

Agenda

Special Meeting (Region Making Projects)

Thursday, 22 August 2019

commencing at 2:00pm

Council Chambers, Currie & Bury Streets, Nambour

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1 DECLARATION OF OPENING

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

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

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

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

3.2 CONFLICT OF INTEREST / PERCEIVED CONFLICT OF INTEREST

Pursuant to Section 175E of the *Local Government Act 2009*, a Councillor who has a real or perceived conflict of interest in a matter to be considered at a meeting of the local government, or any of its committees, must inform the meeting about the councillor's personal interest the matter.

The other Councillors must then decide

- (a) whether the Councillor has a real conflict of interest or perceived conflict of interest in the matter and
- (b) if they decide the Councillor has a real conflict of interest or perceived conflict of interest in the matter
 - (i) whether the Councillor must leave the meeting room (including any area set aside for the public), and stay out of the meeting room while the matter is being discussed and voted on, or
 - (ii) that the Councillor may participate in the meeting in relation to the matter, including by voting on the matter.

4 REPORTS DIRECT TO COUNCIL**4.1 SUNSHINE COAST AIRPORT EXPANSION PROJECT UPDATE****File No:** SCAEP Quarterly Reporting**Author:** Project Director (Sunshine Coast Airport Expansion)
Built Infrastructure Group**Attachments:** Att 1 - SCAEP Update – *Confidential*.....Pg 5/7

PURPOSE

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

EXECUTIVE SUMMARY

This report provides an update on the Sunshine Coast Airport Expansion Project (SCAEP or Project) and more specifically, the significant activities undertaken and milestones achieved in the last quarter to 30 June 2019 by the Principal and the Design and Construct Contractor.

Updates on the project's ancillary works program and the Instrument Flight Procedure and Airspace design, inclusive of the Stakeholder Engagement are also provided within the report.

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

The procurement activities for the quarter include:

- Q18412 SCAEP - Review Groundwater Modelling was awarded to Golder Associates Pty Ltd.
- In accordance with the 2019/20 Procurement Policy suppliers from the Registers of Pre-Qualified Suppliers and Preferred Supplier Arrangements have been engaged for services under the following categories:
 - Trade and General Maintenance
 - Dry Hire - Site Equipment.

OFFICER RECOMMENDATION

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

FINANCE AND RESOURCING

The Project's forecast expenditure rate was heavily impacted by wet weather experienced during the quarter. As at 30 June 2019 actual expenditure for 2018/19 was 107.5% (\$136.25 million) of the full year's budget of \$126.79 million.

A review of the 2019/20 Project expenditure forecast has been undertaken. This has resulted in the identification of an increase in the required budget for 2019/20. An amendment to the adopted budget will be recommended during Council's budget review process.

The total Project cash flow also includes contract and ancillary work package expenditure, financing and management costs. Administration of the overall project continues to be

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

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

External consultants are continuing to assist with the mandatory monitoring activities in accordance with the Coordinator General's Evaluation Report and subsequent environmental approvals and permits as well as amendments to those approvals and permits.

In accordance with the Federal Government Concessional Loan Agreement a quarterly Concessional Loan Report was submitted to the Department of Infrastructure, Transport, Cities and Regional Development on 8 July 2019. One draw down on the Concessional Loan Facility was processed in the quarter totaling \$9,978,266. Payment has been received.

CORPORATE PLAN

Corporate Plan Goal: *A smart economy*

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

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

CONSULTATION

Councillor Consultation

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

Internal Consultation

- Chief Executive Officer
- Group Executive Built Infrastructure
- Group Executive Economic and Community Development
- Group Executive Liveability and Natural Assets
- Chief of Staff Office of the Mayor, Office of the Mayor & CEO
- Acting Chief Strategy Officer, Office of the Mayor & CEO
- General Counsel, Office of the Mayor & CEO
- Manager Communication, Office of the Mayor & CEO
- Chief Financial Officer, Business Performance
- Manager Business Development, Business Performance
- Coordinator Financial Accounting, Business Performance
- Coordinator Strategic Property, Office of the Mayor & CEO

External Consultation

- Sunshine Coast Airport
- John Holland Pty Ltd
- Beca Consulting Pty Ltd
- Aurecon Australasia Pty Ltd

- King & Wood Mallesons
- Office of the Coordinator-General
- Director-General - Department of Environment and Science
- Mr Ted O'Brien MP - Member for Fairfax, Queensland
- Noosa Shire Council – Mayor, Councillors and Executive Managers
- BMT WBM Pty Ltd
- Core Consulting Pty Ltd
- Future-Plus Environmental
- Department of Environment and Science
- Civil Aviation Safety Authority (CASA)
- Airservices Australia (AA)
- Converge Heritage and Community, including Archaeo Cultural Heritage Services Pty Ltd
- Kabi Kabi First Nation People Claimant Representatives
- PropPro Property Professionals
- Sunshine Coast Environment Council
- Various community groups.

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

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

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

Community Engagement

The Project Director provided project updates to several community interest groups including the Australian Airports Association (Divisional Meeting) on 5 June 2019 and the Sunshine Coast Airport Tenants and Community & Aviation Forums held on 17 April 2019.

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

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

PROPOSAL

Limited progress has been achieved this quarter by the Contractor due to the impact of water that has collected on site. The ancillary works program was progressed under the direct management of the SCAEP team.

This quarter the Design and Construct (D&C) Contractor, John Holland was only able to achieve limited progress on works due to the site conditions being impacted by wet weather and the effects of the unseasonal rainfall which ponded on site. Above average rainfall fell in April and June 2019. The works undertaken by the contractor during the quarter included sand rehandling works, Fine Crushed Rock (FCR) trials, installation of drainage pipes and culverts.

Airspace Design and Flight Path Stakeholder Engagement

Airservices Australia (AA) undertook a Stakeholder Engagement process involving both SCAEP and Sunshine Coast Airport, on the proposed design for the flight paths for the new runway during the period March to late April 2019. Community information sessions were held at the following locations:

- Mudjimba
- Coolum (2 sessions)
- Noosaville
- Maroochydore
- Marcoola
- Peregian Springs
- Cooran
- Pomona
- Verrierdale
- Cooroy

Airservices Australia received and analysed a total of 4,300 feedback submissions. An update has been provided to Council summarising the feedback received from communities across the Sunshine Coast area specifically including communities where the proposed flight paths differed slightly from those in the Environment Impact Statement (EIS).

Airservices Australia will provide a report on the Proposed Final Design and Consideration of Feedback in late July 2019 to the Sunshine Coast community.

The Airspace Change Proposal is due for submission to CASA Office of Airspace Regulation (OAR) by 30 July 2019.

Ancillary Work Packages

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

a) Environmental Approval Submissions

Minor amendments to the Environmental Authority (EA) are currently being negotiated with DES. SCAEP are seeking to amend water quality parameters to more realistically reflect the natural water quality parameter variations associated with the local environment and the significant rainfall events that were experienced in 2018.

- b) Flood Mitigation Levee
Construction of the flood mitigation levee by Auzcon Pty Ltd continues and construction is now expected to be complete in early August. When complete, the new levee will tie in with the existing ground levels within the airport.
- c) National Park Revocation
DES has previously granted authorisation for the Flood Levee works to commence within the Mt Coolum National Park for flood mitigation purposes. This included in-principle approval of revocation of the area of the National Park under the bund footprint. As part of this revocation, survey consultants, JFP Urban Consultants, have prepared the revised cadastral plans for the area. Council continues to progress the final revocation and offsets in parallel.
- d) Wallum Heath Management Area
Clearing works to remove taller woody vegetation in accordance with the Wallum Heath Management Plan (WHMP) was undertaken in May and early June. Due to site conditions, some remaining clearing is to occur in July 2019. All woody materials generated by the clearing works will be mulched and provided to SCA for future gardening works. The stumps of taller species including melaleuca quinquenervia will be poisoned to prevent regrowth. On-going slashing to nominated heights will be undertaken utilising a current SCAEP contractor to ensure regrowth is kept to heights specified in the WHMP.
- e) Mount Emu She-Oak
Wet conditions have continued during May and June, and surface water continues to pond across much of the site. FPE inspected the site in late May to assess the health of the plants and they report that it appears the prolonged wet conditions may have had an impact on some plants. A small water pump has been used to remove and divert ponded water away from the at risk individual trees.

Weed maintenance was undertaken on 10 and 16 April 2019 in the receival area. Activities included exotic grass and herbaceous weed control in the former pasture grass areas and control of melaleuca quinquenervia across the receival Area. Melaleuca quinquenervia seedling germination has increased in the recent months in the eastern portion of the site, and will continue to be targeted. SCRC will continue to slash the former pasture grass area on a bimonthly basis to assist with exotic grass control.

A count and photo monitoring of the Mount Emu She-oak population was completed during May 2019. A biannual report will be submitted in July 2019 detailing the outcome of this latest survey, as well as the results of the biocondition and retained population survey undertaken last year.
- f) Acid Frog and Ground Parrot Monitoring
The Draft Eastern Ground Parrot Annual Report No.1 was provided by the consultant in April. The final version is due mid-June and the report will detail research findings and recommendations. Some of these recommendations, including removal of overstorey vegetation in the WHMA have already occurred. Monitoring is ongoing with the next Eastern Ground Parrot monitoring activity recently undertaken on 21 June 2019.
- g) Vegetation Management Area (VMA)
Mulching activities to remove the mostly melaleuca quinquenervia over story from the Vegetation Management Area concluded in May. Following the clearing, a bio-condition assessment was conducted by BMT ecologists. Ground water wells in the VMA will continue to be monitored prior to construction of frog ponds in mid-2020. Regrowth of understory species is occurring and control of melaleuca quinquenervia and other taller species across the VMA will be the focus of maintenance over the next 9-12 months.

- h) Conservation Corridor
SCAEP has received a draft design for the Conservation Corridor from the Contractor, John Holland. Initial feedback is currently being developed and will be forwarded to contractor.
- i) Installation of Western Anemometer
Work on the provision of a new anemometer at the western end of the new runway is still progressing. The proposed location has been previously approved by BOM's Meteorological Authority Office. A report has been prepared with regards to the use of radio modems to transmit data in place of conduits and cables and concluded that this method is acceptable in terms of data reliability at a much lower cost. A further investigation is occurring at present with regards to an alternative method of data transfer being the use of an optic fibre cable within the proposed electrical conduits to transmit the data. This is considered a relatively low cost and reliable option that is also likely to remove other constraints from the radio modem method if the proposal is viable. Once the report is received, further discussions will be held with all stakeholders. The anemometer is still planned to be operational prior to the commencement of use of the runway.
- j) ARFFS Rapid Response Route
The Design and Construct Contractor has been issued a variation notice to carry out the detailed design. This design is currently at 80% complete and is being reviewed by Airservices Australia to assess the response time prior to completing the design.
- k) Finland Road Traffic Management
The contract with Evolution Traffic Control Pty Ltd continues. The temporary traffic signals are used when John Holland advise that they will have deliveries exceeding 20 per day. When the signals are not required, the contractor is able to leave the signals on site in a powered down state at no cost to council.

Project Works Program

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

The recent delays have placed pressure on the Contractor's ability to meet the transition date of May 2020. The Contractor's current program shows achievement of this milestone. However, any further delay will make this very difficult. The Contractor's performance will be monitored with a view to implementing acceleration initiatives if necessary.

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

State Government Approvals

Numerous State Government Agency approvals, permits or amendments have been required in accordance with the Coordinator-General's and the Minister for the Environment's over-arching approvals. All Environmental Approvals associated with the Contractor's works have been obtained.

Legal

External advice has been sought in relation to Council's responsibilities associated with compliance with EA approvals and acquittal of Council's obligations in relation to its General Environmental Duty.

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

Policy

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

Risk

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

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

All other risks have been identified as medium to low.

Previous Council Resolution**Special Meeting 23 May 2019 (SM19/8)**

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

Related Documentation

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

Critical Dates

The final designs of the Airspace and Flight Paths were due for submission on 30 July 2019 in order to meet the Aeronautical Information Regulation and Control (AIRAC) publication cycles for May 2020. This was completed subsequently to the quarter ending.

Implementation

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

Work as detailed in this report continues.

4.2 SUNSHINE COAST INTERNATIONAL BROADBAND NETWORK PROJECT

File No:	Council meetings
Author:	Group Executive Economic & Community Development Group
Attachments:	Att 1 - SCIBN Commercial Arrangements – Confidential...Pg7/7

PURPOSE

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

EXECUTIVE SUMMARY

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

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

The agreement will result in:

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

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

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

- Vertiv has continued with the construction of the cable landing station located in Maud Street, Maroochydore and is on schedule to meet the timeframes in the program of works.
- DA approval for the beach manhole and horizontal direction drilling was received on 25 June 2019 and applications have been lodged with the Australian Communication and Media Authority (installation permit) and the Department of Environment and Energy (EPBC Act referral).
- Coe Drilling is the successful tenderer for the construction of the beach manhole and horizontal directional drilling required to facilitate the landing of the cable. Work has commenced and is expected to be complete by the end of September 2019.

- Local company Auscom has been awarded the \$1 million contract for the terrestrial connection between the cable landing station and beach manhole. Work has commenced and is expected to be completed in September 2019.
- The marine survey of the proposed branch route has been completed, the final report provided, and the specifications for the branch components confirmed for manufacturing.
- The first claim of \$2.5 million under the Jobs and Regional Growth Fund has been received from the Queensland Government.

The Proposal section provides further information on the project specifics.

OFFICER RECOMMENDATION

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

FINANCE AND RESOURCING

The project cost is estimated at a capital cost of \$35 million, with \$20.6 million in the 2018/19 financial year. Expenditure at the end of July 2019 was \$19.1 million.

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

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

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

CORPORATE PLAN

Corporate Plan Goal:	<i>A smart economy</i>
Outcome:	1.2 - New capital investment in the region
Operational Activity:	1.2.2 - Implement actions of the Sunshine Coast International Broadband Network project to facilitate landing of a submarine cable.

CONSULTATION

Portfolio Councillor Consultation

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

The PCG membership is as follows:

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

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

Internal Consultation

The following have been consulted in relation to the project:

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

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

External Consultation

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

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

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

Community Engagement

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

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

PROPOSAL

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

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

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

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

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

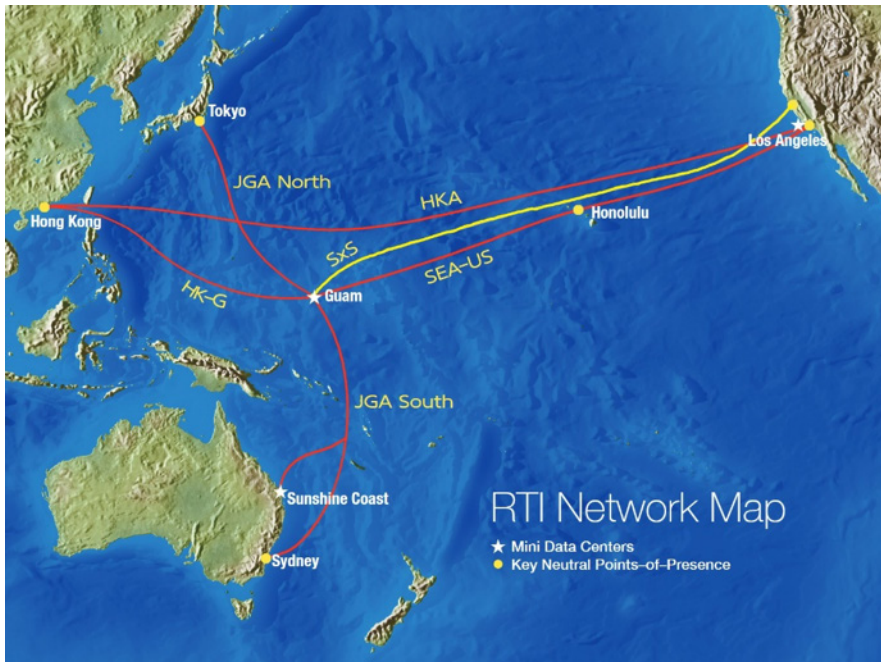


Diagram 1. RTI Network Map showing Sunshine Coast Branching Unit from JGA-South Cable

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

Commercial arrangements

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

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

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

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

Other arrangements currently being developed include the following:

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

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

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

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

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

A diagrammatic summary of the commercial arrangements is provided in Confidential Attachment 1.

SCIBN Project – State Assistance Agreement

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

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

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

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

SCIBN Terrestrial Network

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

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

Beach Manhole and Horizontal Directional Drilling

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

The Beach Manhole will be completely underground and only identifiable by the 1m round access pit lid. For the RTI-C contract the green northern line will be used to reach a suitable working depth for the submarine cable to be installed and hauled through the horizontal directional drill path to the Beach Manhole. The light blue line is the planned second bore to provide for a future submarine cable landing. The red line represents the alignment of the future revetment wall construction.

Coe Drilling is the successful tenderer for the construction of the beach manhole and horizontal directional drilling required to facilitate the landing of the cable. Work has commenced and is expected to be completed by the end of September 2019.

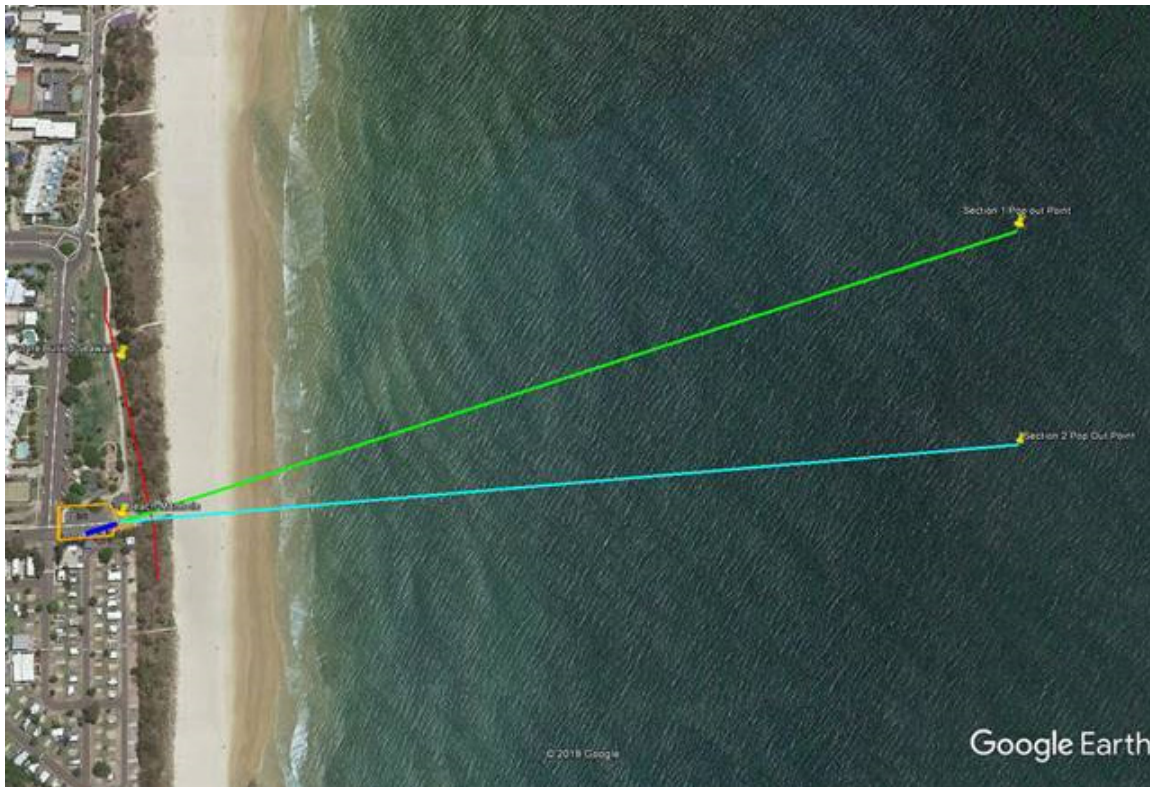


Diagram 2. Beach Manhole and Horizontal Drilling illustration

Terrestrial Duct Network Route

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

Local company Auscom has been awarded the \$1 million contract for these works. Work has commenced and is expected to be completed in September 2019.

Cable Landing Station

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

To assist the Sunshine Coast benefiting from the international connection, a mini exchange or City Point of Presence has been built into the design. In addition, it is proposed that an Internet Exchange will be created to provide cross-connect for cloud-based services to service the region directly. Both of these features will need to be actively supported to attract and connect local and national carriers and digital economy firms to the region.

On 30 November 2018, Council announced the selection of Vertiv as the lead contractor. Construction commenced early February 2019 and is on schedule to meet the timeframes in the program of works of September 2019.

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

Promotion/Investment attraction

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

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

Legal

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

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

An application was lodged with the Australian Communication and Media Authority for an installation permit for the submarine cable on 24 June 2019. If no extension to the assessment period is required, the permit would be expected in mid-September 2019.

An application has been lodged with the Australian Communication and Media Authority (installation permit) and Department of Environment and Energy (EPBC Act referral)

Policy

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

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

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

Risk

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

Project risk

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

Reputational risk

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

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

Financial risk

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

Mitigating the risk

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

It should also be noted that, although there are considerable risks, the project provides significant economic opportunities and benefits for the Sunshine Coast. Council has invested significant resources in leading this project to this point and may be required to provide additional resources to ensure key parts of the network (eg data centre) to allow the full benefits to be realised.

Previous Council Resolutions**Special Meeting 23 May 2019 (SM19/9)**

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

Special Meeting 28 February 2019 (SM19/1)

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

Special Meeting 8 November 2018 (SM18/21)

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

Special Meeting 10 September 2018 (SM18/18)

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

Ordinary Meeting 16 August 2018 (OM18/141)

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

Special Meeting 29 June 2018 (SM18/8)

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

Special Meeting 17 May 2018 (SM18/7)

That Council

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

Ordinary Meeting 17 May 2018 (OM18/62)

That Council:

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

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

Ordinary Meeting 19 April 2018 (OM18/55)

That Council

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

Ordinary Meeting 22 March 2018 (OM 18/46)

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

Special Meeting 22 February 2018 (SM18/3)

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

Ordinary Meeting 25 January 2018 (OM18/12)

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

Special Meeting 23 November 2017 (SM17/46)

That Council:

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

Related Documentation

- Feasibility Study: Sunshine Coast International Broadband Submarine Cable (10 November 2017)
- Market Sounding Report: Sunshine Coast International Broadband Submarine Cable (November 2017)
- Sunshine Coast International Broadband Submarine Cable Network Business Case (as at 5 September 2018)
- Sunshine Coast International Broadband Submarine Cable Network Project Plan (as at 5 September 2018)

Critical Dates

The cable is scheduled to be ready for service in 2020.

Implementation

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

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

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

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

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

File No: Council meetings
Author: Project Director (Workplace)
Business Performance Group

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

5.3 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - SUNSHINE COAST AIRPORT EXPANSION PROJECT - ALTERNATIVE RELEASE METHODS FOR PONDED SITE WATER

File No: SCAEP
Author: Project Director (Sunshine Coast Airport Expansion)
Built Infrastructure Group

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

6 NEXT MEETING

Nil

7 MEETING CLOSURE