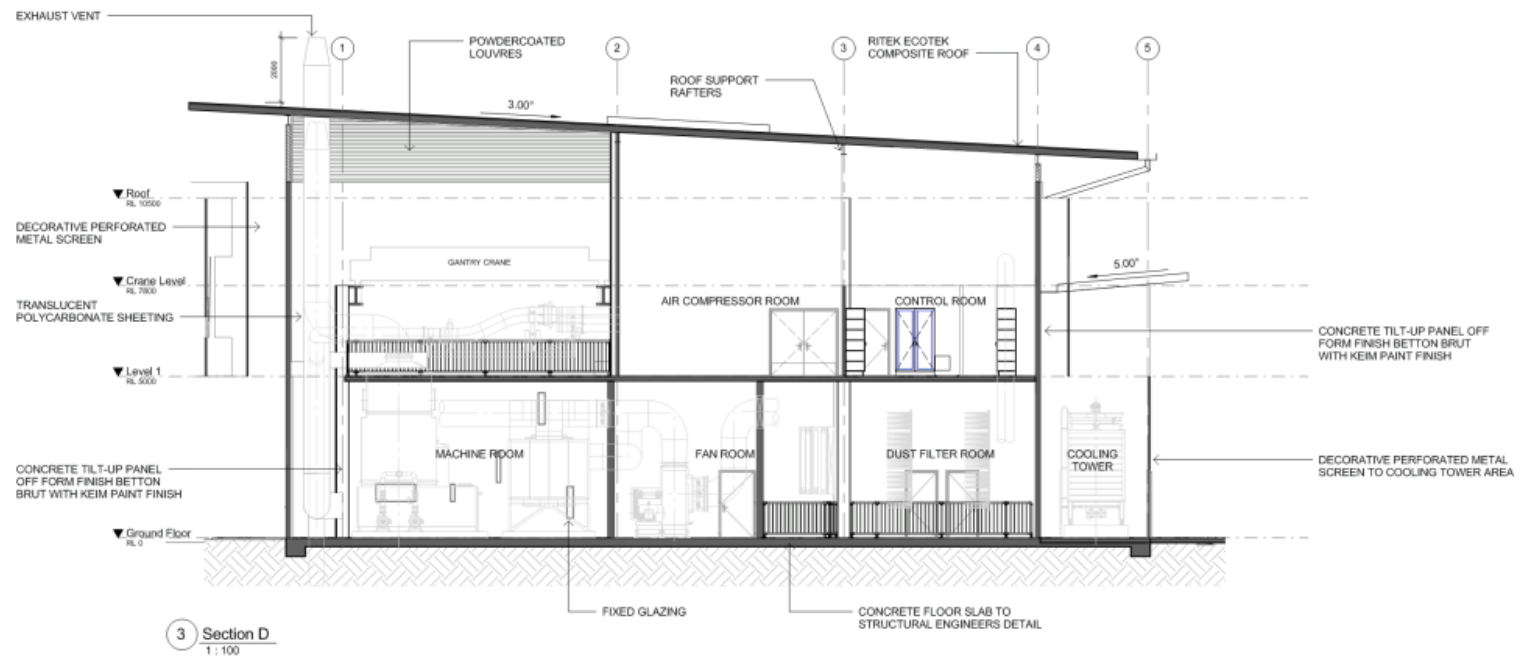


SECTIONS
 MAROOCHYDORE AWCS COLLECTION STATION

Status: **DEVELOPMENT APPLICATION**
 Address: New Lot, PDA, Maroochydore, QLD, 4558

Scale: 1:100 @ A1

Project Number: 43571
 Drawing Number: DA500
 Revision: A



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SECTIONS
 MAROOCHYDORE AWCS COLLECTION STATION

Status: **DEVELOPMENT APPLICATION**
 Address: New Lot, PDA, Maroochydore, QLD, 4558

Scale: 1:100 @ A1
 0 1 2 3 4 5 6 7 8

Project Number: 43571
 Drawing Number: DA501
 Revision: A

4.2 CORPORATE SERVICES

4.2.1 BUDGET MONITORING AND FINANCIAL RISK STATUS REPORT

File No: Council meetings
Author: Director
Corporate Services Department

PURPOSE

The purpose of this report is to provide an update on the financial aspects of the Maroochydore City Centre Project (MCCP), both current 2016-2017 year to date and whole of project life.

EXECUTIVE SUMMARY

The budgeted land sales operating revenue from Stage 1A for 2016-2017 totaling \$7.342 million was removed from the 2016-2017 budget at BR3. No land is to be sold by 30 June 2017.

Associated with the removal of land sales revenue, the cost of land sold expense budget of \$2.693 million and depreciation of \$361,000 was also removed at BR3.

Bulk earthworks (DSC 5) were completed during the December 2016 quarter.

The full year MCCP capital expenditure budget of \$52.808 million was reduced at BR3 to \$24.485 million, with the majority of the subdivision works under DSC 7 to be undertaken in 2017-2018. Current year capital expenditure costs to 30 April 2017 were \$12.191 million.

Whole of Project MCCP costs to the end of April 2017 total \$89.292 million.

OFFICER RECOMMENDATION

That Council receive and note the report titled "Budget Monitoring and Financial Risk status report".

FINANCE AND RESOURCING

Maroochydore City Centre Project

This report contains information of current year costs of the Maroochydore City Centre Project against budget and project life to date costs.

The report's recommendation is to receive and note the report with no future financial commitments or requirements.

CORPORATE PLAN

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

CONSULTATION

Portfolio Councillor Consultation

The Finance Portfolio Councillor, Councillor T Dwyer is a member of the Shareholder Reference Group and receives information on the status of the Maroochydore City Centre Project.

Internal Consultation

As this is a status report only, no internal consultation has been undertaken for the compilation of the financial component of this report.

External Consultation

Employees of SunCentral Maroochydore Pty Ltd have been involved in numerous discussions regarding the financial aspects of the Maroochydore City Centre Project.

Community Engagement

There is no community engagement in relation to this report.

PROPOSAL

Financial Status of the Maroochydore City Centre Project

A snapshot of 2016/2017 SCC revenue and expenditure on the MCCP to the end of April 2017 is presented in Table 1.

Table 1 – Operating and Capital Revenue and Expenditure – 2016-2017

	ACTUALS TO 30 April 2017	FULL YEAR BUDGET
	\$'000	\$'000
<u>Operating Position</u>		
Land Sales	0	0
Less		
Cost of land sold	0	0
Depreciation	0	0
Marketing	(743)	0
Finance Costs	(312)	0
Operating Result	(1,055)	0
<u>Capital Expenditure</u>		
SCC Project Mgmt	43	90
Development Mgmt Fee	2,040	2,040
Finance Costs	3,054	2,575
Aerodrome Rd Intersection	2,382	4,379
Property Acquisitions	1,547	2,755
DSC1 – Project, Site Mgmt	34	79
DSC 2 – Marketing	282	1,691
DSC 3 – Master Planning & Design	799	1,226
DSC 4 – Building Demolition	0	0
DSC 5 – Bulk Earthworks	776	1,236
DSC 6 – Detail Design	232	264
DSC 7 – Civil Construction	1,002	8,150
Total Capital Expenditure	12,191	24,485

Operating Revenue

The budgeted land sales operating revenue from Stage 1A for 2016-2017 totaling \$7.342 million was removed from the 2016-2017 budget at BR3. No land is to be sold by 30 June 2017.

Operating Expenses

Associated with the removal of land sales revenue, the cost of land sold expense budget of \$2.693 million and depreciation of \$361,000 was also removed at BR3.

Marketing costs that are incurred under DSC 2 – Marketing are classified as operating and total \$743,000 at the end of April 2017.

Capital Expenditure

Bulk earthworks (DSC 5) were completed during the December 2016 quarter.

The full year MCCP capital expenditure budget of \$52.808 million was reduced at BR3 to \$24.485 million, with the majority of the subdivision works under DSC 7 to be undertaken in 2017-2018. Current year capital expenditure costs to 30 April 2017 were \$12.191 million.

Whole of Life Project Costs to Date

Table 2 displays the total projects costs to the end of April 2017, summarised by Council and SunCentral delivered components.

Whole of MCCP costs to the end of April 2017 total \$89.292 million.

TABLE 2 – WHOLE OF LIFE PROJECT COSTS

	Actual to June 2016	2016/17 Actuals to 30 April 2017	Total Project WOL
Council Delivered Projects			
Land Acquisitions	57,268	1,547	58,815
Early Design & Master Planning	3,172	0	3,172
MCC - Aerodrome Road Intersection	326	2,382	2,709
Development Management Fee (SunCentral)	2,318	2,040	4,358
SCC Project Management Costs	77	43	120
Finance Costs	6,470	3,366	9,836
	69,631	9,378	79,009
SunCentral Delivered Projects			
DSC1 Project and Site Management	50	50	100
DSC2 Marketing	998	988	1,986
DSC3 Master Planning and Design	1,093	813	1,906
DSC4 Building Demolition	312	0	312
DSC5 Bulk Earthworks	2,042	776	2,818
DSC6 Detail Design and Construction Overheads	414	239	653
DSC7 Civil Construction	1,506	1,002	2,508
	6,414	3,869	10,283
Total Project Costs	76,045	13,247	89,292

Debt Balances

Table 3 displays the expected loans for the MCCP to the end of June 2017.

SCC has used loans from QTC to fund the MCCP. The outstanding loan balance as at 30 June 2017 is expected to be \$101.848 million.

Loans drawn down at 30 June 2017 will be reviewed to take into consideration reduced capital expenditure identified in BR3. The final drawdown of loans at 30 June 2017 will depend on expected timing of expenditure in 2017-2018.

TABLE 3 – MCCP LOAN BALANCES TO 30 JUNE 2017**Debt Balances**

	2011	2012	2013	2014	2015	2016	2017
New Borrowings	16,517	14,483	18,074	6,000	7,360	31,660	13,906
Redemptions	0	(6)	(9)	(18)	(22)	(1,721)	(4,376)
Closing Loan Balance	16,517	30,994	49,059	55,041	62,379	92,318	101,848

Estimated future loan balances are displayed in Table 4. The peak debt of \$137.39 million is expected in June 2025.

TABLE 4 – MCCP FUTURE LOAN BALANCES

	2018	2019	2020	2021	2022	2023	2024	2025
New Borrowings	10,574	12,787	18,920	3,590	3,662	6,794	16,153	20,432
Redemptions	(4,790)	(5,398)	(6,109)	(7,070)	(7,520)	(8,003)	(8,658)	(9,820)
Closing Loan Balance	107,632	115,021	127,832	124,352	120,494	119,285	126,780	137,392

Legal

There are no legal issues associated with this report.

Policy

There are no policy issues associated with this report.

Risk

Sunshine Coast Council's budgeted operating revenues for 2017-2018 will include the sale of land within the MCCP. If land sales are less than anticipated, the SCC operating result for the year will be reduced.

Previous Council Resolution**Council Resolution****Special Meeting 23 February 2017 (SM17/1)**

That Council receive and note the report titled "New Council Chambers / Budget Monitoring and Financial Risk status report".

Council Resolution

Ordinary Meeting, 15 September 2016 (OM16/176)

That Council note the discussions held in confidential session in relation to the Sunshine Coast Council Presence in Maroochydore Central Business District.

Related Documentation

There is no related documentation in relation to this report.

Critical Dates

Costs incurred by SunCentral Pty Ltd on the MCCP will be reimbursed by SCC as and when they arise.

Implementation

There is no implementation required in relation to this report.

4.3 ECONOMIC DEVELOPMENT AND MAJOR PROJECTS

4.3.1 MAROOCHYDORE CITY CENTRE PROGRESS REPORT FOR THE QUARTER ENDING 31 MARCH 2017

File No:	Council meetings
Author:	Director Economic Development and Major Projects Department
Attachments:	Att 1 - SunCentral: Maroochydore City Centre Project Quarterly Report (Jan/March 2017)..... <i>Confidential 35/142</i> Att 2 - KPMG: The Activated City - Imagining the Sunshine Coast in 2040 41 ↓

PURPOSE

The purpose of this report is to provide Council with an update on the progress of the Maroochydore City Centre project (the Project) for the quarter ending 31 March 2017.

EXECUTIVE SUMMARY

Council has established SunCentral Maroochydore Pty Ltd (the Company) as the development management company to oversee the Maroochydore City Centre project.

The Company has responsibility to oversee detailed design, construction, marketing and sales for the Project. In doing so, the Company has been tasked with achieving an appropriate balance between commercial and community building functions, while ensuring the development delivers a 21st century CBD and an identifiable city heart for the wider Sunshine Coast.

The Company will also be charged with attracting capital and business investment to the site.

This quarterly report deals with the period January to March 2017 inclusive and provides a high level summary of the more significant project delivery activities undertaken in the reporting period and any associated project risks and opportunities.

The highlights for the quarter focused on the delivery of key infrastructure associated with the project.

OFFICER RECOMMENDATION

That Council receive and note the report titled “Maroochydore City Centre Progress Report for the Quarter Ending 31 March 2017”.

FINANCE AND RESOURCING

As part of Budget Review 3, the budget was revised to \$24.5 million for the year ended 30 June 2017.

CORPORATE PLAN

Corporate Plan Goal: *A smart economy*
Outcome: 1.2 - New capital investment in the region

Operational Activity: 1.2.2 - Work with SunCentral Maroochydore Pty Ltd advance the opportunities to secure investment in a premium hotel and entertainment, convention and exhibition facilities.

CONSULTATION

Portfolio Councillor Consultation

Consultation has been undertaken with the Shareholder Representative Group, which includes Portfolio Councillors Jamieson, Dwyer, Connolly and Robinson.

Internal Consultation

Consultation has been undertaken with the Shareholder Representative Group, which includes the Chief Executive Officer and the Director Infrastructure Services.

External Consultation

SunCentral Maroochydore Pty Ltd

Community Engagement

There has been no community consultation undertaken as part of this report.

PROPOSAL

This report provides a summary of the key activities undertaken by SunCentral Maroochydore Pty Ltd for the quarter January to March 2017.

Works Update

Maud Street Intersection works

The works on both Maud Street intersections are progressing well, with 75% of the work completed. Works were only moderately affected by the recent storm event and are now scheduled for completion during April/May 2017.



Fig 1. Maud Street Intersection works

Stage 1A main civil/subdivisions works

Contract award occurred at the end of the quarter, followed by site mobilisation in April 2017. The works are being carried out by Shadforths Civil Contractors. The awarding of this contract marks a significant milestone in the construction phase of the Project. The works will take at least 12 months to complete, depending on weather. This particular civil works package covers the Stage 1A Works area highlighted below.

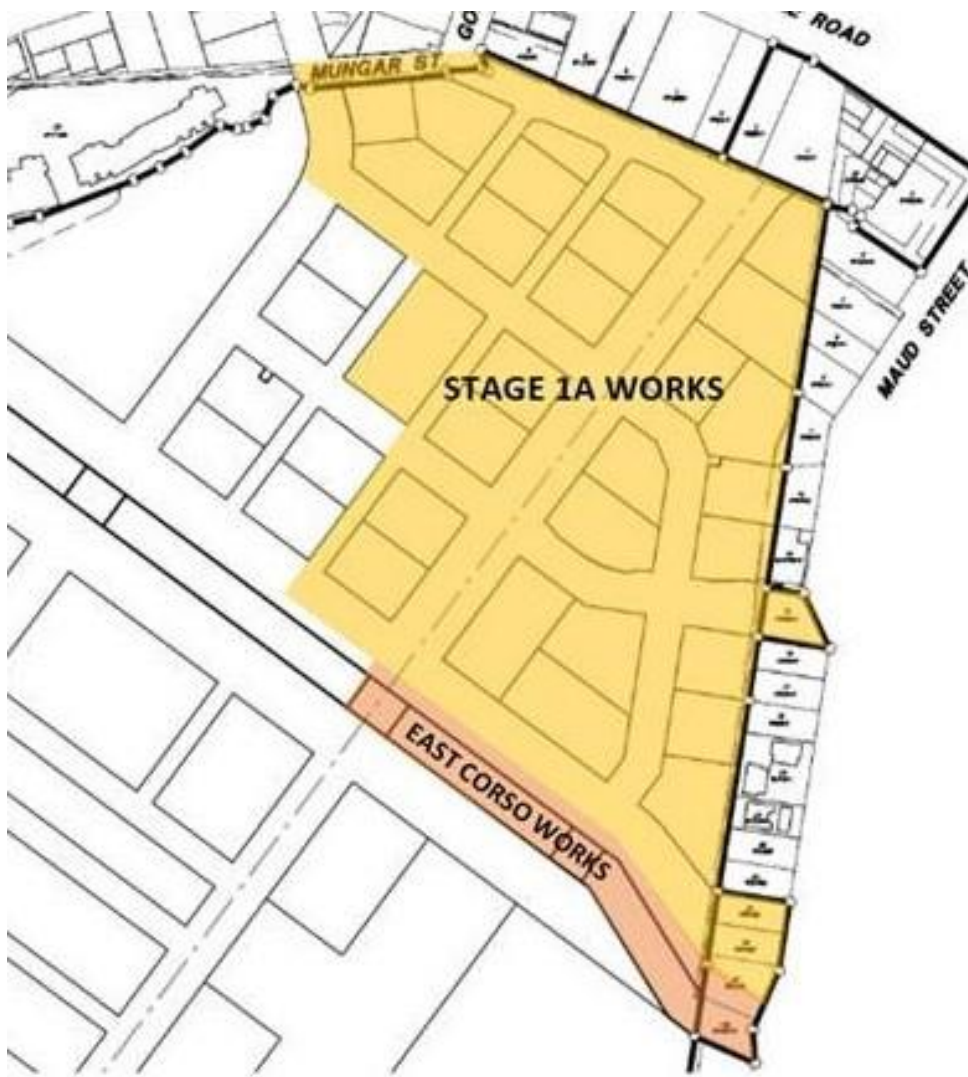


Fig 2. Stage 1A Civil Works package (commenced) and the East Corso Works package

East Corso works package

The current program for this component of design and works on the East Corso waterway has the technical design assessment and TRG approval scheduled for the next quarter. Procurement and construction will follow in the second half of 2017. The area related to this particular works package is also highlighted above.

Aerodrome Road intersection works by Sunshine Coast Council

These important adjoining works serving the wider Maroochydore city centre are scheduled to commence in the next period. Progress on these works is reported separately via Council's Infrastructure Services Department.

Project planning and design

Infrastructure Agreements (IAs)

At the end of March 2017, the final matters to be resolved in relation to the main IA are complete, allowing for the signing of this key document between Council, Economic Development Queensland (EDQ), and the Department of Transport and Main Roads. The secondary IA involving Unitywater is also complete and ready for signing. Execution of these

foundation documents is important to the commercialisation of the project and future land settlements.

Precinct planning

Plans for Precinct 4 have been lodged with Economic Development Queensland for review in order to meet the timing and requirements for locating the Automated Waste Collection System transfer station building. Plans for Precincts 5 to 6 are under preparation and are expected to be lodged with EDQ in June 2017.

Project marketing

During the period, key initiatives have included the Bernard Salt/KPMG exercise culminating in the launch of *The Activated City: Imaging the Sunshine Coast in 2040*. This was presented to a major CCIQ event at the Brisbane Convention Centre in March 2017, attended by approximately 225 business people. The presentation raised awareness of the Project and its investment potential. The work generated significant national media interest with 104 articles, reaching a cumulative audience of more than one million. An additional business presentation with KPMG executives and clients occurred on the same day. Follow-up connections from this work are being progressed.

A copy of the KPMG report is attached.

Upcoming presentation to CBA/Brisbane

The Mayor and the SunCentral Maroochydore CEO are scheduled to present the Sunshine Coast and the Maroochydore City Centre project to selected CBA executives in Brisbane on 11 April 2017. Similar connections are being progressed for other capital city prospects.

Legal

SunCentral Maroochydore Pty Ltd was established with the necessary approval from the Treasury under the *Statutory Bodies Financial Arrangements Act 1982*.

Policy

Maroochydore City Centre Priority Development Area Development Scheme 2014

Risk

The establishment of a separate company addresses the following risks and opportunities:

- Governance best practice. The company's oversight adds to the independence already obtained by the declaration of a Priority Development Area and the resulting statutory planning approval role of Economic Development Queensland
- A board of directors with relevant expertise and skills focused on the Project helps to ensure the financial and community outcomes envisaged by Council are achieved
- The approval of construction stages of development will provide hold points to mitigate risks that exist for Council
- Council maintains appropriate controls with its powers as the sole shareholder of the company.

Previous Council Resolution

Special Meeting 18 August 2016 (SM16/20)

That Council authorise the Chief Executive Officer to proceed as discussed in confidential session in relation to Maroochydore City Centre Project – Land Disposal Plan 1.

Ordinary Meeting 23 July 2015 (OM15/123)

That Council:

- (a) *receive and note the report titled "Maroochydore City Centre Project - Roles, Responsibilities, Authorities" and*
- (b) *endorse the Roles, Responsibilities and Authorities for the key stakeholders in the delivery of the Maroochydore City Centre Project as defined in Appendix A.*

Ordinary Meeting 11 December 2014 (OM14/181)

That Council:

- (a) *receive and note the report titled "Company Establishment for Maroochydore City Centre Development "*
- (b) *authorise the Chief Executive Officer to establish a Corporations Law company generally in accordance with the draft Constitution (Appendix A) and draft Statement of Corporate Intent (Appendix B)*
- (c) *authorise the Chief Executive Officer to set the remuneration for the Chairman and board of directors based on independent advice and after consultation with the Mayor, Regional Projects Portfolio Councillor and Divisional Councillor along with officers as determined by the Chief Executive Officer*
- (d) *authorise the Chief Executive Officer to commence the recruitment of a Chairman and board of directors, including interim arrangements, and prepare a report to a future Council meeting in relation to the final appointments*
- (e) *establish a Shareholder Representative Group consisting of Mayor, Regional Projects Portfolio Councillor and Divisional Councillor along with officers as determined by the Chief Executive Officer and*
- (f) *note the existing delegation to the Chief Executive Officer to act as Council's shareholder representative and that in relation to this company that he will consult with the Shareholder Representative Group prior to exercising that delegation.*

Related Documentation

SunCentral Maroochydore Pty Ltd Constitution
SunCentral Maroochydore Pty Ltd Heads of Agreement

Critical Dates

There are no critical dates associated with this report.

Implementation

The next quarterly report for the Project is due to be presented to Council in August 2017.

The Activated City

Imagining the Sunshine Coast in 2040





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PART A

Sunshine Coast Vision 2040



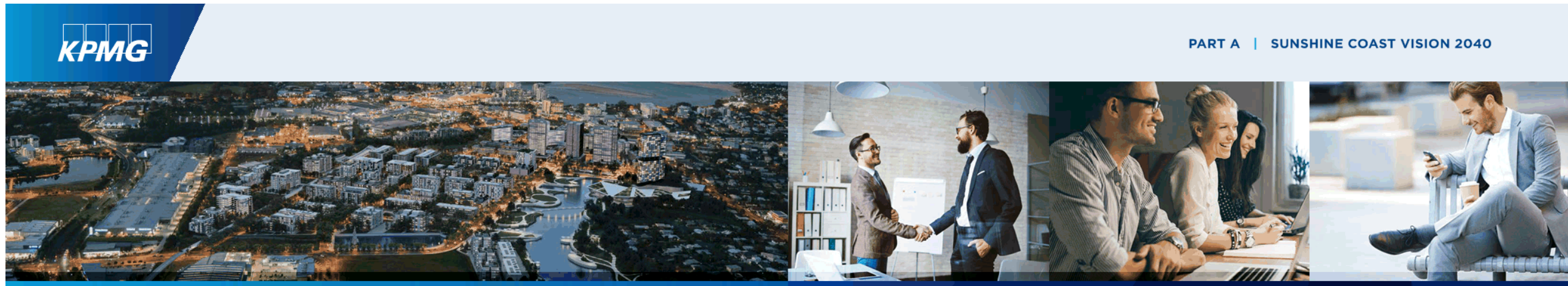
Bernard Salt
KPMG Partner

Come with me on a journey into the future to the Australian Sunshine Coast in the year 2040. Here is the ninth largest urban mass on the Australian continent with 550,000 residents spread across a range of villages and suburbs that fill the void between the coast and the Bruce Highway. Here is an independent city that is as well connected into the business hierarchy of Sydney and Melbourne as it is into Brisbane.

Footloose businesses in financial services, insurance, aviation, sport and wellness, renewable energy, healthcare, tourism and leisure, retail, construction, agribusiness and hi-tech start-ups started to gravitate to the Sunshine Coast in the 2020s. Initially the driver was access to new generation premises spinning out of the new Maroochydore CBD project but this was soon augmented by access to broadband internet and to a pool of creative talent spilling out of the university and the local business incubator.

New businesses flourished alongside the expanded airport that opened up new direct flights initially to second-tier cities in mainland China but then extended to a wider array of destinations. By 2040 the Sunshine Coast International Airport connects with 15 international mostly Asia-Pacific cities. New hotels and leisure activities subsequently opened in the new Maroochydore CBD hub and also along the coast. The university and other institutions responded with training programs in hospitality but also in healthcare, medical research and in the new field of leisure studies.

A large part of the airport's visitor inflow is connected into health tourism. Australia is regarded within the broader region not just as a great source of clean food (for export) and as an idyllic holiday destination, but also as a safe place for higher and specialised learning and for access to a range of medical (including cosmetic) procedures. The spin-off services from the nexus between the airport and the university underpin a surging knowledge-worker workforce on the Sunshine Coast.



PART A | SUNSHINE COAST VISION 2040

And this is in addition to development of a renewable energy hub centred on the Coast and leveraged off the development of a solar farm based in the hinterland. The confluence of technology and lifestyle and the irresistible promise of renewables all came together for the Sunshine Coast in the 2020s.

The prosperity of the Coast and its residents and the greater exposure of the community to discretionary time effected by digitisation and automation leads to interest in cultural, artistic and sporting pursuits. The Coast becomes a haven for contemporary art, music, theatre and for a festival of creative thinking. The rise of a bigger business elite leads quite naturally to artistic patronage that takes the Coast headlong into a tangential role as a creative lifestyle and business hub. Parallels are drawn between the relatively new city of the Sunshine Coast and America's artistic hub at Santa Fe.

The technical infrastructure that supports the businesses and the jobs of the Sunshine Coast's new economy is augmented by an authentic entrepreneurial community culture. Baby boomers retiring to the Coast from Sydney and Melbourne in the 2020s kicked-off their second and third careers in start-up businesses leveraged off a lifetime's contacts and knowledge. In the 2020s the Coast's entrepreneurial spirit found expression through a surge in small to medium enterprises in health, technology, professional services, building and retail.

Early signs pointing to a twilight-career micro-business movement stemming from the boomers were evident from the end of the mining boom in the 2010s. These late career entrepreneurs came to be known as Second Career CEOs. The movement gelled nicely with a similar start-up culture being driven by tech-savvy university-educated Millennials uncommitted to mortgage, marriage or children. This symbiotic relationship between Second Career CEOs and wannabe Millennial business owners was always going to work. It just needed a place and a space and both came together in the fertile new Maroochydore CBD ecosystem in the 2020s.

The harnessing structure behind this early entrepreneurial activity was set in place by the university, by the Council and by a hitherto unrealised determination of the boomer generation not to age, not

to retire, as previous generations had aged and retired. Fit and active, cashed-up and connected, the inflowing boomer tide wanted to create a new future for their 60s and beyond in these delicious 2020 lifestyle years. And if they could mentor a start-up along the way then all the better. Boomers were building legacy in the 2020s.

The new Maroochydore CBD project came along at precisely the right time, injecting energy and a can-do philosophy into the Sunshine Coast. So too did the expansion of the airport, the university, the public hospital, the light rail, the solar farm. In one single glorious decade it was like the Coast had been awakened from a long and cosy period of hibernation. The completion of the first light rail stage by 2025 seemed to fuse the disparate parts of the Coast into a single heaving pulsing amorphous mass electrified by the tramline's unification.

If the airport delivered connectivity and freed the Sunshine Coast from the shadow of Brisbane then the light rail created a galvanised community that in hindsight always wanted to be galvanised. The Coast's community in 2040 mirrors to a large extent the Australian demographic narrative at the time. There is still an Anglo-Mediterranean base to the population but second generation Asian, Indian and Arabic Australians are giving the community a clear cosmopolitan edge.

Long gone is the sense that the Sunshine Coast is an enclave of older retired Australians and New Zealanders. Indeed, the university, the business incubators, the lifestyle, the bubbling opportunities to work amid some of the nation's smartest start-ups attracts a steady flow of 20-somethings into the region. Hipster enclaves magically crystallise on the edges of the old Maroochydore CBD. Sport and wellness seem to pervade every streetscape. Activewear is adopted by Council as the Coast's unofficial uniform. There is even talk of the Sunshine Coast bidding for the 2046 Commonwealth Games.

By 2040 the Sunshine Coast has sufficient critical mass that its own 'demographic' converges upon the Australian average. The Coast's culture shifts; it is a demographic outlier no longer.

The pleasing aspect of the Sunshine Coast in 2040 is the way this city, this living working learning caring city, operates on a daily basis. Sure, the advent of driverless cars makes highway travel faster and safer. And sure, some people still commute to Brisbane, but just as many workers commute the other way or at least they commute to what has become known as the Aura edge.

The city is neatly balanced to the north and south around the Maroochydore hub; gone is the sense that this place is a fusion of independent (and of perhaps squabbling) tribes. This hub makes the Sunshine Coast different to other lifestyle cities that often struggle to put forward a single place to act as the portal to accommodate premium tenants in premium accommodation. This was always going to be a game-changer for the Sunshine Coast. No other city of a similar scale offered new and existing businesses the opportunity to reimagine their future in state-of-the-art premises next to the pulsing heart of an established Australian city.

The key difference between the Sunshine Coast of 2040 and the Sunshine Coast of today is not the population growth, or the new airport or hospital or even the expanded role of the university; it's not even the new light rail; it is the sense that locals know that they can do whatever they want to do, locally. This is an important cultural distinction in regional Australia. By 2040 there are head offices of nationally significant businesses based in Maroochydore, mostly in the services, technology and construction sectors.

The US trend of footloose businesses gravitating to lifestyle and smart cities like Miami, Phoenix and Portland surfaces in the Sunshine Coast. It started with South African insurer Youi setting up shop in the Sunshine Coast in 2008 but by the 2020s others joined in insurance, finance, environmental management and what has come to be known as the new digitised retail. All drawn in by the compelling gravitational forces of knowledge, creativity and lifestyle.

There is by 2040 ample evidence of self-made business success stories coming out of the local community. Sure, some business transferred from Brisbane and beyond but by the 2030s the city's business hubs were filling with locally-generated enterprises. There are flourishing businesses based on the Sunshine Coast that export to and that connect with South East Asia as comfortably as they connect with other parts of Australia.

Somehow the Sunshine Coast of 2040 seems to be an integral part of a greater whole that extends beyond the Australian continent. Parents in the future will happily invest the rest of their lives in a city where they know that the next generation won't be forced to move elsewhere to pursue their dreams because, finally, the Sunshine Coast will have arrived. And by arrived I don't mean reaching the critical mass of half a million residents, although that threshold will be crossed around the middle of the century.

The Sunshine Coast will have arrived when the community is galvanised, when critical infrastructure is delivered, when footloose businesses in finance and technology clamour aboard, when government departments decentralise from George Street, when the Sunshine Coast grows its own scaled businesses from start-ups and cultivates more of its own entrepreneurs. That journey started long before 2040 but it needed help along the way, including the critical Maroochydore CBD office and business hub, as well as key expansions and developments like the airport, the hospital, the university and the light rail.

The question in 2040 isn't so much how did we get here, fascinating though that may be, it is where to from here? Where can the Sunshine Coast get to, where could it get to, beyond the middle of this century? But perhaps we'll leave that bigger question for another time. In the meantime there's an exciting journey ahead for a working, caring, learning, connected city that is being reimaged as the activated city of the Sunshine Coast of 2040.



PART A | THE ACTIVATED CITY

PART A | AGENTS OF ACTIVATION ON THE SUNSHINE COAST



The Activated City

Some cities go through phases of quiet expansion next without fundamentally changing the way they function.

This was the case for the Sunshine Coast and as it still is for some cities. But an activated city passes through a break-point where the old industries and old social structures give way to new. Brisbane was activated as it passed from big country town to metropolitan city in the 1990s. Melbourne was activated in the mid-1990s as it awoke from a recession-inspired early-90s hibernation.

The Sunshine Coast was activated in the 2010s as it approached the 400,000-mark and as critical infrastructure was delivered such as the light rail, the airport expansion, the hospital development and the

university expansion. Investment on this scale and concentrated intensely on a regional community over a few years activates business, creates new enterprises, introduces new entrepreneurs and resets the social order.

An activated city creates business opportunity and attracts visitors and investors. The previous Sunshine Coast was a nice enough place to live but it is only an activated city that can take the Sunshine Coast to the 2040 vision of a proud, independent, successful urban centre.

Agents of Activation on the Sunshine Coast

Here are some of the projects and development promise to activate the Sunshine Coast.

The Maroochydore CBD development project sits on a 53 ha site located adjacent to the existing Maroochydore centre, which will enable new generation office space to be injected into the core of an established urban centre. The Maroochydore CBD will accommodate new office, residential and hotel developments.

A new runway is planned for the Sunshine Coast airport, a \$347 million development that will accommodate large planes and direct flights from Asia and the Western Pacific by 2020.

A light rail line is proposed to extend between Caloundra and the airport with the first stage likely to be completed in 2025.

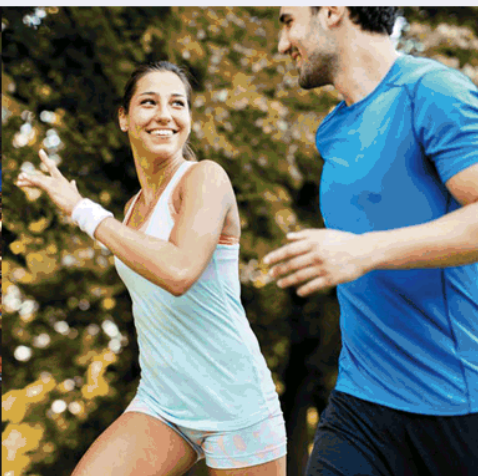
A new 450-bed public hospital costing \$1.8 billion will open in Kawana later this year with a capacity to expand to 900 beds beyond 2021.

The Sunshine Coast University has recently completed an \$81 million building program.



PART A | BUSINESS AS USUAL UNDERPINS GROWTH

PART A | MEET THE TRIBES OF 2040



Business as Usual Underpins Growth

Over the coming decade building and construction will continue to drive population and urban expansion on the Sunshine Coast.

New planned residential communities at Palmview, Caloundra South and Beerwah East will take land and housing supply on the Coast's southside through to the 2040s. Much of the Sunshine Coast's future growth will be concentrated south of the Maroochy River.

Residential development located at the Maroochydore CBD business hub site will be filled by workers living locally. Residential development and household formation will remain a major driver of growth and prosperity on the Sunshine Coast for another generation.

Meet the Tribes of 2040

The Sunshine Coast of 2040 is a heady fusion of cultures and experiences that will be very different to the Coast of today, but in other ways very similar to the Coast of today.

More knowledge workers and a greater influx of tech-savvy 20-somethings means the advent of a hipster culture. It also means more youth more energy more sporting activity.

Retiring lifestyling, second-careering baby boomers spilling out of our biggest cities introduce a mentoring culture. Some call the Sunshine Coast Collaboration City. Everyone is increasingly focused on wellness.

Activewear is absolutely everywhere. More and more local success stories and self-made entrepreneurs create a market for artistic patronage: perhaps Buderim will be viewed in 2040 as a kind of Byron-of-the-north.

The Brisbane commuter class subsides as the next generation of Coasters reaffix their employment to any of the local opportunities. And then there are the overseas and interstate visitors, the day-trippers, the immigrants, the fly-in/fly-outers, the artists and the entrepreneurs. All are welcome and all contribute to an eclectic, activated lifestyle city emblematic of the best that Australia has to offer in the middle of the 21st century.



PART A | START-UP CITY

PART A | JUMP CITY





Start-up City

The Sunshine Coast has a claim to stake as one of regional Australia's leading start-up cities.

Not only has the city supported a tech start-up incubator in the Spark Bureau since 2015 but it also seems to quite naturally foster an extraordinary number of new small businesses every year. New data released by the Australian Bureau of Statistics in February tracks the rise, and fall, of small business enterprises by local area across Australia.

At June 2016 there were 600,000 small businesses in Australia employing less than five workers. This number was up five per cent over two years. But on the enterprising Sunshine Coast this number was up seven per cent. The top small business hubs on the Sunshine Coast are Maroochydore CBD, with 711 small businesses in June last year, followed by the Noosa hinterland (650, mostly farmers) and Buderim North (614). But over the previous two years the number of new small businesses burgeoning within the Maroochydore CBD jumped by a net 84 or 13 per cent. In Golden Beach the number of net

new small businesses jumped by 54 or 23 per cent over the two years to June 2016 and in Marcoola-Mudjimba the jump was a net 71 or 26 per cent or five times the national average.

In fact, the only place to record a substantial drop in small businesses employing less than five workers on the Sunshine Coast at this time was Tewantin, which fell from 214 in 2014 to 188 two years later. However, at the same time the number of enterprises operating from within Tewantin employing five-19 workers jumped from 57 to 78, which was a 37 per cent increase and which compares with an Australia-wide growth rate in this category of five per cent.

Whichever way you look at it, the Sunshine Coast seems to be a hotbed of start-up action and most probably in areas associated with urban growth and development.

Jump City

We think the Sunshine Coast contains about 500,000 residents in 2016. Current projections place this figure at 550,000 by 2040, which means net growth of 50,000 or average growth of 8,700 per year.

Generally there are about 10,000 residents per suburb in cities like the Sunshine Coast which means the Coast must invent or deliver one new suburb around every 14 months. It also means that the net population growth by 2040 will underpin demand for around 76,000 new dwellings, split between traditional suburbia and medium density townhouses and apartments. The school-age population will jump from 63,000 to 95,000 and the number of people aged 80 and over will similarly jump from 18,000 to 50,000. So, 32,000 net extra school kids and teenagers by 2040 on the Coast and 32,000 net extra frail elderly.

There are 18 secondary schools on the Sunshine Coast today; if current students-to-school ratios are maintained then the Coast will require an extra 14 schools by 2040 or about one every two years. The other option is to dense-up existing schools, making them bigger and therefore more efficient. The overall number of dwellings will jump from 134,000 today to 210,000 by 2040 which suggests strong demand for building and construction as well as for household furnishings and furniture.

Because the Sunshine Coast will continue to grow from the arrival of immigrants from within and beyond Australia, as well as from natural increase, every cohort will grow faster than the Australian average over coming decades. There will be more Sunshine Coasters in every age group in 2040 than there are today and especially in the older cohorts. Aged care services will be generally in demand across Australia in the future but especially on the Sunshine Coast.

However, there's also strong growth expected in the younger cohorts as the Coast attracts families and 20-somethings. In fact, the Coast's projected profile pivots on a 50-something fulcrum: lots more old people; lots more young people; but only standard levels of growth in middle age. Instead of gravitating to the Sunshine Coast in retirement, as has been the case for a generation, in the future Aussies will be attracted to the Coast in household formation. The old structure gives way to the new; the Coast loses its retirement tag and re-emerges as an active and energetic city more interested in active as opposed to passive sports.





PART A | SUNSHINE COAST 2017 AND 2040
 SUNSHINE COAST VS AUSTRALIA GROWTH % 2017 AND 2040

PART B | THE SUNSHINE COAST EVOLUTION
 1. THE EARLY DAYS OF THE SUNSHINE COAST

Sunshine Coast 2017 and 2040

	2017	2040
POPULATION	350,000	550,000
PRIMARY & SECONDARY SCHOOLS	135	205
INTERNATIONAL AIRPORT CONNECTIONS	1	15
DWELLINGS	134,000	210,000
LABOURFORCE	165,000	272,000
SCHOOL KIDS 5-18	63,000	95,000
AGED 80+	18,000	50,000

Sunshine Coast vs Australia Growth % 2017 and 2040

	SUNSHINE COAST	AUSTRALIA
POPULATION	58%	38%
LABOURFORCE	74%	44%
SCHOOL KIDS 5-18	52%	31%
AGED 80+	179%	141%



PART B

The Sunshine Coast Evolution

1. The Early Days of the Sunshine Coast

In many respects the story of the Sunshine Coast is the story of many lifestyle cities in Australia as well as in America. These are cities that were not 'discovered' in the 19th century, as was the case for places like Geelong and Newcastle for example, but rather these are cities that coalesced and fused into existence in the decades following World War II.

This is not to say that there were no settlements along the Sunshine Coast canvas prior to the war. Agricultural service towns like Nambour, Landsborough and Beerwah dotted the Bruce Highway, as did a series of tiny coastal settlements at Tewantin, Maroochydore and Caloundra.

But then something odd happened not just north of Brisbane but in other places in Australia, in California, in Florida, along the Costa Brava and on the French Riviera. The wealth of peace and prosperity combined with the rise of a new middle class and the advent of the motor car combined to create demand for a new way of living. What Australians wanted, what Americans wanted, what some Europeans wanted, was access to coastal lifestyle in a warm climate.

The sunbelt drift pulled Australians north as it lured Americans south; it attracted the British to holiday and then to settle in Spain. The sunbelt drift is, much like suburbia, an outward expression of the way we want to live. From the 1950s onwards the three municipalities of Noosa, Maroochy and Caloundra (formerly Landsborough) were targeted as retirement hotspots, then as holiday destinations and then as lifestyle locales for commuters to Brisbane.

Continued population growth over decades resulted in established towns burgeoning as well as in the formation of new settlements along the coast. The sheer weight of numbers and the multiplication of settlements resulted in the fusion of settlements into an elongated urban mass that we now know as the Sunshine Coast, administered by the municipalities of Noosa and Sunshine Coast (formerly Maroochy and Caloundra).

The same thing happened south of Brisbane at the Gold Coast albeit on a grander scale. And the same thing happened in southern Florida with the fusion of Miami with Fort Lauderdale, Boca Rotan and Palm Beach. Here are urban settlements, here are cities, quite unlike anything previously imagined. And as such these cities, and this city of the Sunshine Coast in particular, all need to be boldly imagined in the future.

There are legacies that flow from the way in which the Sunshine Coast was formed. The elongated urban form stretching 50 km between Noosa Heads and Caloundra requires motorway connectivity. The local commuter force travelling daily to Brisbane requires multi-lane highway and railway connectivity to workplaces in the state capital.



PART B | 1. THE EARLY DAYS OF THE SUNSHINE COAST

There is no 100-year heritage of base hospitals, of universities, of botanic gardens, of cultural centres or hip-strip shopping precincts underpinning the Sunshine Coast. All of this and more has had to be conceived, funded and delivered within one, maybe two, generations.

The rise of the Sunshine Coast is documented in a simple table that shows where the urban centre is expected to rank in the Australian urban system by the middle of the century. The urban centre comprises the built-up area along the coast including Noosa, Maroochydore and Caloundra, but also including Nambour. A broader

definition of the Sunshine Coast includes the largely rural components west of the coastal strip. The Sunshine Coast did not exist as a separate urban entity at the 1954 census; 100 years later it is the ninth largest urban mass in Australia.

The various segments of the Sunshine Coast population are also documented, based on official state projections to 2036. A simple extension of these demographic trends leveraged from as early as 1996 provides an assessment of the scale of the Coast's main segments in 2040 as cited elsewhere in this report.



PART B | 1. THE EARLY DAYS OF THE SUNSHINE COAST

TABLE 1: A TOP 10 CITY

The Sunshine Coast has risen from nowhere to rank with other big cities in Australia

1954		2050		Growth 1954 - 2050		
1	Sydney	1,860	1	Greater Sydney	7,690	310%
2	Melbourne	1,520	2	Greater Melbourne	7,670	400%
3	Brisbane	500	3	Greater Perth	4,630	1220%
4	Adelaide	480	4	Greater Brisbane	4,190	740%
5	Perth	350	5	Greater Adelaide	1,800	280%
6	Newcastle	180	6	Gold Coast - Tweed Heads	1,230	6050%
7	Hobart	100	7	Canberra - Queanbeyan	720	2300%
8	Wollongong	90	8	Newcastle - Maitland	590	230%
9	Geelong	70	9	Sunshine Coast (urban area)	500	2400%
10	Launceston	50	10	Wollongong	380	320%
AUSTRALIA		8,990	AUSTRALIA		37,600	320%

Source: KPMG based on Australian Bureau of Statistics Census data and relevant State Government planning authorities

NOTES:

- Population represented in 000s
- Regions between 1954 and 2050 are not a precise match
- 1954 regions represent the urban form of the regions at the time which is not a geographic match for the regions as they are at today and projected as at 2050. 1954 regions use Statistical Divisions and Statistical Districts
- 2050 regions are defined as either Greater Capital City (GCCSA) or in all other cases Significant Urban Area (SUA)
- Neither Gold Coast or Sunshine Coast existed in 1954. Comparator regions for growth calculation were:
 - Gold Coast from South Coast town; &
 - Sunshine Coast from Caloundra town, 27 towns of Maroochy LGA and all towns of Noosa LGA

* Sunshine Coast in 2050 being an SUA for the purpose of top cities comparison, varies from that used throughout the remainder of the report which is Sunshine Coast SA4 geography (or the same as Sunshine Coast and Noosa LGAs combined).

TABLE 2: THE SUNSHINE COAST BY LIFE STAGE

Historic and projected population by life segments in the Sunshine Coast, 1996-2036										
Life Segment	1996		2016		2036		Growth 1996 - 2016		Growth 2016 - 2036	
	No.	% of total	No.	% of total	No.	% of total	No.*	% of total growth	No.*	% of total growth
Kids & Teens (Aged 0 - 14)	46,000	22%	63,000	18%	90,000	17%	17,000	12%	27,000	16%
Education & Career Formation (Aged 15 - 29)	38,000	18%	58,000	17%	81,000	16%	20,000	15%	23,000	14%
Family Formation (Aged 30 - 49)	63,000	30%	86,000	25%	120,000	23%	23,000	17%	34,000	20%
Empty Nesters (Aged 50 - 64)	32,000	15%	70,000	20%	91,000	18%	38,000	28%	21,000	12%
Active Retired (Aged 65 - 74)	19,000	9%	40,000	12%	60,000	12%	21,000	15%	20,000	12%
Sedentary Retired (Aged 75 And Over)	12,000	6%	30,000	9%	73,000	14%	18,000	13%	43,000	26%
TOTAL	210,000	100%	347,000	100%	515,000	100%	137,000	100%	168,000	100%

Source: KPMG based on Australian Bureau of Statistics Census data and relevant State Government planning authorities



2. The Sunshine Coast Trajectory

The promise of prosperity is a tall order for an Australian regional city and yet that is clearly the trajectory of the Sunshine Coast.

And especially as the city emerges from the transformative decade of the 2010s. In this single 10-year stretch the Coast has been and is being transformed, especially in terms of investment in infrastructure and a drop in the unemployment rate.

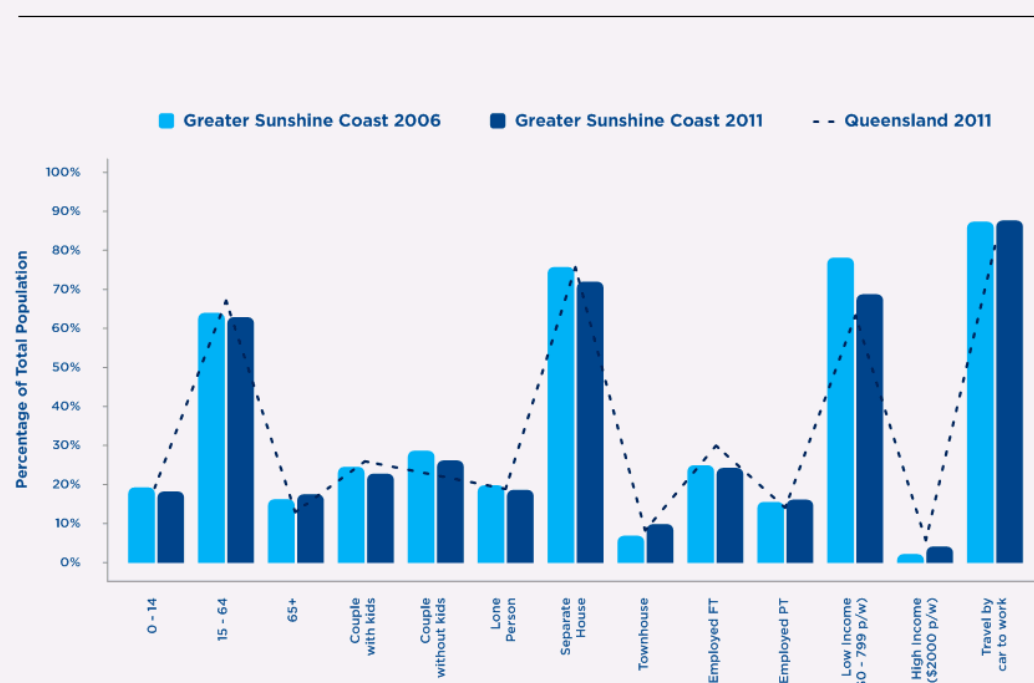
Going if not gone is the one-dimensional culture of the Sunshine Coast as a seaside retirement town. Receding if not in downright retreat is the concept of the Sunshine Coast as a subservient commuter town to the bigger, brasher, capital city of Brisbane.

Here is a town that is transforming from within and that is being willed into a multi-dimensional urban form by forces from beyond. The Sunshine Coast Council has grasped the nettle that so often afflicts modern cities with a seaside/retirement/commuter heritage. Cities formed by the fusion of separate settlements often struggle to project a single CBD to serve as the portal to national and international business.

In such cities retail and other services as well as job opportunities languish and/or are framed by a local

horizon. However, by rezoning and repurposing a 53-ha golf course site adjacent to the existing Maroochydore centre to facilitate a new business hub, the local council has in one fell swoop changed the destiny of the Sunshine Coast. The city's economic and cultural horizon just got bigger; this is evidenced in a comparison of the health workforce between the 2006 and 2011 censuses which increased from 12,000 to 16,000 workers. Bigger and more complex cities offer greater depth in services like healthcare.

FIGURE 1:
Sunshine Coast & Australia demographic indicators as a % of population



Source: Australian Bureau of Statistics Census 2011

TABLE 3: THE DOMINANT INDUSTRIES OVER PREVIOUS 3 CENSUS'

Rank	2011	Number of Employees
1	Health Care and Social Assistance	15,900
2	Retail Trade	15,300
3	Accommodation and Food Services	10,900
4	Education and Training	9,600
5	Construction	8,500

Rank	2006	Number of Employees
1	Retail Trade	15,500
2	Health Care and Social Assistance	11,800
3	Accommodation and Food Services	10,200
4	Construction	8,900
5	Education and Training	8,100

Rank	2001	Number of Employees
1	Retail Trade:	15,600
2	Health and Community Services:	8,500
3	Property and Business Services:	7,400
4	Accommodation, Cafes and Restaurants	7,100
5	Manufacturing:	6,700

Source: Australian Bureau of Statistics Census data 2001, 2006 & 2011

“ Here is a town that is transforming from within and that is being willed into a multi-dimensional urban form by forces from beyond. ”



3. The Formation of a Business Hub

The reason why the transition of the Sunshine Coast's destiny is so significant is because it is difficult to impose a new CBD on an existing city of scale.

It's hard to do. It's hard to make it work. Indeed there are no significant opportunities in regional Australia and likely few opportunities in similarly-scaled cities internationally, to reimagine the operation of an established CBD.

Melbourne has augmented its CBD with the Docklands business hub. Sydney has done similar with the smaller Barangaroo project. Central Newcastle was transformed a decade ago by the near-CBD Honeysuckle redevelopment site.

And Geelong tried to effect a city-by-the-bay movement late last century and succeeded only in part.

The Sunshine Coast Council's step into big-picture thinking about the future of the Sunshine Coast CBD, as well as of the broader city and its people, will deliver dividends for decades to come. Gone is the small horizon. Gone is the bickering as to which suburban centre should dominate. Gone is any sense of indecision as to how to shape the city's future.

FIGURE 2: THE REIMAGINED CITY CENTRE:
 Future Maroochydore CBD on the former Golf Course site



Source: SunCentral

The new CBD site at Maroochydore allows ample space for existing businesses to expand and to attract new businesses from Brisbane, from interstate and from overseas. The unique proposition of the new

Maroochydore CBD site as the reimagined business and commercial hub of the Sunshine Coast is the missing link that will help transform the future of this city.

FIGURE 3: THE EXPANDING URBAN FORM:
 Sunshine Coast change in urban density and footprint



Source: KPMG based on South East Queensland Regional Plan 2009 and Draft South East Queensland Regional Plan 2016



PART B | 3. THE FORMATION OF A BUSINESS HUB

PART B | 3. THE FORMATION OF A BUSINESS HUB



And this is in addition to the council/local-university/start-up incubator Spark Bureau that is cultivating new local businesses from within the Sunshine Coast. As the Sunshine Coast doubles in population over the next half-century there will be a requirement for new and expanded businesses in retail, housing, health and professional services. There is scope to expand the

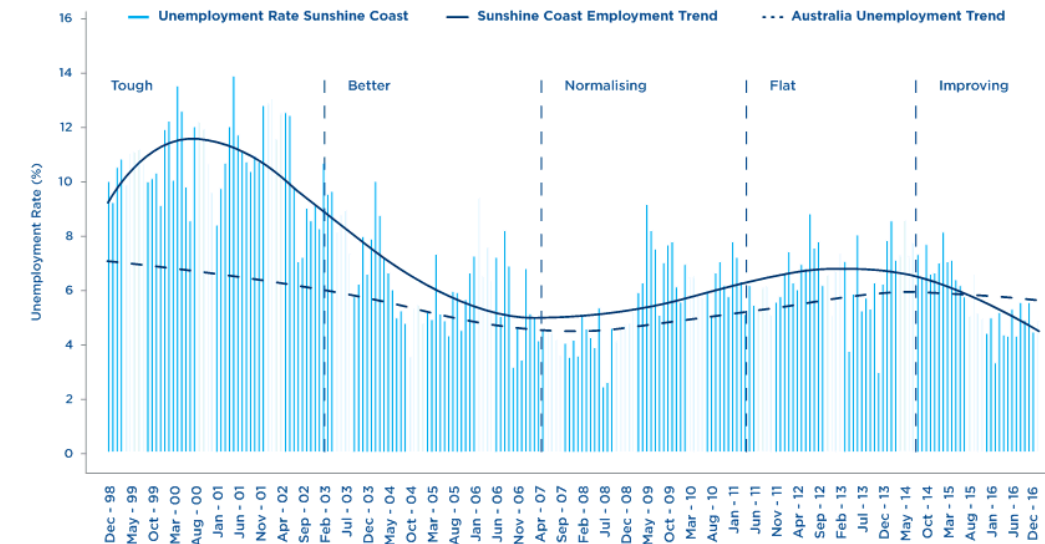
penetration of university education within the Sunshine Coast; there is evidence that the Sunshine Coast is normalising in terms of its job market. More knowledge workers and a greater proportion of the labour force in work contributes to the cultural and economic transformation of the Sunshine Coast.

TABLE 4:
MORE THAN ONE MILLION OUT OF 24 MILLION AUSTRALIANS IS A UNIVERSITY STUDENT

City/Municipality	Geography	2011	Students per 1,000 Residents
Sydney	GCCSA	229,000	52
Melbourne	GCCSA	214,000	53
Brisbane	GCCSA	108,000	52
Perth	GCCSA	85,000	49
Adelaide	GCCSA	62,000	50
Gold Coast - Tweed	LGAs	23,000	40
Newcastle - Maitland	LGAs	13,000	60
Wollongong - Shellharbour	LGAs	13,000	51
Sunshine Coast - Noosa	LGAs	9,000	30
Greater Geelong	LGAs	8,000	37
Total 5 Cities & 5 Municipalities		764,000	49
Australia		933,000	43

Source: Australian Bureau of Statistics Census 2011

FIGURE 4: CITY OF JOBS:
 Sunshine Coast unemployment is trending below the Australian average

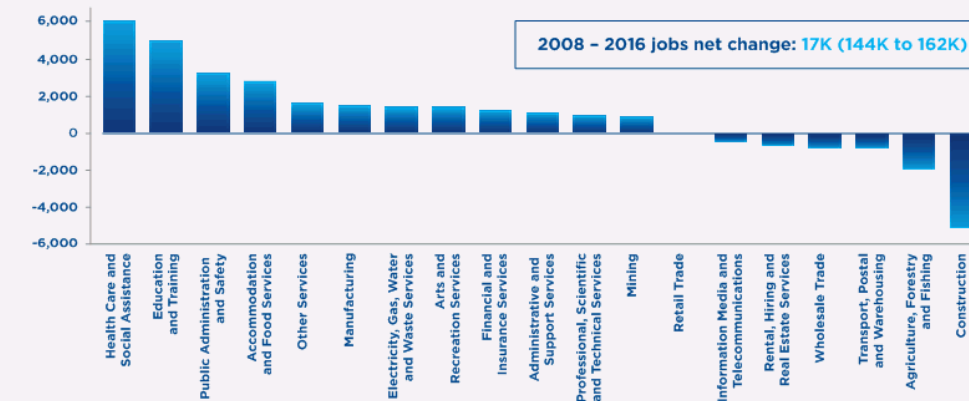


Source: KPMG; Australian Bureau of Statistics Labour Force Survey

Local entrepreneurs will emerge and prosper on the basis of strong population and housing growth. And this is to be celebrated. But more-of-the-same is not enough for

the local Council and nor should it be enough for the people of the Sunshine Coast. The Coast can do better.

FIGURE 5: WHERE THE JOBS ARE:
 Growth industries on the Sunshine Coast over the last 8 years at November 2016



Source: KPMG based on data from Australian Bureau of Statistics Labour Force Survey



PART B | 3. THE FORMATION OF A BUSINESS HUB
 4. THE ATTRACTION OF FOOTLOOSE BUSINESSES

PART B | 4. THE ATTRACTION OF FOOTLOOSE BUSINESSES

TABLE 5: SUNSHINE COAST TOURISM SNAPSHOT 2015

	International	Domestic Overnight	Domestic Day	Total
Visitors ('000)	251	2,938	5,614	8,803
Nights ('000)	2,691	10,909	-	13,600
Spend (\$m)	195	1,823	498	2,516

Source: Tourism Research Australia

NOTE:

Sunshine Coast Tourism region does not match Sunshine Coast SA4 region which is the basis for the majority of the report. Map of the comparison between these regions can be found in the appendix.



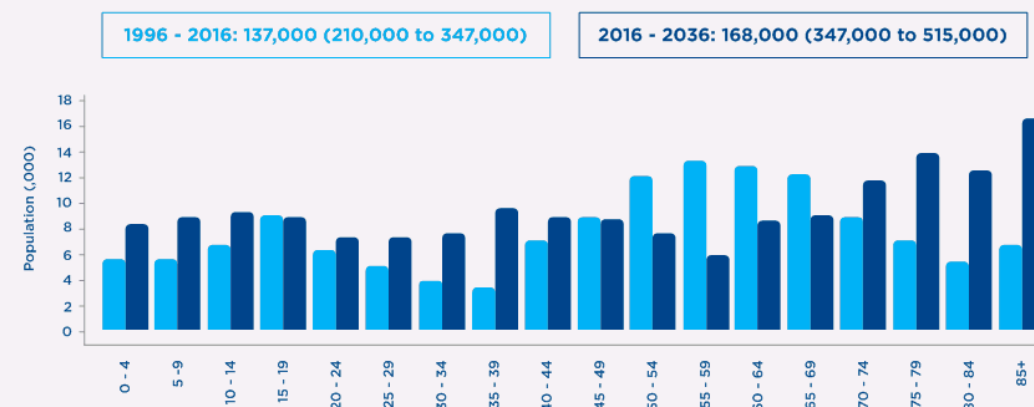
4. The Attraction of Footloose Businesses

How can we be certain that the Coast of the future will be better than the Coast of the past? The reason is because of the events, the investments and the leadership of the 2010s.

Successful cities of the future will have demographic and lifestyle diversity; they will offer a range of job opportunities with local, national and international businesses; they will offer direct connectivity to global

markets; they will be galvanised, sustainable, caring and creative; they will allow their citizenry to learn, to earn, to care and to share; and they will invest in leading edge transportation, social and cultural infrastructure.

FIGURE 6: SHIFTING DEMOGRAPHICS:
 Tracking change in Sunshine Growth population by age group



Source: KPMG based on data from Australian Bureau of Statistics Population Survey

These are reasonable ambitions for any city and especially if the right decisions are made at the right time in a city's trajectory. New and transformed businesses in the US are less tied to old-world workforces and infrastructure and are following a pathway to lifestyle locations.

Silicon Valley emerged on America's west coast not in cold New York or Chicago. The new technologies and technology enterprises are footloose. New enterprises perhaps conceived elsewhere will surely gravitate to a lifestyle city like the Sunshine Coast and especially if such a business can be positioned in modern premises in an established CBD.

Earlier this decade US retailer Office Depot moved its headquarters from Chicago to Miami, Florida in pursuit of lifestyle. As early as the 1940s Motorola relocated from Chicago to Phoenix Arizona in order to manufacture electronics in clean air-conditioned factories. A contributing factor to this decision, which has left Phoenix with a burgeoning hi-tech industry today, was a residual skilled workforce from the Manhattan Project based in neighbouring New Mexico.

PayPal shifted its back office from Silicon Valley to Phoenix four years ago. And sports-shoe maker Nike famously relocated its head office to Portland, Oregon more than a decade ago.

It seems that global businesses as well as national businesses can operate from more or less any location given access to a skilled workforce and good airport connections. The world's largest employer, Walmart, is

headquartered in Bentonville Arkansas. Bentonville is about the same size as Dubbo and in some ways just as remote.

The logic of private sector businesses choosing lifestyle locations applies equally in Australia. In 2008 Youi, a South African-owned insurance venture, opted to lay down its roots on the Sunshine Coast rather than in a major city such as Brisbane, Sydney or Melbourne. From just 30 employees in 2008, this business today employees 900 people at its national base at Bokarina.

This rapidly-expanding company has recently decided to base its global operations at a new headquarters now under construction at Sippy Downs, south of Maroochydore. The first phase of this project will see Youi's local workforce increase to 1,700, with phase two of the project capable of accommodating an additional 1300 workers.

It's not just lifestyle that appeals to Youi or other rapidly expanding brands, such as Jetts Fitness, that have chosen the Sunshine Coast for their global base. It's that lower operating costs have consistently underpinned strong demand for Sunshine Coast office space while vacancy rates in Brisbane CBD are still hovering above 15 per cent.

The reimagining of the Sunshine Coast's future isn't about what can be achieved over the next five years (although that is important) it is about setting in place the right framework for the city to capture commercial opportunity over decades into the future.



5. The Development of Key Infrastructure Projects

The Sunshine Coast is part of an extended South East Queensland conurbation containing three million people that will rise to five million by mid-century. This extended urban system contains four international airports offering direct flights to 30 global cities, which is the same connectivity that is offered from the Melbourne-Geelong conurbation.



FIGURE 7: DIRECT FLIGHTS FROM SOUTH EAST QUEENSLAND



Source: Brisbane Airport and Rome 2 Rio

Sydney on the other hand delivers access to 50 global cities. London is connected to 360 global cities. The Sunshine Coast airport is being expanded and will extend the city's reach into mainland China by 2020. It is not unreasonable to expect that by, say, 2040 the Sunshine Coast airport could connect into 15 global cities.

The Sunshine Coast has secured and is actively pursuing a series of infrastructure deals that will further transform and galvanise the locale. A new \$1.8 billion public hospital is to be opened in April this year, set to be part

of one of the largest health precincts in the southern hemisphere. There are also plans to develop a hard-rail passenger/commuter connection linking the Coast's heart with Brisbane.

There are also plans to develop a light rail connection along the urban strip between Caloundra and the airport. And then there is the plan to bring to Australia another undersea broadband cable at Maroocha, delivering nanosecond immediacy to local businesses.

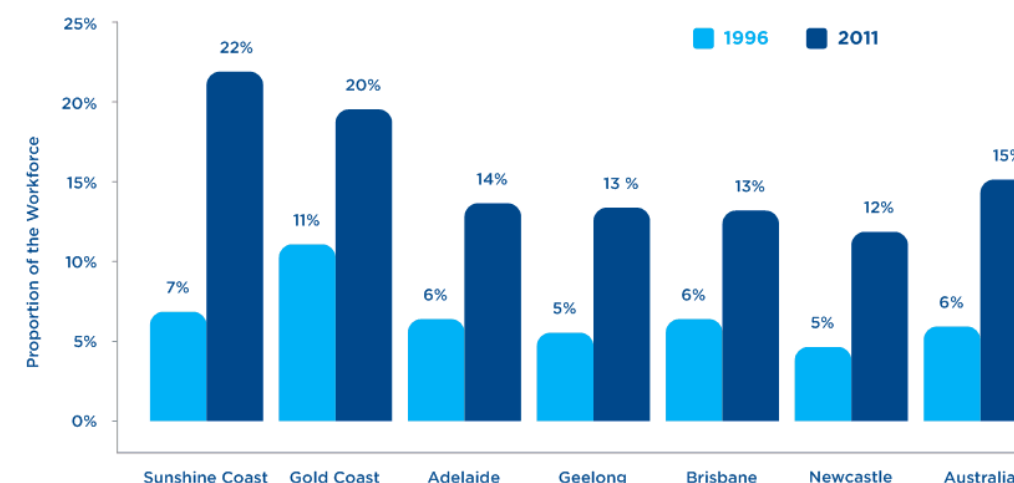
6. The Importance of Innovation

Out of all the planning, the connecting and the doing comes a sense of urgency that delivers innovation.

The Sunshine Coast is not a city with a long and rich (as in prosperous) heritage that can rely upon its reputation to influence decision-makers and investors. The Sunshine Coast is a new city filled with new people looking to deliver a good quality of life and an even better quality of life for their kids. The inherently innovative culture of the Sunshine Coast is captured at the census level (see below). Innovation in this sense includes self-employed

tradies as well as retailers, professional services and the operators of small tourism businesses. And so it is for this reason that the Sunshine Coast stands apart from its peer cities as a place with a history of entrepreneurship and innovation. What is required is a framework to harness and to convert that feature into yet further business opportunity.

FIGURE 8: PROPORTION OF THE WORKFORCE WHO OWNED THEIR OWN BUSINESS BY REGION IN 1996 & 2011



Source: Australian Bureau of Statistics Census 1996 & 2011



PART B | 6. THE IMPORTANCE OF INNOVATION

PART B | 7. THE ROLE OF GROWTH AND ADMINISTRATION



TABLE 6: THE BIG RISE OF SMALL BUSINESS:
 Tracking small business numbers on the Sunshine Coast

Businesses employing 1-4 staff				
	2016 Businesses	2014 Businesses	% Change 2014 - 2016	Rank on 2016 Businesses
Westcourt - Bungalow	420	350	20%	14
Upper Coomera - Willow Vale	523	437	20%	8
Cape York	756	637	19%	2
Ormeau - Yatala	671	575	17%	6
Caloundra - West	397	345	15%	17
Helensvale	535	466	15%	7
Pacific Pines - Gaven	359	314	14%	20
Maroochydore - Kuluin	711	627	13%	4
Varsity Lakes	398	355	12%	16
Coolool Beach	383	343	12%	18
Mermaid Beach - Broadbeach	520	468	11%	9
Mooloolaba - Alexandra Headland	455	415	10%	10
Surfers Paradise	811	743	9%	1
Banana	754	702	7%	3
Ashmore	427	400	7%	12
Hope Island	405	382	6%	15
Noosaville	426	402	6%	13
Cairns City	673	640	5%	5
Mackay	365	349	5%	19
Far South West	429	411	4%	11
TOTAL AUSTRALIA	600,000	572,000	5%	

Source: KPMG and Australian Bureau of Statistics Business Survey

NOTE: Localities of the Sunshine Coast are SA2 Australian Bureau of Statistics regions with a base at 2016 of over 350 businesses.

If your business is national or global, if your business can operate from any location, then why wouldn't your business relocate to a lifestyle location offering

access to a skilled workforce, to international airport connections, and to a supportive and entrepreneurial local community?

7. The Role Of Growth and Administration

But there is more to the rise of the Sunshine Coast than access to an entrepreneurial local community and a spirit of innovation. New and relocated businesses are a large part of the story of the future of the Sunshine Coast, as is the blank canvass of the new Maroochydore CBD site.

The other part of the story of the future of the Sunshine Coast is the city scope for growth and expansion. There must be scope for the expansion of existing businesses. New residential developments such as Aura at Caloundra South, ultimately housing 50,000 residents, and Harmony at Palmview, housing 20,000 residents, will transform the scale of the local consumer market.

More housing means more shops, supermarkets, homewares outlets, financiers, builders and tradies. The Coast already has a strong culture of small business; there is every prospect that these small businesses will not just multiply in the future, some will convert into medium-sized businesses.

And then there is the logic that there must come a shift in public sector thinking about the location of state and federal government departments.

To date there has been scant example of government bodies relocating or establishing on the Coast. There is ample evidence of this logic applying interstate, including the Transport Accident Commission's relocation of 600 jobs from Melbourne to Geelong in 2009, WA's Department of Parks and Wildlife relocating from Perth to Bunbury in 2018 and NSW's Department of Local Government relocation to Nowra in 2010.

TABLE 7: MINISTERS ON THE MOVE:
 Devolution of government departments from capital cities

Historical	Number of Staff	Date of Move	Location - Original	Location - Relocating to	Distance Original to Relocation
Primary Industries (NSW)	500	1992	Rawson Place Sydney	Orange	250km
Registry of Cooperatives (section of Fair Trading NSW)	43	2000	Bankstown	Bathurst	200km
Firearms Licensing Branch (section of NSW Police)	50	2000	Hurstville	Murwillumbah	800km
Pillar Administration (previously Superannuation Administration Corporation) - (NSW)	313	2001-2003	Sydney CBD	Wollongong	90km
Workcover Authority (NSW)	480	2002	Sydney CBD	Gosford	80km
Long Service Payments Corp (NSW)	60	2002	Sydney CBD	Gosford	80km
Native Vegetation Unit (NSW)	24	2002	Sydney CBD	Wellington	350km
Local Government (NSW)	60	2003	Bankstown	Nowra	150km
Infringement Processing Bureau (NSW)	150	2003	Parramatta	Maitland	160km
Mineral Resources (NSW)	200	2004	St Leonards	Maitland	170km
State Debt Recovery (NSW)	132	2005	Sydney CBD	Lithgow	140km
Sydney Water (NSW)	1400	2009	Sydney CBD	Parramatta	20km
Transport Accident Commission (VIC)	600	2009	Melbourne	Geelong	70km

Source: Brisbane Airport and Rome 2 Rio



Not only is it possible for Walmart to operate from a Bentonville head office but it is also possible for the head office of the newly formed National Disability Insurance Scheme, the Transport Accident Commission, the Victorian Workcover Authority and a division of the

Australian Bureau of Statistics to operate from Geelong. It is surely only a matter of time before various elements of government administration are dispersed from Brisbane's George Street to all quarters of South East Queensland including the Sunshine Coast.

8. The Case for the Sunshine Coast

There will always be a market for large regional cities in Australia. These cities emerge with the times. A century ago when agriculture dominated the economy regional cities like Ballarat and Bendigo were important.

Then after World War II manufacturing cities like Geelong, Newcastle and Wollongong came to the fore. Later in the century, as lifestyle and retirement came to impact Australia, lifestyle cities like the Sunshine Coast had an impact.

Over the next two decades Australia's regional cities will evolve further. Continued population growth will drive some economic growth as will the retirement of the baby boomer generation, especially in lifestyle cities. But what is also required in most regional cities in Australia is a sense of independence such that they evolve separately to the state's main city. An objective by the middle of the century or earlier would be to offer the residents of regional cities hope that the next generation is able to lead fulfilling careers locally. This requires greater depth to the job market which in turn requires the cultivation of an entrepreneurial mindset.

The businesses of the future on the Sunshine Coast will be forged by population and urban growth, by the continued transformation of the economy towards knowledge work, and by start-up and relocated businesses setting up shop in lifestyle cities as already occurs in the US. After all, if productive effort is de-linked from a capital intensive factory to office premises,

then why wouldn't knowledge work gravitate to lifestyle locations? And especially if there is the option to develop a business in new premises adjacent to an existing CBD at, say, Maroochydore.

Within this context the rise and positioning of the Sunshine Coast is an important development for South East Queensland and for Australia. Here is an energetic and entrepreneurial community, being reimaged through the Maroochydore CBD project that has benefitted from recent large-scale investment and with more investment underway.

There is a real opportunity to reimagine and reinvent the Sunshine Coast by 2040. Not so much a pleasant lifestyle and retirement destination but a bustling knowledge worker hub more connected into Asia than into the commuter orbit of Brisbane.

The Sunshine Coast of 2040 will be a vastly different city to the city of today. It will be its own city with its own identity and with the capacity to offer its own residents the opportunity to live work study invent and play ... all within the local area. Now that is a vision that every Coaster and wannabe Coaster can believe in.



Bernard Salt is a KPMG Partner based in Melbourne;
bsalt@kpmg.com.au

Appendix

Tourism region comparison to the ABS region used as the basis of the bulk of this report.

It is worth noting that the extra area in the Sunshine Coast Tourism region beyond the SA4 is likely to represent a small component of the tourism numbers for

the Sunshine Coast Tourism region. The destinations of visitation for the bulk of the tourism numbers are likely to be contained within the Sunshine Coast SA4 region.

FIGURE 9: SUNSHINE COAST TOURISM REGION COMPARED TO SUNSHINE COAST CONURBATION

Sunshine Coast tourism region 2015



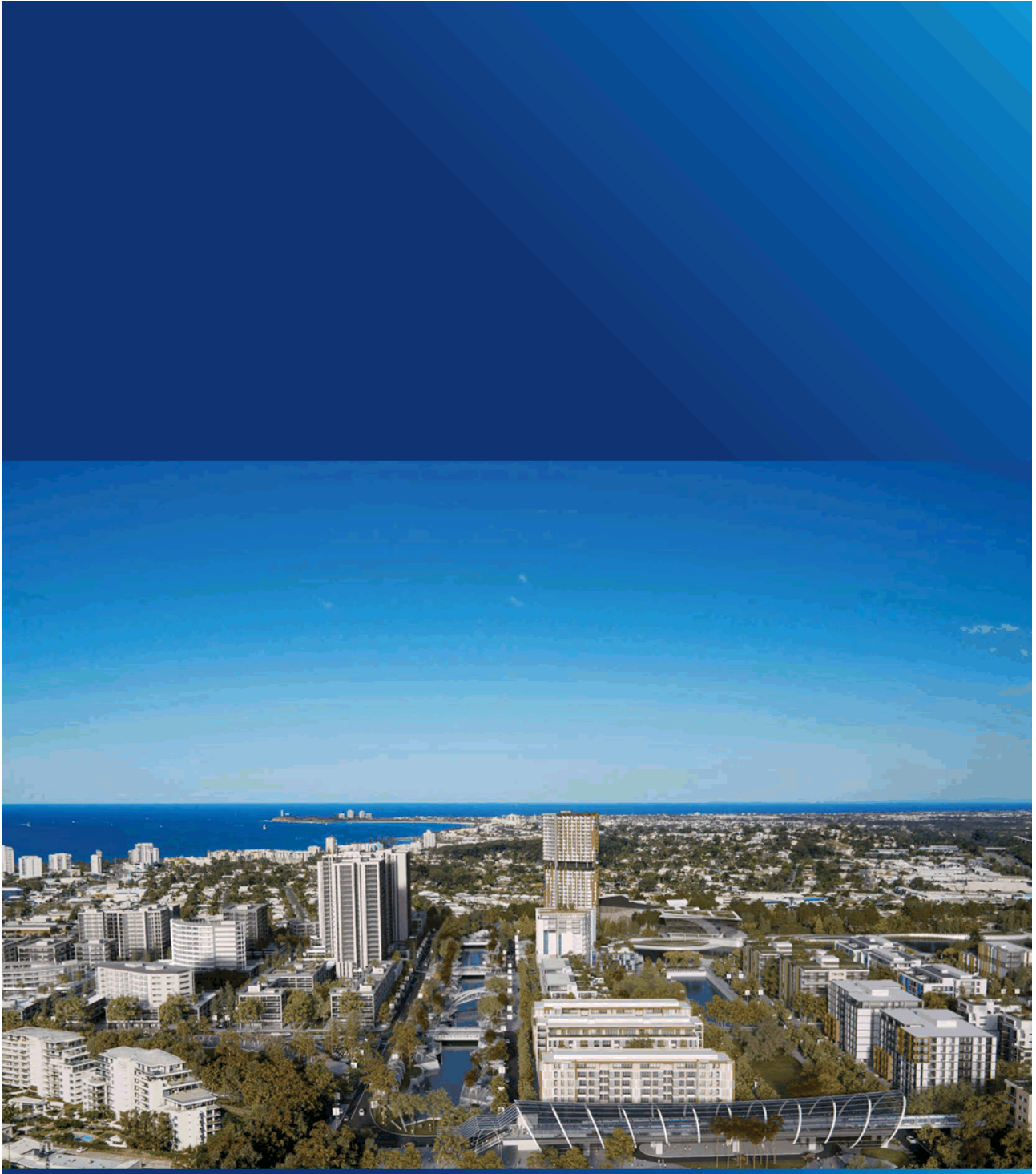
Population @ 2015: 381,000

Sunshine Coast SA4 2011 & 2016



Population @ 2015: 341,000





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4.4 OFFICE OF THE MAYOR AND THE CEO**4.4.1 SUNSHINE COAST ENTERTAINMENT, CONVENTION AND EXHIBITION FACILITY - FUNCTIONAL BRIEF PROGRESS REPORT****File No:** Council meeting**Author:** Chief Strategy Officer
Office of the Mayor and Chief Executive Officer**Attachments:** Att 1 - Project Specification for PG International Consulting
.....*Confidential 123/142*
Att 2 - High Level Conceptual Functional Brief
.....*Confidential 133/142***PURPOSE**

This report provides an update (as at May 2017) on progress with the development of a revised Functional Brief and Specifications for an entertainment, convention and exhibition facility that could be developed within Precinct 2 of the Maroochydore Priority Development Area (PDA).

EXECUTIVE SUMMARY

On 18 August 2016 as part of its consideration of a Confidential Report on a strategic land opportunity for the Maroochydore PDA, Council authorised (SM16/22) the Chief Executive Officer to work with SunCentral Maroochydore Pty Ltd to develop revised minimum specifications for the entertainment, convention and exhibition facility that Council would seek to have delivered on Precinct 2.

In making this decision, Council has effectively set aside the model and specifications for an entertainment, convention and exhibition centre that had been developed in 2011 by Ranbury and associated consultants and considered by Council on 31 January 2012 (OM12/13).

PG International Consulting Pty Ltd was engaged on 24 March 2017 to develop a new functional brief and specifications that clearly defines the scope, scale and functionality of an entertainment, convention and exhibition facility that could be delivered within Precinct 2 of the Maroochydore PDA. It is intended the entertainment, convention and exhibition facility would be co-located with a premium hotel, dining, retail, residential apartments and entertainment facilities. The Confidential Project Brief that underpins the contractual engagement of PG International Consulting Pty Ltd is provided at **Attachment 1**.

In line with the Project Deliverables specified in the Project Brief, PG International Consulting Pty Ltd was required to develop (within two weeks of their engagement) a high-level conceptual brief and recommendations to confirm functionality of the entertainment, convention and exhibition facility. This was a deliberate requirement given the divergence of views in relation to the functionality of the proposed venue, particularly in the context on the "entertainment" component of the venue's event capabilities. In the first week of their engagement, the consultants met with the three Councillors and the Director, Community Services (who are members of the Councillor and Council Officer Working Group on Community Facilities in the Maroochydore City Centre) and other key stakeholders.

Following these initial consultations and also by taking into account an analysis of current market demand and business forgone by the region in relation to business events, conferences, exhibitions and performance events, PG International Consulting Pty Ltd provided on 7 April 2017, the confidential high-level conceptual brief and recommendations

on the proposed facility (see **Attachment 2**). This high level conceptual brief was circulated to the Mayor, Deputy Mayor, Councillor Baberowski, Councillor McKay, the Chief Executive Officer and the Director, Community Services. No objections or concerns were raised with the consultants proceeding to develop the detailed functional brief and specifications to support the elements identified in the high-level conceptual brief.

Further consultations with a range of key stakeholders will be undertaken by the consultants prior to finalising their recommended functional brief and specifications by 15 June 2017.

OFFICER RECOMMENDATION

That Council receive and note the report titled “Sunshine Coast Entertainment, Convention and Exhibition facility - Functional Brief Progress Report”.

FINANCE AND RESOURCING

The cost associated with the development of the new functional brief and specifications for the entertainment, convention and exhibition facility is being met from within the budget for major projects research and investigations within the Office of the Mayor and Chief Executive Officer.

CORPORATE PLAN

Corporate Plan Goal: *A smart economy*
Outcome: 1.2 - New capital investment in the region
Operational Activity: 1.2.2 - Work with SunCentral Maroochydore Pty Ltd advance the opportunities to secure investment in a premium hotel and entertainment, convention and exhibition facilities.

CONSULTATION

Portfolio Councillor Consultation

The Mayor (as Portfolio Councillor for Region Making Projects, which includes the Sunshine Coast Entertainment, Convention and Exhibition Centre) has been consulted throughout the development of the high-level conceptual brief and recommendations.

Internal Consultation

Consultation has occurred with:

- Deputy Mayor, Councillor Dwyer
- Councillor Baberowski
- Councillor McKay
- the Chief Executive Officer and
- the Director, Community Services

No objections have been raised to progressing to develop the detailed Functional Brief and Specifications based on the high-level conceptual brief and recommendations.

External Consultation

Consultation has taken place with each of the following parties to date as part of gathering market demand intelligence to inform the development of the high-level conceptual brief and recommendations:

- General Manager of The Events Centre, Caloundra
- Chief Executive Officer and Business Events Manager at Visit Sunshine Coast
- Chief Executive Officer of SunCentral Maroochydore Pty Ltd
- Chair of the Sunshine Coast Events Board and
- Chair of the Sunshine Coast Arts Advisory Board.

In the next phase of this project, further engagement is taking place with each of the above mentioned parties plus:

- the Sunshine Coast Arts Advisory Board members
- the Sunshine Coast Events Board members
- the Sunshine Coast Economic Futures Board
- Tourism and Events Queensland
- Professional Conference Organisers Bureau
- Department of State Development
- Department of Tourism, Small Business, Major Events and the Commonwealth Games.

Community Engagement

No broad scale community engagement has been taken place on this project at this time.

PROPOSAL

Background

One of the core gaps in the economic and social infrastructure mix within the region is the availability of quality entertainment, convention and exhibition facilities. This places the region at a significant disadvantage compared with other key regional centres in Queensland (and interstate) in terms of the ability to attract business conventions, exhibitions, corporate and government events, conferences and indoor entertainment events.

For over 20 years, Council has examined the need for entertainment, convention and exhibition facilities within the region, their potential scope and functionality and potential delivery strategies. The most recent detailed examination took place in 2010-2011 when the Abbot Council commissioned the Ranbury group and associated consultants to examine the feasibility of delivering a facility that could deliver this functionality.

The specification developed by Ranbury was costed in 2011 at \$327 million and is considered unlikely to achieve a viable facility for the region that could be delivered by the private sector - without significant funding from Council and other tiers of government. The current fiscal constraints on the Federal and State governments and the withdrawal and contraction of relevant funding programs means the prospects of obtaining any significant financial contribution for the entertainment, convention and exhibition facility from other levels of government are likely to be limited.

There are some specific opportunities where Council may be able to attract a level of government funding contribution or utilise the value of a government process to secure investment in an entertainment, convention and exhibition facility. However, neither of these pathways will be successful unless Council has a clear and viable specification and a robust business case to support the achievement of its expectations around such a facility. At the present time, the only material that Council has to support its desire to see an entertainment, convention and exhibition facility delivered are the reports compiled by Ranbury - and this material has proven to be both inadequate and not commensurate with the investment intentions of either the other tiers of government or the private sector.

Given the length of time that has elapsed since the development of the Ranbury report, the existence of alternative and more affordable design options, Council's existing infrastructure funding commitments and the lack of funding commitment by either of the other tiers of

government, a more affordable and functionally appropriate scope for an entertainment, convention and exhibition facility needs to be defined.

On 18 August 2016 as part of its consideration of a Confidential Report on a strategic land opportunity for the Maroochydore PDA, Council authorised (SM16/22) the Chief Executive Officer to work with SunCentral Maroochydore Pty Ltd to develop revised minimum specifications for entertainment, convention and exhibition facilities that Council would seek to have delivered on Precinct 2.

In making this decision, Council has effectively set aside the model and specifications for an entertainment, convention and exhibition centre that had been developed in 2011 by Ranbury and associated consultants and considered by Council on 31 January 2012 (OM12/13).

Project Scope

PG International Consulting Pty Ltd was engaged on 24 March 2017 to develop a new functional brief and specifications that clearly defines the scope, scale and functionality of an entertainment, convention and exhibition facility that could be delivered within Precinct 2 of the Maroochydore City Centre PDA.

It is intended the entertainment, convention and exhibition facility would be co-located with a premium hotel, dining, retail, residential apartments and entertainment facilities. The Confidential Project Brief that underpins the contractual engagement of PG International Consulting Pty Ltd is provided at **Attachment 1**.

PG International Consulting Pty Ltd is a global consulting services organisation specialising in strategic application of knowledge and experience for the development and management of convention and exhibition centre, hotel and tourism related projects. Some of their previous clients and projects include:

Client	Project
Northern Territory Government	Darwin Convention and Exhibition Centre
Major Projects Victoria, Victorian Government	Melbourne Convention and Exhibition Centre
Nelson Mandela Metropolitan Municipality, Eastern Cape, South Africa	Nelson Mandela Bay International Convention Centre – Port Elizabeth
Mackay City Council	Mackay Convention and Exhibition Centre
Government of Tanzania, Africa	Mt Kilimanjaro International Convention and Exhibition Centre
Rasis Development Corporation – Dubai, United Arab Emirates	Zabeel Corporate Park Development and Corporate Hotel
Government of Sarawak, Borneo, Malaysia	Borneo Convention Centre Kuching
City of Greater Geelong (Geelong City Council) Victoria	Geelong Convention and Exhibition centre
Royal National Agricultural and Industrial Association of Queensland, Brisbane	Royal International Convention Centre
Australia Capital Territory Government	Australia Forum & Centre for Dialogue – Canberra

Phase 1

The first phase of the project is purposely designed to confirm (at a high level), the functional scope of the proposed facility, given the varying interpretations that exist around the “entertainment” component of the venue.

As Councillors are aware, a key driver for developing the revised Functional Brief and Specification for a facility of this nature must be market demand, given the desirability of achieving a fit for purpose, flexible, functional and viable venue that will meet the needs of the region. With this in mind, the consultants have been tasked with ensuring that the revised Functional Brief and Specifications must be informed by:

- the scope, scale, performance, market offer and points of difference of comparable venues; and
- current and projected market demand for business/association events, government events, conventions and exhibitions, corporate events and entertainment events that could be accommodated within the venue. This includes business foregone by the region given the absence of suitable entertainment, convention and exhibition facilities currently. It should also be informed by market intelligence on the business that could be brought to the region with the availability of suitable facilities

This evidence based analysis is considered crucial given Council’s priority to ensure that any facility of this nature is viable and can be delivered and any potential ongoing operational subsidy from Council is minimised. It is also an important element of providing an attractive proposition to the private sector in order to attract a level of investment in the construction of the venue.

As a product of a Council Workshop on 28 November 2016, a Councillor and Council Officer Working Group was established to discuss issues in relation to the development of community facilities in the Maroochydore PDA (including the minimum specifications for a proposed entertainment, convention and exhibition facility). The membership of this Working Group includes:

- Deputy Mayor, Councillor Tim Dwyer
- Councillor Rick Baberowski
- Councillor Jenny McKay
- Director, Community Services
- Director, Environment and Planning
- Manager, Community Relations
- Manager, Property Management

In line with the Project Deliverables specified in the Project Brief, as the first phase of the project, the consultants were required to develop (within two weeks of their engagement), a high-level conceptual brief and recommendations to confirm functionality of the entertainment, convention and exhibition facility. In the first week of their engagement, the consultants met with members of the Working Group and other key stakeholders (referenced in the Consultation section above).

Following these initial consultations and taking into account an analysis of current market demand and business forgone by the region in relation to business events, conferences, exhibitions and performance events, the consultants provided on 7 April 2017 the high-level conceptual brief and recommendations on the proposed facility (see Confidential **Attachment 2**).

This high level conceptual brief was circulated to the Mayor, Deputy Mayor, Councillor Baberowski, Councillor McKay, the Chief Executive Officer and the Director, Community Services. No objections or concerns were raised with the consultants proceeding to develop

the detailed Functional Brief and Specifications to support the elements identified in the high-level conceptual brief.

Further consultations with a range of key stakeholders will be undertaken by the consultants prior to finalising their recommended Functional Brief and Specifications by 15 June 2017.

Legal

There are no legal issues in relation to the matters contained in this report.

Policy

The progression of this project is being undertaken in line with Council directions and Council's policy environment. Investigation of the development of an entertainment, convention and exhibition facility is a commitment in Council's Corporate Plan.

Risk

The key risk is that if a revised Functional Brief and Specification is not developed, Council will not be in a position to successfully attract investment by either the private sector or other tiers of government in a facility of this nature. Governments will not invest in a project of this type and scale without a clear functional proposition and supporting business case. The Functional Brief and Specifications are required to inform the development of any robust business case and to engage meaningfully with potential private investors.

In respect of servicing and supporting the performing arts, Council has previously identified and endorsed The Events Centre at Caloundra as the region's primary performing arts venue to 2029. It is not intended that the scope, scale and functionality of the proposed entertainment, convention and exhibition facility would duplicate or cannibalise the market share currently enjoyed by, and serviced through, The Events Centre. However, the capacity to accommodate elements of the performing arts in the proposed entertainment, convention and exhibition facility within the Maroochydoore PDA into the future is not being overlooked.

Previous Council Resolution

Council resolved on 18 August 2016 (SM 16/22) as follows:

That Council authorise the Chief Executive Officer to proceed as discussed in confidential session in relation to the Strategic Land Opportunity in the Maroochydoore Priority Development Area.

Council resolved on 21 August 2014 (OM14/120) as follows:

That Council:

- (a) receive and note the report titled "Sunshine Coast Performance and Community Venues Service Plan 2014-2029"*
- (b) adopt the "Sunshine Coast Performance and Community Venues Service Plan 2014-2029" (Appendix A) as amended and*
- (c) note the "Sunshine Coast Performance and Community Venues Service Plan 2014-2029 – Supporting Resources" (Appendix B) as amended.*

The *Sunshine Coast Performance and Community Venues Services Plan 2014-2029* confirms Council's intention to position The Events Centre, Caloundra as Council's primary performance venue.

Council resolved on 31 January 2012 (OM 12/13) as follows:

That Council:

- (a) *agree, subject to Governor in Council's gazettal of the acquisition of the Horton Park Golf Club, to make publicly available the Feasibility Study into a Sunshine Coast Entertainment, Convention and Exhibition Centre Report and the following appendices:*
- (i) *Sunshine Coast Entertainment, Convention and Exhibition Centre Feasibility Report October 2011 (Ranbury) Appendix A;*
 - (ii) *Sunshine Coast Entertainment, Convention and Exhibition Centre Implementation Strategy October 2011 (Ranbury) Appendix B;*
 - (iii) *Sunshine Coast Entertainment, Convention and Exhibition Centre and surrounding Precinct Design Report (Ranbury) Appendix C;*
- (b) *request the Chief Executive Officer to prepare for consideration by council prior to 31 March 2013 a funding and delivery strategy for major region building projects across the region which includes the Sunshine Coast Entertainment, Convention and Exhibition Centre, taking account of:*
- (i) *council's long term financial plan;*
 - (ii) *the need for organisational changes to deliver the strategy;*
 - (iii) *the likelihood, opportunity and timing of securing funds from other levels of government and/or the private sector and methods for building stronger intergovernmental relationships;*
 - (iv) *the level of business and community support for such projects and methods for building unified support for such projects;*
 - (v) *the optimal timing for the delivery of the projects taking into consideration the relative contribution to the economic, social and environmental future of the Sunshine Coast; and*
 - (vi) *refer consideration of funds for (b) above to the 2012/2013 budget process.*

Related Documentation

- Sunshine Coast Entertainment, Convention and Exhibition Centre Feasibility Report – October 2011 (prepared by Ranbury) and related reports
- Precinct Plan for Precinct 2 within the Maroochydore Priority Development Area
- *The Value of Business Events to Australia* - Business Events Council of Australia (2015)
- Sunshine Coast Council Corporate Plan 2017-2022

Critical Dates

PG International Consulting Pty Ltd are required to deliver the final recommended Functional Brief and Specifications to Council by 15 June 2017, to enable Council to consider the recommendations and confirm its functional requirements by the end of July 2017.

The intention is to finalise the Business Case for the entertainment, convention and exhibition facility by the end of September to make representations to the Queensland Government for a funding commitment for inclusion in the 2018-2019 State budget.

Implementation

As indicated above, PG International Consulting Pty Ltd are scheduled to provide their final recommended Functional Brief and Specifications to Council by 15 June 2017.

5 CONFIDENTIAL SESSION**5.1 INFRASTRUCTURE SERVICES****5.1.1 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - PROJECT MANAGEMENT / CONTRACT MANAGEMENT STATUS REPORT****File No:** Council meetings**Author:** Project Officer
Infrastructure Services Department**Attachments:** Att 1 - Table 1 - Development Service Contracts Budget and Expenditure Status

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

5.2 COMMUNITY SERVICES**5.2.1 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - PROVISION OF COMMUNITY SERVICES INFRASTRUCTURE IN THE MAROOCHYDORE CITY CENTRE****File No:** Council meetings**Author:** Director
Community Services Department

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

5.3 PLANNING AND ENVIRONMENT**5.3.1 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - PROVISION OF MULTI-DECK CAR PARK BUILDINGS**

File No: Council meetings
Author: Director
Planning and Environment Department

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

5.3.2 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - STRATEGIC PLANNING / DEVELOPMENT APPLICATIONS / MAROOCHYDORE CITY CENTRE ISSUES

File No: Council meetings
Author: Director
Planning and Environment Department

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

5.3.3 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - ENTERTAINMENT AREAS AND ACTIVITIES

File No: Council Meetings
Author: Director
Planning and Environment Department

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

6 NEXT MEETING**7 MEETING CLOSURE**