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Statement of Corporate Intent

As at 21 October 2019

SunCentral Maroochydore Pty Ltd ACN 603 652 231
(SunCentral)

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1. Introduction

Under the Constitution of SunCentral Maroochydore Pty Ltd ACN 603 652 231 (**Company**), the board of directors of the Company (**Board**) must adopt a Statement of Corporate Intent in consultation with its sole member, the Sunshine Coast Regional Council (**Council**). The Board must manage the Company in accordance with that Statement of Corporate Intent unless and until the Board adopts a different Statement of Corporate Intent in consultation with the member.

This Statement of Corporate Intent is also an agreement between the Company and the Council about the Company's expected level of performance in relation to delivering and managing the Council's landholding in the Maroochydore City Centre (**MCC**) project (**Project**), and may not be varied or replaced without the consent of the Council.

This Statement of Corporate Intent is to be read with the Constitution and the Corporate Plan of the Company as adopted from time to time. It outlines as agreed with the Council:

- (a) the Company's corporate and Project objectives;
- (b) aspects of the Company's strategy; and
- (c) governance requirements and principles.

Nothing in this Statement of Corporate Intent is intended to fetter, affect or limit any statutory functions, powers, rights or obligations that the Council may have.

Major changes to key assumptions or outcomes detailed in this Statement of Corporate Intent, and which come to the Board's attention during the year, will be brought to the attention of the Council.

This Statement of Corporate Intent is to be reviewed and updated annually.

This Statement of Corporate Intent is signed by the Chairman in accordance with a decision of the Board on 21 October 2019.



Dr Douglas McTaggart (Chairman)

Date: 21 October 2019

2. Vision, Mission, Objectives and strategies

2.1 Vision

To create a vibrant city centre and surrounds designed for the 21st century

2.2 Mission

The mission for the Company is to establish MCC: as a high density, contemporary city centre and the identifiable city heart for the wider Sunshine Coast Region;

- i. to provide a mix of uses, activities and development opportunities that will reinforce Maroochydore as the identifiable centre of commerce, entertainment and civic life within the Sunshine Coast resulting in a transformative impact on the region's economy; and
- ii. to provide the widest range and highest order of future retail, commercial, administrative, cultural, and entertainment activities at an intensity and compactness that creates a true city centre for the Sunshine Coast region.

2.3 Objectives

2.3.1 Corporate Objectives

The objectives of the Company in order of priority are:

- i. effectively managing the delivery of the Project to maximise the sale of lots in a value for money manner for the Sunshine Coast Council, while maintaining a risk profile for the Project that complies with the risk appetite set by the Sunshine Coast Council;
- ii. delivering a contemporary city centre within the financial, economic, community and environmental strategies of the Sunshine Coast Council;
- iii. positioning the Project as a leading urban commercial and residential development;
- iv. active engagement with the local community and stakeholders and building their ownership of and support for the delivery of the project; and
- v. providing effective oversight and assurance of all activities of the Company.

The Company must obtain the necessary resources and organisational capabilities to efficiently achieve the objectives set out in this Statement of Corporate Intent.

2.3.2 Project Objectives

The objectives of the Company for the Project are:

- i. stage and deliver the development in accordance with the approved Staged Development Plan and schedule;
- ii. dispose of the land in accordance with the approved Land Disposal Plan;
- iii. manage the sale of land on behalf of the Council in accordance with the approved sales plan and approved budget;
- iv. effectively promote and market land in the Project in accordance with the detailed Investment Attraction Strategy within an investment framework approved by the Council;
- v. efficiently manage and maintain the balance (unsold) Council land within the MCC Priority Development Area (PDA);
- vi. as required supervise the design, and construction of public realm works and assets
- vii. ensure the community is kept well informed of the project progress; and

- viii. provide an appropriate balance of commercial, retail and non-commercial development in accordance with the MCC PDA Development Scheme and the associated Precinct Plans.

2.4 Role of SunCentral

2.4.1 Board

The Board is responsible and accountable to the Council as shareholder for the management, strategy, governance and performance of the Company. The functions of the Board include:

- i. achievement of the objectives, as outlined in this Statement of Corporate Intent;
- ii. approve corporate strategy and project risk appetite
- iii. review and approval of corporate strategies, the annual budget and financial plans;
- iv. monitoring organisational and financial performance;
- v. delegation to, appointment and assessment of the performance of, the Company's CEO in accordance with the performance framework agreed with the Council;
- vi. ensuring good governance, financial viability and statutory compliance of the Company; and
- vii. keeping the Shareholder well informed of the Project progress.

2.4.2 Directors

As at the date of this Statement of Corporate Intent, the Board comprises five directors (including the Chairperson) who are independent of the Council. A director of the Company must have proven major corporate experience in, and extensive knowledge of, one or more of the following areas:

- i. the construction or property development industries;
- ii. property management or real estate services;
- iii. law, economics, finance or accounting; or
- iv. land use planning, engineering or architecture.

2.4.3 ARRC

The Board is supported by an Audit, Risk and Remuneration Committee (ARRC) that advises the Board on risk and the effectiveness of internal controls.

2.4.4 CEO

In accordance with the Company's Constitution, the Board appoints a CEO who is not a director of the Company and has delegated authority from the Board.

2.4.5 Conflict of interests

The Board is responsible for managing any conflicts of interests of the directors of the Company in accordance with the Company's Constitution.

The Company must have at all times, a range of policies in place to manage conflicts of interests and promote ethical behaviour, including a Conflict of Interest, Workplace Harassment Prevention, Gifts and Benefits, Fraud and Corruption Prevention, Procurement, Probity, and Privacy Policy.

2.4.6 Corporate Plan

The Board must consult the Company's sole member, the Council, on the content of the Company's Corporate Plan.

The Board must ensure the Corporate Plan is reviewed and updated prior to the commencement of every financial year.

The Company Corporate Plan must contain the strategies to achieve its objectives, key milestones, financial and non-financial targets, key performance indicators, delivery model, resourcing arrangements and risk management plan.

2.4.7 Budget

The Company's annual budget must be approved by its sole member, the Council.

2.5 Role of Council

2.5.1 The Council's key roles in the delivery of the Project are:

- i. landowner;
- ii. regulator with respect to infrastructure charges and rating, roads and public access and waste;
- iii. Project financier; and
- iv. developed asset owner (including public realm).

2.5.2 The Council's shareholder representative is the Council's Chief Executive Officer (CEO), by delegation from the Council.

2.5.3 The Council has also delegated to the Council's CEO the powers of the local government under the LGA and the LGR including authority to undertake certain procurement and contracting activities in relation to the Project and the Company including disposal of assets.¹

2.5.4 The Council's key oversight in the delivery of the Project includes:

- i. appointment, performance review and replacement of the Board members;
- ii. review and approval of the Statement of Corporate Intent;
- iii. endorsing Project strategy;
- iv. strategic monitoring of the Project and provision of strategic direction;
- v. setting the financial, economic, community and environmental parameters for delivery of the Project;
- vi. endorsing the risk appetite for the Project;
- vii. approval of Stage Development Plan and Land Disposal Plan;
- viii. approval of annual budgets for the Company and the Project and review of revenue and expenditure data provided by the Company;
- ix. through the Council's CEO, approval of contracts for the sale of specific parcels of land in line with the conditions outlined within the Ministerial Exemptions; and
- x. monitoring the adequacy and appropriateness of the corporate governance and corporate performance arrangements.

2.5.5 Economic Development Queensland (EDQ) assesses all development applications located within the MCC PDA.

2.5.6 The key role of the Minister of EDQ (MEDQ) in the delivery of the Project is assessment manager and its responsibilities and authorities include assessment and approval of:

- i. Infrastructure Agreement;
- ii. Precinct plans;
- iii. Community Development Plan;
- iv. Operational Works (if applicable);
- v. Reconfiguration of Lot;

¹ Delegation No. 2016-73 (V2.0) – Delegation to the Chief Executive Officer

- vi. Car Parking Management Strategy; and
- vii. Material Change of Use.

2.5.7 The Shareholder Representative Group (**SRG**):

- i. oversees the Company's activities in the interests of the Council and the community;
- ii. monitors compliance by the Company with this Statement of Corporate Intent;
- iii. provides advice and recommendations to the Company and to the Council;
- iv. considers advice from, and provides direction to, the Technical Reference Group;
- v. oversees the awarding of Development Services Contracts with the Company;
- vi. recommends to the Council:
 - a) Stage Development Plans;
 - b) Land Disposal Plans; and
 - c) any planning instruments for lodgement to the MEDQ.

2.5.8 The Technical Reference Group advises on the technical design and specification of construction of Council-owned assets related to the Project, including:

- i. provision of technical advice;
- ii. defining or advising technical specifications for various works (e.g. design, drainage, building, operational, plumbing, estate maintenance, electrical and telecommunications works);
- iii. endorsing design works undertaken by the Company.

2.6 Corporate values

The Company is committed to the following values:

- i. Excellence - in its approaches to design, delivery and performance;
- ii. Respect - for its people, the community and Sunshine Coast Council;
- iii. Quality - in the delivery of high quality and contemporary community infrastructure;
- iv. Safety – for its people and the community;
- v. Innovation - in pursuing efficient, creative, inspirational and sustainable development;
- vi. Integrity and honesty - in its actions and relationships;
- vii. Collaboration - in its approaches to Project delivery and urban development integration; and
- viii. Value - in generating value for money outcomes for the Sunshine Coast Council.

2.7 Corporate strategies

The Company must have regard to:

- i. the principles and objectives contained within the Maroochydore City Centre Priority Development Area Development Scheme;
- ii. the strategic vision as outlined for Maroochydore as the Principal Regional Activity Centre for the Sunshine Coast region; and
- iii. the Council's longer-term strategies for promoting and developing the Maroochydore Principal Regional Activity Centre and the region.

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2.8 Services

The Company has the following day-to-day roles and responsibilities:

- i. providing Development Management Services as required by the Council, in accordance with the Heads of Agreement (Attachment 1);
- ii. Project management of the Development Services Contracts (Attachment 2); and
- iii. providing advice, reports and recommendations on all aspects of the Project as requested by the Sunshine Coast Council.

3 Governance

3.1 Legislative and governance framework

The Company is a special purpose entity established by the Council to be responsible for providing Development Management Services for the Project as part of a 'beneficial enterprise' as defined under the *Local Government Act 2009* (Qld) (**LGA**).

The Company is a proprietary company limited by shares incorporated under the *Corporations Act 2001* (Cth) (**Corporations Act**) and is a 'corporatised business entity' as defined under the *Local Government Regulation 2012* (Qld) (**LGR**).

As an entity controlled by the Council, the Company will comply with the principles of the Queensland Treasury Corporation Corporate Governance Framework.

The Company must comply with the following:

- i. the applicable laws;
- ii. the MCC PDA Development Scheme;
- iii. the Council's and the State's broader planning requirements such as the Sunshine Coast's Regional Economic Development Strategy, Environment and Liveability Strategy, Community Strategy and Shaping SEQ: The South East Queensland Regional Plan 2017; and
- iv. lawful directions of the Shareholders.

The Company must also ensure that it does not act in a way that compromises the Council's compliance with the LGA, the *Economic Development Queensland Act 2012* (Qld), the *Planning Act 2016* (Qld) and any other relevant legislation.

3.2 Capital structure and dividend policy

3.2.1 Capital structure

The Council is the sole member of the Company and, at the date of this Statement of Corporate Intent, holds 500,001 fully paid \$1.00 ordinary shares in the Company.

3.2.2 Debt structure

The Board must prudently manage the delivery of the corporate and Project objectives. In particular the Board must endeavour to:

- i. achieve a cost-neutral objective;
- ii. achieve forecast sales targets; and
- iii. operate within the approved budgeted development expenditure.

3.2.3 Dividend policy

It is intended that the Company conduct its activities and pursue its objectives to maximise value for money for the Council on a not for profit principle.

Dividends will be determined by the Board in accordance with the Company's Constitution and the Corporations Act.

Ultimately, the payment of dividends will depend on the successful performance of the Company. In determining the optimum dividend policy and specific dividends to be paid

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from time to time, the Board will take into account various factors affecting the Company including its internal funding needs and objectives.

3.3 Preparation of accounts and financial statements

3.3.1 Reporting to shareholders

The Company's accounts and financial statements are prepared in accordance with the requirements of the Corporations Act and the Australian Accounting Standards.

Even if the Company is not required under the Corporations Act to prepare financial statements if it is classified as a 'small proprietary company' under the Corporations Act, the Company must still prepare half-yearly and yearly financial statements for each financial year.

The Company must prepare and provide to its sole member, the Council, by no later than 31 October each year, an annual report for the completed financial year.

The annual report must contain all the documents which are required to be contained in an annual report required under the Corporations Act, regardless of whether the Company is required to prepare an annual report under the Corporations Act, including financial statements for the full financial year. The annual report should also report on its objectives, the performance of the Company as well as highlight any major achievements within the reporting period. The Company should outline its future prospects.

Once accepted by the Council, the Company's Annual Report must be published on the Company's website.

3.3.2 Quarterly reporting

The Company must prepare and provide its sole member, the Council, with its financial and performance report for each quarter of each financial year. The report must cover, in particular, the status on meeting its objectives and sale of land information.

The quarterly report must provide Council a clear understanding of the performance of the Company as well as highlighting any major achievements within the reporting period and appraising its future prospects.

3.3.3 Audit

The Company is audited annually by Queensland Audit Office or its delegate. In addition to the Queensland Audit Office work program, the ARRC will consider each financial year, the adequacy and effectiveness of the internal control environment and provide consideration for an annual internal audit work program to provide additional assurance to the Board.

3.4 Employment and industrial relations policies

SunCentral maintains and utilises contemporary contracts of employment that operate in accordance to the Fair Work Act 2009, that include appropriate provisions for remuneration, superannuation, termination, employment rights, duties, conditions and responsibilities.

3.5 Subsidiary corporate entity

The Company has no subsidiary entities and there is no proposal for the establishment of any subsidiary entity at this time. The establishment of a subsidiary requires the approval of the Council.

3.6 Matters requiring shareholder approval

The Company must not without the prior approval of the Council:

- i. borrow money or enter into a joint venture or other partnership arrangement with any entity;
- ii. enter into sponsorship arrangements;
- iii. announce any arrangements for the disposal of an interest in land (whether by sale or lease);

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- iv. enter into any agreements with third parties that may establish an obligation that requires a financial or resource commitment by the Council, that are outside of the approved budget; and
- v. enter into any contractual arrangements that have any current or ongoing implications to the Council, that are outside of the approved budget.

3.7 Procurement

The Company conducts its procurement and contracting activities (including disposal of assets) in accordance with the following principles:

- i. value for money;
- ii. open and effective competition;
- iii. the development of competitive local business and industry;
- iv. safety;
- v. environmental protection; and
- vi. ethical behaviour and fair dealing.

3.8 Community service obligations

The Company does not currently have any community service obligations.

3.9 Risk management

The Board has the ultimate responsibility for ensuring the impacts of all potential internal and external risks of the Company are managed in accordance with a Risk Management Policy that outlines the definition, approach, process and roles and responsibilities for risk management.

The ARRC is responsible for providing advice and assistance to the Board in relation to efficient governance and risk management.

The Company also maintains a Strategic and Financial/Operational Risk Register which are reported periodically to both the ARRC and the Board.

The Council has commenced a process to define a risk appetite statement to guide the Company's decision making and ensure alignment of expectations of risk appetite between the Company and the Council. Operational overview 2019/20

4.0 Operational overview

The operation overview for each financial year is set out in Attachment 3.

ATTACHMENT 1 – Heads of Agreement

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ATTACHMENT 2 – Development Service Contracts

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ATTACHMENT 3 – Operational Schedule

The Company's focus for 2019/20 is to:

- i. achieve revenue targets as adopted by the Council in the 2019/20 budget process;
- ii. deliver within time and on budget, the infrastructure approved to be delivered in the 2019/20 financial year;
- iii. open the first stage (Stage 1A1) of the Project to the public;
- iv. complete the actions as outlined within the governance review;
- v. operate within the approved Development Services Contracts;
- vi. operate within the approved Development Management Fee;
- vii. present the outcomes of the Expression of Interest process to the Council including recommended strategies and actions based on the market responses;
- viii. subject to the completion of the Balance Land Invitation for Expressions of Interest process and its outcomes, prepare a revised investment attraction strategy for consideration by the SRG at that point in time;
- ix. prepare a whole of life business case for the project; and
- x. prepare a detailed sales forecast plan.

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