

# Agenda

## **Ordinary Meeting**

**Thursday, 25 June 2020**

**commencing at 11:00am**



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**1 DECLARATION OF OPENING**

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

**2 WELCOME AND OPENING PRAYER****3 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE****4 RECEIPT AND CONFIRMATION OF MINUTES**

That the Minutes of the Ordinary Meeting held on 28 May 2020 be received and confirmed.

**5 INFORMING OF PERSONAL INTERESTS****5.1 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.

**5.2 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.

**6 MAYORAL MINUTE****7 PRESENTATIONS / COUNCILLOR REPORTS**



**8 REPORTS DIRECT TO COUNCIL****8.1 COUNCILLOR APPOINTMENTS TO COMMITTEES AND BOARDS**

**File No:** Council meetings  
**Author:** Chief Strategy Officer  
Office of the CEO

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**PURPOSE**

This report proposes for Council's consideration, a number of consequential matters that arise from the adoption of the 2020 Council Portfolio System and Protocols. These matters principally relate to Councillor representation on various boards and committees.

**EXECUTIVE SUMMARY**

Following the 2020 local government elections, the opportunity has been taken to refine the Council Portfolio System to achieve greater alignment with the strategic priorities of Council and the core responsibilities that it is required to discharge.

At the April 2020 Ordinary Meeting of Council, the proposed strategic alignment portfolio structure was endorsed and Councillors were designated to the five portfolios aligned with the 5 goals of the Corporate Plan, with a 6th portfolio to recognise the Mayor's responsibilities for Region Shaping Projects, Regional Advocacy and Intergovernmental Relations.

As a consequence, there is a need to consider the Councillor representation on various boards, groups and committees. In many of these cases, the appointment of a Councillor(s) to the board, group or committee is given effect by either:

- a resolution of Council; or
- an instrument (such as a Charter) that has been approved previously by Council and which may require amendment to appropriately reflect new portfolio responsibilities of Councillors.

The boards and committees covered by this report are:

- Council of Mayors South East Queensland Standing Committees –
  - Economic Development Committee
  - Waste Working Group
- Sunshine Coast Events Board
- Sunshine Coast Arts Advisory Board
- Sunshine Coast Arts Foundation
- Sunshine Coast Events Centre Pty Ltd
- SunCentral Maroochydore Pty Ltd Shareholder Representative Group
- Sunshine Coast Airport Expansion Project: Project Control Group

If the proposed nominations to these boards and committees is agreed. There will be a need for the Chief Executive Officer to amend charters to reflect the nominated Councillor membership for the:

- Sunshine Coast Events Board
- SunCentral Maroochydore Pty Ltd Shareholder Representative Group, and
- Sunshine Coast Airport Expansion Project: Project Control Group.

**OFFICER RECOMMENDATION**

That Council:

- (a) receive and note the report titled “Councillor Appointments to Committees and Boards”
- (b) *approve the following nominations to the Standing Committees of the Council of Mayors South East Queensland –*

Standing Committee	Councillor Member	Councillor Alternate Member
Economic Development Committee	Councillor J O’Pray	Councillor T Landsberg
Waste Working Group	Councillor C Dickson	Councillor W Johnston

- (c) approve the appointment of Councillor J O’Pray and Councillor T Landsberg as the Council representatives on the Sunshine Coast Events Board.
- (d) approve an amendment to clause 3.1 (c) (ii) of the Charter for the Sunshine Coast Events Board to provide that both Portfolio Councillors for Economy shall be members of that Board
- (e) approve the appointment of Councillor R Baberowski as the nominated delegate from the elected Council to be a member of the Sunshine Coast Arts Advisory Board
- (f) approve the appointment of Councillor R Baberowski as the nominated delegate from the elected Council to be a member of the Sunshine Coast Arts Foundation
- (g) endorse the appointment of a Councillor to be considered as a Director of the Sunshine Coast Events Centre Pty Ltd and authorise the Chief Executive Officer to finalise the nomination in consultation with the Mayor.
- (h) approve the membership of the SunCentral Maroochydore Pty Ltd Shareholder Representative Group be amended to consist of Councillor M Jamieson (as Chair), Councillor E Hungerford, Councillor J Natoli, Councillor J O’Pray; and Council staff
- (i) approve an amendment to the Charter for the Sunshine Coast Shareholder Representative Group to provide that the Mayor, as Region Shaping Projects, Regional Advocacy and Intergovernmental Relations Portfolio Councillor, both Outstanding Organisation Portfolio Councillors, one Economy Portfolio Councillor, and Divisional Councillor shall be the members of that Group, and delegate authority to the Chief Executive Officer to further amend the Charter as required
- (j) approve the membership of the Sunshine Coast Airport Expansion Project: Project Control Group be amended to consist of Councillor J O’Pray (as Chair), Councillor E Hungerford, Councillor T Landsberg; and Council staff
- (k) approve an amendment to the Charter for the Sunshine Coast Airport Expansion Project: Project Control Group to provide that one Outstanding Organisation Portfolio Councillor, one Economy Portfolio Councillor, and the Divisional Councillor shall be the members of that Group, and delegate authority to the Chief Executive Officer to further amend the Charter as required, and



- (l) authorise the Chief Executive Officer to advise staff, the community and the relevant organisations, boards and committees of the matters outlined above (as appropriate).

## FINANCE AND RESOURCING

No additional impact on Council's approved budget is envisaged as a result of implementing the recommendations in this report.

## CORPORATE PLAN

**Corporate Plan Goal:** *An outstanding organisation*

**Outcome:** We serve our community by providing this great service

**Operational Activity:** S29 - Governance - providing internal leadership, legal opinion, governance and audit functions ensuring legislative accountability, transparency and ethical obligations are supported.

## CONSULTATION

### Councillor Consultation

Consultation has been undertaken with the Mayor and Councillors on the matters outlined in this report as part of the formulation of the 2020 Council Portfolio System and Protocols, and Committees and Boards.

### Internal Consultation

Consultation has been undertaken with the Acting Chief Executive Officer and the Executive Leadership Team with regard to the nominations proposed in this report.

### External Consultation

Not applicable. The matters canvassed in this report are the province of Council to determine.

### Community Engagement

There has been no community engagement undertaken in relation to this report.

## PROPOSAL

Following the 2020 local government elections, the opportunity has been taken to refine the Council Portfolio System to achieve greater alignment with the strategic priorities of Council and the core responsibilities that it is required to discharge.

At the April 2020 Ordinary Meeting of Council, the proposed strategic alignment portfolio structure was endorsed and Councillors were designated to the five portfolios aligned with the 5 goals of the Corporate Plan, with a 6th portfolio to recognise the Mayor's responsibilities for Region Shaping Projects, Regional Advocacy and Intergovernmental Relations.

As a consequence, there is a need to consider the Councillor representation on various boards, groups and committees. In many of these cases, the appointment of a Councillor (s) to the board, group or committee is given effect by either:

- a resolution of Council; or
- an instrument (such as a Charter) that has been approved previously by Council and which may require amendment to appropriately reflect new portfolio responsibilities of Councillors.

Council of Mayors South East Queensland

The Council of Mayors South East Queensland (COMSEQ) is an independent political advocacy organisation which represents the collective interests of the 11 Councils which make up south east Queensland.

The governance framework for the COMSEQ provides for two Standing Committees with specific subject matter responsibilities. The members of Standing Committees must be elected Councillors and each Council represented in COMSEQ is afforded the opportunity to nominate a Councillor member and Councillor Alternate member to each Standing Committee.

With the implementation of the 2020 Council Portfolio System and Protocols and taking into account previous representation responsibilities, it is proposed that the following nominations be put forward to COMSEQ for each of the Standing Committees –

<b>Standing Committee</b>	<b>Councillor Member</b>	<b>Councillor Alternate Member</b>
Economic Development Committee	Councillor J O’Pray	Councillor T Landsberg
Waste Working Group	Councillor C Dickson	Councillor W Johnston

Sunshine Coast Events Board

The Sunshine Coast Events Board (“Events Board”) was established by Council on 20 June 2013 (OM13/114) to provide strategic advice to Council on issues and collaborative opportunities to support the region’s investment in existing major events; identify other possible sources of sponsorship funding; secure new major events for the region; and to oversee the implementation of the Major and Regional Events Strategy.

At that time, Council also adopted the Charter for the Events Board and approved the appointment of the Portfolio Councillor for Tourism, Sport and Major Events as Council’s representative on the Events Board. Clause 3.1(c) (ii) of the Charter provided for the Portfolio Councillor for Tourism, Sport and Major Events as a member of the Events Board.

In 2016 (OM16/58), the Tourism, Events and Sport Portfolio Councillor was appointed as Council’s representative on the Events Board, and a minor amendment to the Charter was endorsed to reflect the change in Portfolio Designation to Tourism, Events and Sport.

In 2020, the responsibilities of the Events Board align with the new Economy Portfolio. The proposal is to nominate both Economy Portfolio Councillors as Council’s representatives on the Events Board. A minor amendment is required to clause 3.1(c) (ii) of the Charter for the Events Board to reflect the change in Portfolio Designation to Economy.

Sunshine Coast Arts Advisory Board

The Sunshine Coast Arts Advisory Board (“Arts Board”) was established by Council on 28 January 2016 (OM16/6) to provide strategic advice to Council in relation to collaborative opportunities to support and grow the Sunshine Coast local government region’s involvement and investment in the arts, including arts and cultural infrastructure.

At that time, Council also adopted the Charter for the Arts Board, which provides at clause 4.1 (a) (ii) that the membership includes the Portfolio Councillor for Community Programs, or nominated delegate from the elected Council.

In 2016 (OM16/58), the Transport, Arts and Heritage Portfolio Councillor was appointed as Council’s nominated delegate on this Board. No changes were required to the Arts Board Charter to accommodate this appointment.

In 2020, responsibilities of the Arts Board align with the new Community Portfolio. It is proposed that one Community Portfolio Councillor is nominated, with Councillor R Baberowski as Council's nominated delegate on the Arts Board. No changes are required to the Arts Board Charter to accommodate this appointment.

#### Sunshine Coast Arts Foundation

The Sunshine Coast Arts Foundation was established by the Sunshine Coast Arts Advisory Board. The Foundation was endorsed by Council in March 2018 (OM 18/33) including a three year partnership which was endorsed including funding for three years of operational costs. The Foundation is a company limited by guarantee with its own Constitution.

At the time of establishment, the Arts Portfolio Councillor was nominated and endorsed by Council to be its representative on the Foundation.

In 2020, the responsibilities of the Arts Foundation align with the new Community Portfolio. It is proposed that one Community Portfolio Councillor is nominated, with Councillor R Baberowski as Council's nominated representative on the Arts Foundation.

#### Sunshine Coast Events Centre Pty Ltd

Sunshine Coast Events Centre Pty Ltd ("the company") is a Council owned company established under the Corporations Act 2001. Its role is principally to manage The Events Centre at Caloundra, which is Council's premier performance venue.

The Directors of the company are elected at the Annual General Meeting of the company. In 2016 to 2020, the Councillor for Division Two (2) served as a Director and Chairperson of the company.

In 2020, the opportunity exists to consider the nomination of a Councillor to be considered for election as a Director at the Annual General Meeting of the Sunshine Coast Events Centre Pty Ltd. The Events Centre Annual General Meeting is generally held in November each year. This report is seeking the delegation of authority to the Chief Executive Officer to finalise Council's nomination in consultation with the Mayor closer to November 2020.

#### SunCentral Maroochydore Pty Ltd Shareholder Representative Group

Council resolved on 11 December 2014 (OM14/181) to inter alia, establish a Shareholder Representative Group to oversee the interests of Council and the community relating to the activities of SunCentral Maroochydore Pty Ltd. At that time, Council resolved that the Shareholder Representative Group would consist of the Mayor; the then Regional Projects Portfolio Councillor; and the Divisional Councillor (along with Council officers). This membership was reflected in the Charter for the Shareholder Representative Group which was approved by the then Chief Executive Officer on 24 June 2015.

In 2016 (16/58) the Charter was amended to reflect changes to the portfolio structure and responsibilities and included the: Mayor, as Region Making Projects Portfolio Councillor (as Chair); Corporate Strategy and Finance Portfolio Councillor; Economic Development and Innovation Portfolio Councillor; and Divisional Councillor.

With the implementation of the 2020 Council Portfolio System and Protocols, the changes to portfolio responsibilities and given the key areas of interest to Council in this region shaping project, it is proposed the Councillor membership of the Shareholder Representative Group be altered to consist of the:

- Mayor, as Region Shaping Projects, Regional Advocacy and Intergovernmental Relations Portfolio Councillor (as Chair)
- Both Outstanding Organisation Portfolio Councillors

- One x Economy Portfolio Councillor
- Divisional Councillor

If these amendments are agreed, Councillor M Jamieson, Councillor E Hungerford, Councillor J Natoli, and Councillor J O'Pray would become members of the SunCentral Maroochydore Pty Ltd Shareholder Representative Group. The Chief Executive Officer will need to amend the Charter for this Group accordingly.

#### Sunshine Coast Airport Expansion Project: Project Control Group

A Project Control Group exists to oversee the Sunshine Coast Airport Expansion Project. The Charter for the Project Control Group (approved by the then Chief Executive Officer on 28 February 2015) provides that the membership consists of the Mayor; the then Portfolio Councillor for Finance, Water and Corporate Planning; the then Regional Projects Portfolio Councillor; the then New and Emerging Industries Portfolio Councillor; and Council staff.

In 2016 (16/58) the Charter was amended to reflect changes to the portfolio structure and responsibilities and included the: Corporate Strategy and Finance Portfolio Councillor; Economic Development and Innovation Portfolio Councillor; and Tourism, Events and Sport Portfolio Councillor and Divisional Councillor.

With the implementation of the 2020 Council Portfolio System and Protocols, the changes to portfolio responsibilities and given the key areas of interest to Council in this region shaping project, it is proposed the Councillor membership of the Airport Expansion Project Control Group be altered to consist of:

- One x Outstanding Organisation Portfolio Councillor
- One x Economy Portfolio Councillor
- Divisional Councillor (as Chair)

If these amendments are agreed, Councillor J O'Pray, Councillor E Hungerford and Councillor T Landsberg would become members of the Sunshine Coast Airport Expansion Project Control Group. The Chief Executive Officer will need to amend the Charter for this Group accordingly.

#### **Legal**

No legal issues have been identified. The recommendations in this report have been constructed to comply with the requirements of the *Local Government Act 2009* (where appropriate), the Constitution for Sunshine Coast Events Centre Pty Ltd and the Charters for the respective groups, boards and committees.

#### **Policy**

The recommendations within this report are consistent with Council policies, in particular the 2020 Council Portfolio System and Protocols. The report has also taken into account previous resolutions of Council in relevant circumstances in framing the recommendations for Council's consideration.

#### **Risk**

There are no significant risks identified with adopting the recommendations in this report. Adopting these recommendations will enable each of these groups, boards and committees to continue to operate with the appropriate representation from Council.

**Previous Council Resolution****Ordinary Meeting 30 April 2020 (OM20/47)**

*That Council:*

- (a) *receive and note the report titled “**Councillor Portfolio System 2020**”*
- (b) *approve the following allocation of Sunshine Coast Regional Council Portfolios to Councillors commencing 2020 –*
  - *Region Shaping Projects, Regional Advocacy and Intergovernmental Relations – Councillor Mark Jamieson*
  - *Community – Councillor Rick Baberowski and Councillor David Law*
  - *Environment and Liveability – Councillor Peter Cox and Councillor Maria Suarez*
  - *Economy – Councillor Terry Landsberg and Councillor Jason O’Pray*
  - *Service Excellence – Councillor Christian Dickson and Councillor Winston Johnston*
  - *Outstanding Organisation – Councillor Ted Hungerford and Councillor Joe Natoli*
- (c) *adopt the 2020 Councillor Portfolio System and Protocols (Appendix A) noting this replaces the Portfolio System and Protocols – Sunshine Coast Council 21 April 2016, and the 2020-24 Councillor Portfolios – Strategic Alignment Model (Appendix B) and*
- (d) *approve Councillor Ted Hungerford and Councillor Joe Natoli as members of the Sunshine Coast Regional Council Audit Committee commencing 2020.*

**Ordinary Meeting 21 April 2016 (OM16/58)**

*That Council:*

- (a) *receive and note the report titled “Consequential Matters arising from the implementation of the 2016 Council Portfolio System and Protocols”*
- (b) *approve the appointment of Councillor Christian Dickson as a member of the Sunshine Coast Regional Council Audit Committee*
- (c) *approve the membership of the SunCentral Maroochydore Pty Ltd Shareholder Representative Group be amended to consist of the Mayor (as Region Making Projects Portfolio Councillor) (as Chair); the Corporate Strategy and Finance Portfolio Councillor; the Economic Development and Innovation Portfolio Councillor; the Divisional Councillor; and Council staff*
- (d) *approve the membership of the Solar Farm Contract Development and Build Phase Project Control Group be amended to consist of the Economic Development and Innovation Portfolio Councillor and Divisional Councillor (as Chair); the Corporate Strategy and Finance Portfolio Councillor; the Community and Environment Portfolio Councillor; and Council staff*
- (e) *approve the membership of the Sunshine Coast Airport Expansion Project: Project Control Group be amended to consist of the Mayor (as Region Making Projects Portfolio Councillor) (as Chair); the Corporate Strategy and Finance Portfolio Councillor; the Economic Development and Innovation Portfolio Councillor; the Tourism, Events and Sport Portfolio Councillor and Divisional Councillor; and Council staff*
- (f) *endorse the continuation of the appointment of Councillor Tim Dwyer (as the Councillor for Division 2) as a Director of Sunshine Coast Events Centre Pty Ltd*

- (g) *approve the continuation of the Mayor as the ex officio member of the Sunshine Coast Economic Futures Board*
- (h) *approve the appointment of Councillor Stephen Robinson as the deputy member for the Mayor on the Sunshine Coast Economic Futures Board*
- (i) *approve an amendment to clause 3.1 (c) (ii) of the Charter for the Sunshine Coast Events Board to provide that the Portfolio Councillor for Tourism, Events and Sport shall be a member of that Board*
- (j) *approve the continuation of Councillor Jason O'Pray as the Council representative on the Sunshine Coast Events Board*
- (k) *approve the appointment of Councillor Rick Baberowski as the nominated delegate from the elected Council to be a member of the Sunshine Coast Arts Advisory Board*
- (l) *approve the following nominations to the Standing Committees of the Council of Mayors South East Queensland –*

<b>Standing Committee</b>	<b>Councillor Member</b>	<b>Councillor Alternate Member</b>
Economic Development Committee	Councillor S Robinson	Councillor T Dwyer
Infrastructure and Planning Committee	Councillor C Dickson	Councillor R Baberowski
Waterways and Environment Committee	Councillor J McKay	Councillor G Rogerson

- (m) *approve the nomination of Councillor Jenny McKay as Council's representative on the Council of Mayors South East Queensland – Rural Communities Special Interest Group*
- (n) *adopt in accordance with section 196 (1) of the Local Government Act 2009, an organisation structure comprising –*
- *Office of the Mayor and Chief Executive Officer*
  - *Community Services Department*
  - *Corporate Services Department*
  - *Economic Development and Major Projects Department*
  - *Infrastructure Services Department*
  - *Planning and Environment Department*
- (o) *authorise the Chief Executive Officer to advise staff, the community and the relevant organisations, boards and committees of the matters outlined above (as appropriate) and*
- (p) *note that a further report may be brought forward to Council for consideration in due course if any other consequential matters are identified as a result of the implementation of the 2016 Council Portfolio System and Protocols.*

### **Ordinary Meeting 7 April 2016 (PEM16/2)**

*That Council:*

- (a) *receive and note the report titled "Council Meetings - Post-Election Meeting Matters"*
- (b) *conduct the first Ordinary Meeting of the 2016 – 2020 Council at 9:00am, Thursday 21 April 2016 at the Nambour office with subsequent Ordinary Meetings of Council to be held once a month on a rotational basis between Council's Caloundra and Nambour offices*

- (c) *appoint Mayor, Councillor Mark Jamieson as a continuing member and Chair and the Deputy Mayor, Councillor Tim Dwyer as the Deputy Chair of the Sunshine Coast Local Disaster Management Group and*
- (d) *appoint the Deputy Mayor, Councillor Tim Dwyer as member of the Sunshine Coast Regional Council Audit Committee and consider the appointment of an additional Councillor to that committee at a future ordinary meeting.*

**Ordinary Meeting 11 December 2014 (OM14/181)**

*That Council:*

- (a) *receive and note the report titled "Company Establishment for Maroochydoore 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.*

**Ordinary Meeting 28 January 2016 (OM16/12)**

*That Council:*

- (a) *receive and note the report titled "Sunshine Coast Airport Expansion Project Delivery Team" and*
- (b) *authorise the Chief Executive Officer to establish a Sunshine Coast Airport Expansion Project Delivery Team and implement a Project Governance Structure to oversee the delivery of the project.*

**Ordinary Meeting 20 September 2012 (OM12/123) (of relevance to Sunshine Coast Events Centre Pty Ltd)**

*That Council:*

- (a) *receive and note the report titled "Review of Groups, Boards, Taskforces, Corporations and Committees";*
- (b) *endorse the continuation of Council endorsed committees including Councillor representation, as listed in Appendix A as amended:*
  - i. *with the inclusion of Mary Cairncross Scenic Reserve Management Committee;*
  - and*

- ii. with the chair of the Sunshine Coast Local Disaster Management Group be noted as Councillor Mark Jamieson from 31 August 2012;*
- (c) endorse the cessation of the committees listed in Appendix B, noting the completion of the work by the committees, as amended, namely removing Mary Cairncross Scenic Reserve Management Committee;*
- (d) endorse the cessation of the committees listed in Appendix C as amended namely removing Sunshine Coast Sister Cities Association;*
- (e) request the Chief Executive Officer to advise committees of Councillor representation, cessation and, as necessary, acknowledge and thank ceasing committees; and*
- (f) delegate authority to the Chief Executive Officer, in consultation with the Mayor and Councillor J McKay, to put in place arrangements for engagement with the Sunshine Coast Sister Cities Association.*

**Ordinary Meeting 20 June 2013 (OM13/114)**

*That Council:*

- (a) receive and note the report titled "Sunshine Coast Major and Regional Events Strategy"*
- (b) adopt the Sunshine Coast Major and Regional Events Strategy 2013-2017 (Appendix A)*
- (c) under Section 264 of the Local Government Regulation 2012 endorse the establishment of Sunshine Coast Events Board as an advisory committee of Council*
- (d) adopt the Sunshine Coast Events Board Charter (Appendix B) for Sunshine Coast Events Board and authorise the Chief Executive Office to amend as necessary, including amendments to 3.1 Membership (c) to 9 board members and (e) for a 2 year term, and with staggered rotation of the board members*
- (e) appoint Cr O'Pray as the portfolio Councillor for Tourism, Sport and Major Events as the Council representative on Sunshine Coast Events Board*
- (f) delegate authority to the Chief Executive Officer to select and appoint members to Sunshine Coast Events Board in order to achieve the broad range of skills as determined by Council in consultation with relevant portfolio Councillors (being portfolio Councillor for Tourism, Sport and Major Events; portfolio Councillor for Community Policy and Programs and the Deputy Mayor)*
- (g) vary the current Sponsorship Policy (Appendix C) authorising the Chief Executive Officer to enter into outgoing sponsorship agreements for major and regional events up to the value of \$50,000 (ex GST) following the recommendations received from Sunshine Coast Events Board*
- (h) request the Chief Executive Officer to provide a further report to Council outlining alternative funding sources to boost the major event sponsorship tourism levy funding pool and*
- (i) provide Mr P Franks, the Transfer Manager (Noosa) a copy of the Sunshine Coast Major and Regional Events Strategy for consideration and reference.*



**Ordinary Meeting 28 January 2016 (OM16/6)**

*That Council:*

- (a) *receive and note the report titled “Sunshine Coast Arts Advisory Board”*
- (b) *approve the establishment of a Sunshine Coast Arts Advisory Board as an advisory committee of Council under section 264 of the Local Government Regulation 2012*
- (c) *endorse the Sunshine Coast Arts Advisory Board Charter (Appendix A) for the Sunshine Coast Arts Advisory Board and authorise the Chief Executive Officer to amend the Charter for operational purposes as necessary*
- (d) *require the Sunshine Coast Arts Advisory Board to establish an independent Sunshine Coast Art Foundation that is closely aligned to the Caloundra Regional Gallery*
- (e) *endorse sitting fees payable to the Chair and members of the Sunshine Coast Arts Advisory Board and refer the required amount to the 2016/17 budget process for this purpose*
- (f) *refer an amount of \$50,000 to the 2016/17 budget process for the purposes of recruiting and providing secretarial support to the Sunshine Coast Arts Advisory Board and establishing the Sunshine Coast Arts Foundation*
- (g) *note that a further report will be provided to Council by July 2016 to seek formal endorsement of the membership of the Sunshine Coast Arts Advisory Board and*
- (h) *amend the Sunshine Coast Arts Advisory Board Charter (Appendix A) at 4.1 membership to include (viii) two industry representatives from the community with professional experience in the arts sector.*

**Ordinary Meeting 22 March 2018 (OM 18/33)**

*That Council:*

- (a) *receive and note the report titled “**Sunshine Coast Arts Advisory Board membership**” and*
- (b) *delegate authority to the Chief Executive Officer, in consultation with the Mayor, Portfolio Councillor for Transport, the Arts and Heritage and the Portfolio Councillor for Community and Environment to make current and future appointments to the Sunshine Coast Arts Advisory Board.*

**Related Documentation**

Sunshine Coast Corporate Plan 2020-2024  
2020 Council Portfolio System and Protocols  
Council of Mayors South East Queensland Standing Committees Terms of Reference.  
Sunshine Coast Events Board Charter  
Sunshine Coast Arts Advisory Board Charter  
Sunshine Coast Arts Foundation Constitution  
Charter Sunshine Coast Events Centre Pty Ltd Constitution  
SunCentral Maroochydore Pty Ltd Shareholder Representative Group Charter  
Sunshine Coast Airport Expansion Project – Project Control Group Charter

**Critical Dates**

Early consideration of this report is sought so that the respective boards, groups and committees can continue to progress their activities with the appropriate Council representation.

**Implementation**

Should the recommendations be accepted by Council, it is noted that the Chief Executive Officer will:

- advise the COMSEQ of Council's nominees for each of the Standing Committees
- approve appropriate amendments to the Charters for the SunCentral Maroochydore Pty Ltd Shareholder Representative Group; the Sunshine Coast Airport Expansion Project: Project Control Group; and the Sunshine Coast Events Board; and
- advise staff, the community and the relevant organisations, boards and committees of the matters outlined above (as appropriate).

**8.2 INFILL DEVELOPMENT INCENTIVES POLICY REVIEW**

<b>File No:</b>	<b>F2020/12482</b>
<b>Author:</b>	<b>Manager Transport and Infrastructure Planning Built Infrastructure Group</b>
<b>Appendices:</b>	<b>App A - Infill Development Incentives Policy - Extension ..... 25</b>
<b>Attachments:</b>	<b>Att 1 - Map 1 - Proposed Incentives Area – Nambour ..... 33</b>

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**PURPOSE**

The purpose of this report is to seek Council's direction regarding a review undertaken of the current Infill Development Incentives Policy.

**EXECUTIVE SUMMARY**

At Council's Ordinary Meeting of 30 January 2020, it was resolved that a report be prepared for the June 2020 Ordinary Meeting to consider extending the boundaries and duration of the current Infill Development Incentives Policy.

The Infill Development Incentives Policy was initially adopted in June 2017, and was developed to work alongside other incentive measures and policies at attracting investment into the central activity areas of Nambour and Caloundra.

In addition to maximising networks spare capacity, the intent of the policy is to assist Nambour and Caloundra with long term long-term job creation. Interest in developing such a policy was triggered by Unitywater, who were looking to increase subscription to its existing networks of Water Supply and Sewerage, and inviting the owner Councils of Sunshine Coast and Moreton Bay to join to create a broader incentive base.

The initial policy adoption ran for two years and was extended for a further three years in May 2019 triggered by an option included in the original policy.

There has been limited uptake to date of the incentive on offer, with only \$125,598 being recognised and a further \$331,298 approved, with recognition pending commencement of development.

This report has been prepared taking into consideration:

- The focus projects triggering the resolution of the 30 January 2020 Ordinary Meeting
- The limited uptake to date on the incentives on offer since 1 July 2017
- The initial focus of the Infill Development Incentives Policy to attract investment supporting job creation in the central areas of Nambour and Caloundra, and
- The relationship between the Infill Development Incentives Policy and additional, current initiatives to attract investment to the major centres of Nambour and Caloundra.

In view of these considerations, it is recommended that the Policy be retained in its current form and duration.

## OFFICER RECOMMENDATION

### That Council:

- (a) receive and note the report titled “Infill Development Incentives Policy Review” and
- (b) endorse the continued application of the Infill Development Incentives Policy - Extension in its current form and duration (Appendix A).

## FINANCE AND RESOURCING

There are no financial or resourcing issues arising from this report as the resolution calling for this report does not request or require a change to the total incentive cap available to developers.

There are no COVID-19 financial implications associated with this report.

The \$10 million cap on reduced Infrastructure Charges remains mostly intact.

As the policy outlines, where development provides for at least a doubling in demand, a 50% reduction in Infrastructure Charges applies. Refitting an existing building does not qualify.

Note that the incentive is provided through reduced revenue, not outlaying funds with a direct effect on the budget.

## CORPORATE PLAN

**Corporate Plan Goal:** *A smart economy*

**Outcome:** We serve our community by providing this great service

**Operational Activity:** S16 - Economic development - providing industry and business programs and initiatives to support the growth of the regional economy.

## CONSULTATION

### Councillor Consultation

The Outstanding Organisation (Governance) Finance Portfolio Councillor, Councillor Ted Hungerford has been consulted on the contents of this report, as have the Councillors for Divisions 2 and 10.

### Internal Consultation

Internal consultation was sought from:

- Economic Development Branch
- Development Services Branch
- Strategic Planning Branch

### External Consultation

No external consultation was undertaken as part of the preparation of this report.

### Community Engagement

No community engagement was undertaken as part of the preparation of this report.

## PROPOSAL

1. Initial Adoption of the Infill Development Incentives Policy – At the Ordinary Meeting of 15 June 2017, Council resolved to adopt the Infill Development Incentives Policy as part of a regional approach, initiated by Unitywater and included Moreton Bay Regional Council. The aim was to promote infill development where spare capacity existed in Unitywater’s networks and where the partnering Councils had a matching capability.

For Sunshine Coast Council, this was considered further to identify those areas most in need of jobs-related development and to that end, the major centre zones of Caloundra and Nambour were selected. Included in the Policy are maps clearly defining the eligible areas, refer “**Appendix A – Infill Development Incentives Policy – Extension**”. The Policy was approved to run for two and a half years (3/7/19 – 30/12/19) and was capped to allow for up to \$10 million in reduced Infrastructure charges incentives, matched equally by Unitywater.

2. Extension of the Infill Development Incentives Policy – In mid-2019, a report was considered by Council at its 23 May Ordinary Meeting to extend the Policy and the Infill Development Incentives Policy – Extension was duly adopted. The extension was to 30 June 2022 and the changes to the Policy were limited to recognising the change of dates and removal of reference to Unitywater. (This was done in recognising that Unitywater’s Board had not yet considered the issue and there was no certainty that it would extend. Council’s decision was then not dependent on Unitywater proceeding. As it turned out, Unitywater did adopt a similar extension.) Unitywater did follow Council’s decision, extending that partner Policy for the same duration as Council’s.
3. Update on the Uptake of the Incentives Policy to date – The summary of Incentive applications submitted and those that were successful, for both Nambour and Caloundra, is provided below:

Location	No. of Applications / Enquiries Received	Approved		Development Completed	
		Number	Value of Incentive (includes "Incentive Recognised")	Number	Incentive Recognised
Nambour	4	1	\$90,854	0	\$0
Caloundra	12	9	\$366,042	4	\$125,598
<b>Total</b>	<b>16</b>	<b>10</b>	<b>\$456,896</b>	<b>4</b>	<b>\$125,598</b>

Table 1 – Uptake of the Infill Incentives Policy at 15/05/2020

It can be seen from the level of uptake that there has been little impact on Council’s financial position, noting that Council is prepared to forego up to \$10 million in revenue under the Policy offer. Future activity at Caloundra responding to the Caloundra Centre Activation Plan may see additional development applications at a greater rate and scale of development. Note that the impact is realised through loss of revenue, not expenditure. This should not be seen as a failure of the Policy, but a recognition that a 50% reduction in Infrastructure Charges alone is not sufficient to attract developer investment when other triggers for investment are not there. The full offer of this policy may yet be realised if the other attractors for investment appear, making for sound business cases building on this policy.

4. Review of the Infill Development Incentives Policy – Extension – At Council’s Ordinary Meeting of 30 January 2020, Council resolved to “.....that Council requests the Chief Executive Officer to prepare a report that considers extending the boundaries and duration of the Infill Development Incentives Policy applicable to Nambour and Caloundra, and such report be presented to the Ordinary Meeting held in June 2020”.

The decision was the result of discussions triggered by a Notice of Motion seeking to have the eligible areas in Nambour extended to include the Sundale development and a medium density residential development in Maud Street, both shown (marked X) on the attached Map – “**Attachment 1 – Map 1 - Proposed Incentives Area – Nambour**”.

Sundale, delivering the largest development, is a not for profit organisation. The development in Maud Street is by a private developer.

- Sundale already receives a significant reduction under existing Council policies, totalling \$1.5 million, down from \$5,354,000 to \$3,840,000. These reductions recognise the community benefits arising from the nursing home component of the Sundale development, together with the reduced demand on infrastructure generated by Retirement Villages.
- The development in Maud Street falls just outside the eligible area, is residential and does not qualify for any Council reduction in the charge.
- It is considered that the two developments prompting this review are not sufficient to justify an extension in areas of the two locations at Nambour and Caloundra, attributable to the combination of benefits already on offer by Council, and the lack of revitalising jobs availability in central Nambour.

Additional to the two major centre zones of Nambour and Caloundra being selected as the target of Infill Development Incentives Policy, additional work has been undertaken by Council to attract investment and long term job creation in these centres, namely the Reimagining Nambour project and the Caloundra Centre Activation project.

In Caloundra, Planning Scheme amendments have provided increased building heights with bonus heights available to certain types of development such as hotels and vertical retirement facilities. The land use areas of these initiatives align closely with the Infill Development Incentives Policy, also including the common themes of job creation and economic growth. It is also noted that any residential development occurring within the existing designated areas is eligible for the Incentive, which also supports Council’s need to have around 62% of future population provided through infill development.

At the Ordinary Meeting to 23 May 2019, Council resolved to continue to have the policy apply within the current defined areas, to maintain the \$10 million package of assistance and to extend the policy to June 2022. It is recommended that this position, going forward, be retained unchanged.

### **Legal**

Infrastructure Charges are levied under the *Planning Act 2016*. Council has the ability to adopt infrastructure charges other than the maximum adopted charge set by State Government, provided it is not greater than the maximum allowed under statute. This proposal complies with that authority.

### **Policy**

The Infill Development Incentives Policy will complement the Infrastructure Charges Resolution (No. 8) 2019.

### **Risk**

There are no known risks associated with implementing this policy. Financial risk is managed by capping the benefits at \$10 million.

**Previous Council Resolution****Ordinary Meeting 30 January 2020 (OM20/15)**

*That Council request the Chief Executive Officer to prepare a report that considers extending the boundaries and the duration of the Infills Development Incentives Policy applicable to Nambour and Caloundra, and such report be presented to the Ordinary Meeting held in June 2020.*

**Ordinary Meeting 23 May 2019 (OM19/68)**

*That Council:*

- (a) receive and note the report titled "Infill Development Incentives Policy - Extension" and*
- (b) adopt the Draft Infill Development Incentives Policy – Extension (Appendix A).*

**Ordinary Meeting 15 June 2017 (OM17/101)**

*That Council:*

- (a) receive and note the report titled "Infill Development Incentives Policy"; and*
- (b) adopt Appendix A - Draft Infill Development Incentives Policy.*

**Related Documentation**

Infrastructure Charges Resolution (No. 8) 2019.

**Critical Dates**

The Policy will remain valid until 30 June 2022 unless otherwise determined by Council.

**Implementation**

Should Council determine to retain the current Policy, a Communications Campaign will be prepared to promote the incentive in conjunction with the other incentives to stimulate development activity in both Caloundra and Nambour.

**8.3 REGIONAL TRANSPORT CORRIDOR PLANNING****File No:** F2016/276292**Author:** Senior Transport Planning Engineer  
Built Infrastructure Group**Attachments:** Att 1 - Land Requirements - Glass House Mountains..... Conf 5/37  
Att 2 - Land Requirements - Nambour ..... Conf 7/37

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**PURPOSE**

This report seeks Council's endorsement on purchasing land for two transport corridor upgrades, one in Glass House Mountains and the other in Nambour.

Attachments 1 and 2 are confidential to respect the manner and timing in which property owners are advised of the requirement for the land and recognising that, until Council makes a decision, the process to acquire has no certainty. Should Council wish to discuss the confidential attachments, it is recommended that Council close the meeting under Section 275 (1) (h) of the *Local Government Regulation 2012* as any 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.

**EXECUTIVE SUMMARY**

Council has a statutory responsibility to plan for the infrastructure needs of local communities and the region as it continues to grow. The Local Government Infrastructure Plan within the Sunshine Coast Planning Scheme is the statutory planning instrument that Council uses to plan and deliver trunk infrastructure to service growth on the Sunshine Coast. The Local Government Infrastructure Plan has identified the network upgrades which are the subject of this report. The general location (but not specific property requirements), works required, estimated costs and the approximate time of delivery are listed and are publicly available via Council's website.

The progression of planning and detailed concepts for two transport upgrades in the Local Government Infrastructure Plan has identified necessary land acquisitions in Glass House Mountains and Nambour to deliver the projects and increase the capacity of the trunk transport network. The proposed projects are designed to meet reasonable and sustainable desired standards of service. Without these projects, travel times will increase and traffic congestion will continue to worsen at key locations. Importantly, public and active transport needs have also been considered, along with car use, in planning for improved connections.

Council generally attempts to secure land required for infrastructure purposes through negotiation with the affected property owners, prior to considering to exercise its compulsory acquisition powers. Land purchases required for Council projects, including land listed for sale on the open market, can be purchased by agreement.

The current Local Government Infrastructure Plan has a schedule of works to 2036. Therefore, Council aims to provide as much notice as possible to current and future landowners. This report is seeking delegation to commence negotiations with affected land owners to acquire the whole or part of their land (depending on Project requirements) by agreement.

The Department of Transport and Main Roads is currently undertaking the design and construction of the Beerburrum to Nambour Rail Upgrade. Council is partnering with the Department to deliver an adjacent transport upgrade opportunity that aligns with Council's Local Government Infrastructure Plan. In order for Council to deliver this transport upgrade,



components of six properties are required to be acquired as shown in Confidential Attachment 1 – Land Requirements – Glass House Mountains.

A transport upgrade is also required in Nambour to reduce traffic delays currently being experienced and to service growth in the area. In order for Council to deliver this transport upgrade, acquisition of one property (comprising two lots) is required as shown in Confidential Attachment 2 – Land Requirements – Nambour.

## OFFICER RECOMMENDATION

**That Council:**

- (a) receive and note the report titled “Regional Transport Corridor Planning”**
- (b) endorse the proposed land acquisitions, by negotiation, to deliver the transport outcomes as discussed in this report**
- (c) authorise the Chief Executive Officer to negotiate, execute and finalise the negotiated acquisition of the properties which are the subject of this report**
- (d) place property conditions and notations on those properties that are required in part or whole for the construction of the projects identified in this report**
- (e) develop or update transport project pages on Council’s website noting the progression of planning**
- (f) update, with the proposed new Planning Scheme, a revised Local Government Infrastructure Plan to reflect project delivery schedules and**
- (g) approve that the confidential information relating to the land requirements outlined in this report may be publicly released once the acquisition of the properties has been concluded.**

## FINANCE AND RESOURCING

The projects discussed in this report are included in Council’s *Local Government Infrastructure Plan* and are listed in Council’s 10 Year Capital Works Program. Hence, funding has been secured, pending passing of the proposed 2020/2021 budget.

When Council is acquiring a property because it is listed on the open market, Council will make an offer based on an independent market valuation. Following the road upgrade, if there is balance land that is surplus to Councils requirements, Council can then dispose of the land to recoup some costs.

When Council approaches land owners to acquire a property via agreement, in addition to paying market value (as determined by an independent valuer), Council pays disturbance fees (that are found in s.20(5) of the *Acquisition of Land Act 1967*). These costs include, for example, stamp duty on a replacement property to the value of the existing property, removal fees and legal fees for the sale of the existing property and purchase of a replacement property.

## CORPORATE PLAN

**Corporate Plan Goal:** *A healthy environment*  
**Outcome:** We serve our community by providing this great service  
**Operational Activity:** S15 - Sustainable growth and network planning - providing land use planning, social policy, infrastructure planning and charges, flood mapping, transportation planning and environmental initiatives.

## CONSULTATION

### Councillor Consultation

The Transport Portfolio Councillor and Councillor for Division 1 (Councillor R Baberowski) together with Councillor for Division 10 (Councillor D Law) have been briefed on the transport upgrade projects.

### Internal Consultation

Several workshops/meetings were held with representatives from various Council branches and teams during the development of the transport upgrade projects.

They include:

- Office of Mayor and Chief Executive Officer
- Strategic Planning
- Open Space and Social Policy
- Transport Infrastructure Management
- Environment and Sustainability Policy
- Urban Growth Projects
- Business Development
- Design and Place Making
- Transport & Infrastructure Planning
- Parks and Gardens
- Sport and Community Venues
- Environmental Operations.

### External Consultation

No external consultation was undertaken as part of the preparation of this report.

### Community Engagement

No community engagement was undertaken as part of the preparation of this report.

## PROPOSAL

Council has a statutory responsibility to plan for the infrastructure needs of local communities and the region as it continues to grow. The Local Government Infrastructure Plan within the Sunshine Coast Planning Scheme is the statutory planning instrument that Council uses to plan and deliver trunk infrastructure to service growth on the Sunshine Coast. The Local Government Infrastructure Plan has identified the network upgrades which are the subject of this report. The general location (but not specific property requirements), works required, estimated costs and the approximate time of delivery are listed and are publicly available via Council's website.

Transport planning is progressing for the delivery of road transport upgrades to service growth and address transport service levels currently requiring attention in parts of Glass House Mountains and Nambour.

The Department of Transport and Main Roads is currently undertaking the design and construction of the Beerburrum to Nambour Rail Upgrade. Council is partnering with the Department to deliver an adjacent transport upgrade opportunity that aligns with Council's Local Government Infrastructure Plan and importantly aligns with the provision of an initiative of the Beerburrum to Nambour Rail Upgrade project, thereby delivering a significant overall community benefit. In order for Council to deliver this transport upgrade, components of six properties are required to be acquired as shown in Confidential Attachment 1 – Land Requirements – Glass House Mountains.

A transport upgrade is also required in Nambour to reduce traffic delays currently being experienced and to service growth in the area. In order for Council to deliver this transport upgrade, one property (comprising two lots) is required to be acquired as shown in Confidential Attachment 2 – Land Requirements – Nambour.

Council generally attempts to secure land required for infrastructure purposes through negotiation with the affected property owners, prior to considering to exercise its compulsory acquisition powers. Land purchases required for Council projects, including land listed for sale on the open market, can be purchased by agreement.

The current Local Government Infrastructure Plan has a schedule of works to 2036. Therefore, Council aims to provide as much notice as possible to current and future landowners. This report is seeking delegation to commence negotiations with affected land owners to acquire the whole or part of their land (depending on Project requirements) by agreement.

### Legal

There are currently no known legal issues related to this report.

### Policy

This report has been prepared with consideration to:

- the broader Nambour and Glass House Mountains transport planning
- *Sunshine Coast Planning Scheme* particularly the framework for managing development in Nambour and Glass House Mountains
- Council's *Local Government Infrastructure Plan* which aims to integrate land use planning with trunk transport infrastructure requirements to meet growth in demand and the needs of development
- Sunshine Coast Council's *Integrated Transport Strategy*, of which key strategies for success are:
  - Integrated transport and land use which serves the local and regional economy and promotes self-containment
  - A safe, efficient and sustainable road and freight network that applies a one network approach to road management and upgrades that deliver improved safety, connectivity, capacity and efficiency for all road users
  - A road network with future corridor capacity will connect each centre, and communities between, to ensure permeability and resilience, providing for multi-modal transport solutions with and between activity centres and communities.
- *Sunshine Coast Active Transport Plan 2011-2031*, outlining Council's plan to deliver the active transport component of the *Sustainable Transport Strategy*, including a number of relevant active transport actions 'creating pedestrian priority areas, wider footpaths, more priority for crossings, shortcuts, environmental improvements, design features in building applications and better connections across bridges
- *Connecting SEQ 2031: An Integrated Regional Transport Plan for South East Queensland* and
- *South East Queensland Regional Plan 2017*, outlining the land use and desired environmental outcomes for the region, particularly the importance of Nambour as a Major Regional Activity Centre.

### Risk

The transport projects discussed in this report will alleviate increasing traffic congestion. Failure to proceed with these projects will result in continued loss of amenity, public dissatisfaction and significant traffic operational issues along the existing corridors.

There is also a need to tie in with works for the Department of Transport and Main Roads' design and construction of the Beerburrum to Nambour Rail Upgrade to enable the transport upgrade to be delivered in a coordinated, effective and efficient manner.

### **Previous Council Resolution**

**Ordinary Meeting 19 September 2019 (OM19/141)** – Addressing land requirements in Nambour further addressed in this report.

*That Council:*

- (a) receive and note the report titled "Transport Corridor Planning Projects" and*
- (b) resolve to negotiate, execute and finalise the acquisition of the properties required to deliver transport upgrades in Caloundra, Nambour and Currimundi/Aroona.*

### **Related Documentation**

Previous Council Ordinary Meeting Reports that are of relevance are:

- Transport Corridor Planning Projects, 2019
- *Sunshine Coast Local Government Infrastructure Plan 2018.*

### **Critical Dates**

The Department of Transport and Main Roads is currently undertaking the design and construction of the Beerburrum to Nambour Rail Upgrade. Council is partnering with the Department to deliver a transport upgrade that aligns with Council's future transport plan. Council needs to begin negotiations with property owners to enable the transport upgrade to be delivered in a coordinated, effective and efficient manner.

### **Implementation**

Subject to Council endorsing the recommendations in this report, the Chief Executive Officer will proceed to commence negotiations with affected property owners to acquire the land required.

## 8.4 COMMUNITY PURPOSE LAND EXPRESSION OF INTEREST AND TENDER OUTCOME

<b>File No:</b>	<b>Council meetings</b>
<b>Author:</b>	<b>Senior Projects Officer Economic &amp; Community Development Group</b>
<b>Attachments:</b>	<b>Att 1 - Overview of Tender Evaluations .....Conf 9/37 Att 2 - Probity Report Covering Letter ..... 51</b>

### PURPOSE

This report seeks to inform Council of the outcome of the Expression of Interest (EOI) and tender process for three community facility land parcels at Birtinya, Brightwater and Currimundi, transferred to Council as freehold land in Trust.

At the Ordinary Meeting 20 June 2019 (OM19/90) Council resolved that a report be provided to Council for a final decision on any recommended dealings with the land parcels.

### EXECUTIVE SUMMARY

On 20 June 2019 Council resolved to call Expressions of Interest (EOI) for the Development of Land for Community Lease at various locations, in accordance with the *Local Government Regulation 2012* (OM19/90).

Each proposal was reviewed by staff from Councils Development Services Branch, in relation to the proposed uses' alignment with Council's Planning Scheme and each sites approved uses. Submissions were independently evaluated and rated by members of an evaluation panel, in accordance with the procurement probity plan evaluation criteria.

As a result of the evaluation process, a recommendation has been reached for each of the sites as detailed in Confidential Attachment 1. Attachment 1 is confidential as it relates to contractual matters. Should Council wish to discuss the confidential attachment, it is recommended that Council close the meeting under Section 275 (1)(e) of the *Local Government Regulation 2012*. Once the contract and any other necessary documents have been finalised it is intended that the Chief Executive Officer will release the details on the successful proposals.

#### **Separable Portion A – Lot 917, SP 254721 Shine Court, Birtinya**

On 21 November 2019 Council invited the three (3) shortlisted respondents to participate in a closed tender process. At tender box close 28 January 2020, one (1) submission was received.

Following the evaluation of that submission, it is recommended that the Chief Executive Officer be delegated authority to negotiate and execute a lease and any other necessary documents for the land parcel.

#### **Separable Portion B – Lot 8000, SP 239527 Brightwater Boulevard, Mountain Creek**

On 6 November 2019 the Procurement Contracts Committee (PCC) approved the invitation of public tenders for a Community Facility Development and Lease, Brightwater Boulevard, Mountain Creek. At tender box close 28 January 2020, one (1) submission was received.

Following the evaluation of that submission, it is recommended that the tender process be ceased without the award of a lease to any party.

**Separable Portion C – Lot 7, SP 119992 Bellara Drive Currimundi**

On the 21 November 2019 Council invited the two (2) shortlisted respondents to respond to a closed tender. At tender box close 28 January 2020, one (1) submission was received.

Following the evaluation of that submission, it is recommended that the Chief Executive Officer be delegated authority to negotiate and execute a lease and any other necessary documents for the land parcel.

**OFFICER RECOMMENDATION**

**That Council:**

- (a) receive and note the report titled "Community Purpose Land Expression of Interest and Tender Outcome"**
- (b) delegate authority to the Chief Executive Officer to negotiate and execute a lease and any other necessary documents to finalise tender ITT18400A Development of Land for Community Lease – Lot 917, SP254721 Shine Court, Birtinya**
- (c) delegate authority to the Chief Executive Officer to negotiate and execute a lease and any other necessary documents to finalise tender ITT18400C Development of Land for Community Lease - Lot 7, SP 119992 Bellara Drive, Currimundi**
- (d) note that Public Tender ITT1914 Community Facility Development and Lease, Lot 8000, SP 239527 Brightwater Boulevard, Mountain Creek will not be progressed any further and**
- (e) authorise the Chief Executive Officer to release details of the successful proposals in (b) and (c) above when the lease and any other necessary documents have been finalised.**

**FINANCE AND RESOURCING**

The administration of the tender process was resourced within existing operational budget parameters.

The tender process sought to achieve activation of community facility land and the delivery of publicly available multi-purpose meeting spaces with no or limited financial contribution from Council. The tender process demonstrated the feasibility of this proposal, with the financial implications of each submission reported back to Council for consideration.

Administration of the development contracts will be resourced within existing operational budget parameters.

The funding secured for the delivery of the Birtinya, Brightwater and Currimundi community facilities is detailed below.

**Separable Portion A – Lot 917, SP 254721 Shine Court, Birtinya**

The Kawana Waters Community Facilities Account was established in accordance with the Development Agreement for Kawana Waters and is to be spent in accordance with the Kawana Waters Community Development Strategy 2009.

All capital costs for site development will be the responsibility of the applicant.

**Separable Portion B – Lot 8000, SP239527 Brightwater Boulevard, Mountain Creek**

In the initial phase of receiving this parcel of land, no funds were provided to Council by the developer for embellishment. Furthermore, there is no allocation of funds for development of this site in future Council Capital Works programs.

**Separable Portion C – Lot 7, SP 119992 Bellara Drive Currimundi**

In the initial phase of receiving this parcel of land, no funds were provided to Council by the developer for embellishment. Furthermore, there is no allocation of funds for development of this site in future Council Capital Works programs.

All capital costs for site development will be the responsibility of the applicant.

**CORPORATE PLAN**

**Corporate Plan Goal:** *A healthy environment*

**Outcome:** We serve our community by providing this great service

**Operational Activity:** S15 - Sustainable growth and network planning - providing land use planning, social policy, infrastructure planning and charges, flood mapping, transportation planning and environmental initiatives.

**Corporate Plan Goal:** *A healthy environment*

**Outcome:** We serve our community by providing this great service

**Operational Service:** S5 - Community venues - providing, managing and administering the hiring and leasing of community and cultural venues including The Events Centre and other performance venues

**CONSULTATION****Councillor Consultation**

Councillor consultation was conducted with the Councillors for Divisions 3 and 6 during the preparation of the EOI/tender for this matter, which is in line with the Community Consultation Policy. No further consultation has occurred with Councillors, following release of the EOI/tender to maintain the desired probity environment.

**Internal Consultation**

- Integrated Community Facilities Team
- Project Development Officer, Office of Mayor & CEO
- Coordinator Procurement & Contract Performance, Business Performance
- Procurement Specialist, Procurement & Contract Performance, Business Performance
- Coordinator Land Management, Business Performance
- Coordinator Open Space & Social Policy, Liveability & Natural Assets
- Social Policy Officer, Liveability & Natural Assets
- Team Leader Planning Assessment, Customer Engagement & Planning Services
- Senior Development Planner, Customer Engagement & Planning Services
- Manager Community Planning and Development, Economic & Community Development
- Community Connections and Partnerships Lead, Community Planning & Development, Economic & Community Development
- Business & Commercial Analysis, Business Performance
- Manager Project Delivery, Liveability & Natural Assets
- Coordinator Urban Projects, Liveability & Natural Assets

**External Consultation**

The below entities were consulted for the Expression of Interest and tender process:

- Stockland Development Pty Ltd (due to their involvement in the transfer on the land assets to Council)
- Department of Natural Resources, Mines and Energy

**Community Engagement**

On 22 June 2019 Expression of Interest EOI18400 was advertised in the Sunshine Coast Daily and the Courier Mail. A public information session was held at Venue 114 on Tuesday 2 July 2019, with 21 attendees representing 17 organisations.

**Separable Portion A – Lot 917, SP 254721 Shine Court, Birtinya**

Consultation with key stakeholders and targeted community organisations within the health sector was undertaken as part of the preparation of the Oceanside Health Hub Background Study 2013 (refer to the Proposal section of this report for details).

**Separable Portion B – Lot 8000, SP239527 Brightwater Boulevard, Mountain Creek**

In 2011, in line with the sale of the 500<sup>th</sup> lot in Brightwater, the community facility land was transferred to Council through the Infrastructure Agreement. At this time, a community survey was conducted to gain an understanding of the community's preferred model of facility for this site. The 600 residents were delivered a hard copy of the survey however only 37 responses were returned. With minimal responses and an undetermined need, no further action was taken at the Brightwater site.

The site drew little attention until late 2014 when the community facility site started being used informally as overflow parking for the school. At the same time, Brightwater State School was finishing its Building the Education Revolution (BER) hall. Further community engagement was conducted in 2015 using the same community survey used in 2011, again hand delivering to the now 5,000 residents. However only 239 responses were received.

The responses showed strong support for sporting clubs – aquatic facility and/or skate park – which is not the development intent of the site. Additionally, given the proximity of existing facilities at Kawana, these uses do not align with the Skate and BMX Plan or the Aquatics Plan. A community garden was indicated as something that would be used by the community. An application was made to Council in 2017 for a community garden with approval given for a 500m<sup>2</sup> portion of the block to be utilised, however due to lack of support from the community, the community garden has not come to fruition.

**Separable Portion C – Lot 7, SP 119992 Bellara Drive Currimundi**

No further community engagement has been conducted for this site.

**PROPOSAL**

On 20 June 2019 Council resolved the calling of Expressions of Interest (EOI) for the Development of Land for Community Lease at Various Locations, in accordance with section 228 of the *Local Government Regulation 2012* (OM19/90).

On 22 June 2019 the EOI was publicly advertised in the Sunshine Coast Daily and the Courier Mail. The EOI was structured into three (3) Separable Portions:

- Separable Portion A – Birtinya
- Separable Portion B – Brightwater
- Separable Portion C - Currimundi



At tender box close on 1 August 2019 six (6) submissions, with a total of eight (8) Proposals were received:

- Separable Portion A – Birtinya – four submissions
- Separable Portion B – Brightwater – two submissions
- Separable Portion C – Currimundi – two submissions

Each proposal was reviewed by staff from Councils Development Services Branch, in relation to the proposed uses' alignment with Council's Planning Scheme and the site's approved uses as outlined in the Proposal Guideline. Submissions were independently evaluated and rated by members of the evaluation panel in accordance with the procurement probity plan evaluation criteria.

As a result of the evaluation process a recommendation has been made for each of the sites as detailed in Confidential Attachment 1. Attachment 1 is confidential as it relates to contractual matters. Should Council wish to discuss the confidential attachment, it is recommended that Council close the meeting under Section 275(1)(e) of the *Local Government Regulation 2012*. Once the contract and any other necessary documents have been finalised it is intended that the Chief Executive Officer will release the details on the successful proposals.

#### **Separable Portion A – Lot 917, SP 254721 Shine Court, Birtinya**

Of the four (4) submissions received for this site, one (1) submission failed to submit a complete proposal in relation to the development of the site and the evaluation panel was unable to fully evaluate this criteria. The remaining three submissions demonstrated the ability to deliver all aspects of this project and were shortlisted to move to closed tender.

On 21 November 2019 Council invited the three (3) shortlisted Respondents to respond to a closed tender process.

At tender box close on 28 January 2020 one (1) submission was received. Of the remaining Invitees that failed to respond, both advised they were unable to fulfil Council's requirements in relation to the development and lease conditions outlined in the Invitation to Tender.

The tender was independently evaluated and rated by members of the evaluation panel in accordance with the procurement probity plan evaluation criteria.

#### **Separable Portion B – Lot 8000, SP239527 Brightwater Boulevard, Mountain Creek**

Of the two (2) submissions received for this site, one (1) submission failed to demonstrate the organisation's capacity and experience to undertake the proposed development or how the proposed use aligned with the approved uses for the site. Whilst the remaining one (1) submission demonstrated their capacity and experience to undertake a project of this nature, the proposal lacked detail and the evaluation panel was not able to fully determine its suitability for this site. Separable Portion B was ceased on this basis and a Public Tender conducted for this site only.

On 6 November 2019 the Procurement Contracts Committee (PCC) approved the invitation of public tenders for Community Facility Development and Lease, Brightwater Boulevard, Mountain Creek

Tenders were publicly advertised in the Sunshine Coast Daily and The Courier Mail on 23 November 2019. At tender box close on 28 January 2020 one (1) submission was received.

The tender was independently evaluated and rated by members of the evaluation panel in accordance with the procurement probity plan evaluation criteria.

**Separable Portion C – Lot 7, SP 119992 Bellara Drive, Currimundi**

Of the two (2) submissions received for this site, both demonstrated the ability to deliver all aspects of this project and have been shortlisted to move to closed tender.

On 21 November 2019 Council invited the two (2) shortlisted Respondents to respond to a closed tender. At tender box close on 28 January 2020 one (1) submission was received. The remaining shortlisted Respondent advised they had shifted focus to an alternate site.

The tender was independently evaluated and rated by members of the evaluation panel in accordance with the procurement probity plan evaluation criteria.

**Legal**

The Birtinya, Brightwater and Currimundi community facility sites were all contributed to Council as freehold land in Nomination of Trust for community purposes. The development of the sites are subject to the *Trusts Act 1973*. The development is required to be in accordance with the Trust Purpose specific to each site. The development is further required to be in accordance with the planning requirements as outlined in the respective planning instruments for each site. The planning requirements may be amended subject to due processes and approvals.

The *Local Government Regulation 2012* provides the processes by which Council may form contracts for the procurement of goods and services (procurement activities) or the disposal of valuable non-current assets (disposal activities). This regulation has been adhered to through the Expression of Interest and tender processes.

**Probity Advisor**

A Probity Advisor was engaged to provide advice and oversee the tender process. A report provided by the Probity Advisor confirms the procurement activity has been undertaken in accordance with the principles of probity and no probity issues have been identified that would prohibit further progress of the project. A covering letter with this detail is included as Attachment 2.

**Policy**

The EOI and tender processes followed are in accordance with the Sunshine Coast Council 2019/20 Procurement Policy

**Risk**

Risk mitigation strategies have been developed to manage risks identified in the development of the tenders including the engagement of a Probity Advisor.

There is a risk of potential community dissatisfaction with the tender outcomes which will be mitigated by individual and direct communication.

There will be risks associated with the delivery of the recommended projects. Oversight by Council will be implemented to mitigate this risk.

**Previous Council Resolution****Ordinary Meeting 20 June 2019 (OM19/90)**

*That Council:*

- (a) receive and note the report titled "**Community Purpose Land Expression of Interest**"
- (b) resolve it would be in the public interest to invite Expressions of Interest in accordance with the provisions of the *Local Government Regulation 2012*, section 228, for the properties at:
  - (i) Birtinya community facility land parcel (Lot 917, SP 254721 Shine Court, Birtinya)

- (ii) *Brightwater community facility land parcel (Lot 8000, SP 239527 Brightwater Boulevard, Mountain Creek)*
- (iii) *Currimundi community facility land parcel (Lot 7, SP 119992 31 Bellara Drive, Currimundi)*
- (c) *note that the calling of Expressions of Interest for (b)(i), (ii) and (iii) above, before inviting written tenders, are in the public interest because the process will allow:*
  - (i) *industry and community to propose a diverse range of innovative and dynamic solutions*
  - (ii) *discussions and negotiations with respondents that may be used to develop an appropriate written tender and any final contract*
  - (iii) *will facilitate the formation of a unique contract that is the most advantageous to the public and Council and*
- (d) *request the Chief Executive Officer provide a report to Council for a final decision on any dealings with the land parcels.*

### **Brightwater**

#### **Ordinary Meeting 21 April 2016 (OM16/55)**

*That Council:*

- (a) *receive and note the report titled “**Brightwater Community Facility Expression of Interest**”*
- (b) *resolves it would be in the public interest to invite expression of interest for (subject matter) in accordance with the provisions of the Local Government Regulation 2012, section 228 and*
- (c) *notes the advantages of the Expression of Interest for this proposal are:*
  - (i) *it will allow industry and community to propose a diverse range of innovative and dynamic solutions*
  - (ii) *the process will allow Council to evaluate submissions with a view to identifying the solution that best aligns with the interests of the public and Council*
  - (iii) *the process will allow discussions and negotiations with respondents that may be used to develop an appropriate written tender and*
  - (iv) *inviting expressions of interest before written tenders will facilitate the formation of a unique contract that is the most advantageous to the public and Council.*

#### **Ordinary Meeting 3 August 2011 (OM11/193)**

*That Council authorise the Chief Executive Officer to finalise the transfer of 5,000 m<sup>2</sup> of land for a future community facility in accordance with the Bundilla/Brightwater Infrastructure Agreement.*

### **Currimundi**

#### **Caloundra City Council 10 May 2007 (07/153)**

*That:*

- (a) *Report No. 20070424.im.1 from Policy Officer I Myhr, dated 24 June 2007, be received and noted*
- (b) *the preliminary project proposal on Lot 7 SP119992 Currimundi Markets be referred to the Department of Communities for a contribution of \$37,500 towards the concept design phase*

- 
- (c) \$12,500 be referred to the 2007/2008 Annual Financial Plan Major Project for Council's consideration of the concept design phase of the preliminary project proposal for Lot 7 SP119992 Currimundi Markets subject to commitment of the funding of \$37,500 by the Department of Communities towards the project
- (d) the Currimundi Markets Project Team continue to investigate the feasibility of the preliminary project proposal on Lot 7 SP119992 Currimundi Markets subject to the commitment of funding by Council and Department of Communities. Further investigations to include ownership, management and lease options
- (e) \$45,445 from the Councillor Priority Project Fund, Division 6 be approved as a suitable 2007/2008 Annual Financial Plan Grant in accordance with the Councillor Priority Project Fund policy
- (f) the \$45,445 from the Councillor Priority Project Fund Division 6 be referred to the 2007/2008 Annual Financial Plan Grants Program, for Council's contribution towards air-conditioning of the Music and Performance facility at Meridan State College subject to a Memorandum of Understanding being developed between Council and the Department of Education and the Arts to ensure community access and
- (g) Council investigate the opportunity to partner with Meridan State College in the planning and provision of future shared community facilities.

**Caloundra City Council 22 June 2006 (06/232)**

That:

- (a) Report No. 20060605.im.1 from Policy Officer Community Lifestyle Policy, I Myhr, dated 5 June 2006, be received and noted;
- (b) the co-location of community facilities on Lot 7 Bellara Drive (SP119992), Currimundi Market Place, through a partnership between Caloundra City Council and Caloundra Community Centre (State government funded) be further investigated;
- (c) a project team comprising representatives from Council Officers, Councillors O'Kearney, Smith and Grosskreutz, Department of Communities and Caloundra Community Centre be established to investigate the feasibility of the proposal as outlined in (b) above;
- (d) Lot 394 Lomandra Drive (SP154360), Creekside, be utilised as open space until further population growth may require the land for community facility use; and
- (e) the findings of the investigation be reported to Council.

**Related Documentation**

- Environment and Liveability Strategy 2017
- Sunshine Coast Council Community Engagement Policy
- Sunshine Coast Council Community Groups Occupying Council Owned and Council Controlled Land and/or Infrastructure
- Sunshine Coast Council 2019/20 Procurement Policy
- Sunshine Coast Community Strategy 2019-2041
- Sunshine Coast Design Strategy

**Critical Dates**

There are no critical dates relevant to this report.

**Implementation**

Following Council's determination on the recommendations, the necessary steps will be undertaken to implement the decisions including:

- Advice provider to respondents.
- Leases and other documentation finalised
- The Chief Executive Officer releasing the details on the successful proposals once the lease and any other necessary documents have been finalised.

## 8.5 ACQUISITION OF LEASE MOOLOOLABA

<b>File No:</b>	<b>F16/02131</b>
<b>Author:</b>	<b>Coordinator Strategic Property Office of the CEO</b>
<b>Attachments:</b>	<b>Att 1 - Mooloolaba Transport Corridor Upgrade Project - Staging Map ..... 61</b>

### PURPOSE

The purpose of this report is to seek Council's authorisation for the Chief Executive Officer to compulsorily acquire the lease over 36 Brisbane Road, Mooloolaba, to ensure the Mooloolaba Transport Corridor Upgrade Project is not delayed.

### EXECUTIVE SUMMARY

As part of the major transport infrastructure investment, Council is upgrading Brisbane Road Mooloolaba (south of Hancock and Walan Streets) and Walan Street to four traffic lanes.

To minimise inconvenience to the community, the transport corridor will be constructed in stages over a period of four years (2019-2023). Refer **Attachment 1** for staging map. Stage 1a has been completed and Stage 1b, the upgrading of Walan Street is currently underway and expected to be completed in late 2020. The construction of Stages 2 and 3 has been combined and current staging indicates construction will start early to mid-2021.

Council has successfully acquired all land for stages 2 and 3, except for 36 Brisbane Road, Mooloolaba. Refer **Figure 1- Location Map**. The property is owned by the State of Queensland (represented by Department of Transport and Main Roads) (DTMR). DTMR lease the property to Brucefield Pty Ltd who operate the Twin Pines Motel on the site.

Council has been in discussions with DTMR over the last 18 months to acquire the land. Council requires approximately 390m<sup>2</sup> for road widening purposes. Part of the Motel and the swimming pool are located on the required land, which means the Motel will not be able to continue to operate. Refer **Figure 2- Acquisition Plan**. Council has therefore advised DTMR that it will acquire the whole of the site. Council can then amalgamate the balance of the land with other adjoining balance land areas to create useable parcels.

DTMR will not sell the land to Council until the lease has been removed from title. This can be achieved by the lessee agreeing to surrender their lease in exchange for payment, or by Council compulsorily acquiring the lease in accordance with the *Acquisition of Land Act 1967*.

Council does not have power to compulsorily acquire the land because it is owned by the State of Queensland (represented by DTMR). However, Council does have power to compulsorily acquire private third party interests in the State land and Council can negotiate to purchase the land from DTMR.

Council has participated in preliminary discussions with the lessee and the lessee has engaged a solicitor who has prepared their notional claim for compensation in exchange for surrendering the lease. Council has engaged a forensic business accountant to assist Council in reviewing the claim. It is however noted that compensation claims involving businesses can be complicated and as a result negotiations are often protracted. Such a delay may pose a risk to the delivery timeframe for the Mooloolaba Transport Corridor Upgrade Project, given that with stages 2 and 3 are scheduled to commence early to mid-2021.

Council officers will continue to negotiate with the lessee to attempt to agree on a surrender of the lease in exchange for payment equivalent to what would be paid if the land was resumed. However, to avoid any project delays it is recommended that Council should run in parallel, a

compulsory acquisition process, noting that the compulsory acquisition process will take a minimum of 6-12 months.

## OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled "Acquisition of Lease Mooloolaba"
- (b) delegate authority to the Chief Executive Officer to commence the compulsory acquisition process of the lease over Lot 1 on RP183483 in accordance with the *Acquisition of Land Act 1967*
- (c) if agreement cannot be reached with the lessee on surrender of the lease, delegate authority to the Chief Executive Officer to make an application to the Minister for Natural Resources Mines and Energy to take the lease under section 9 of the *Acquisition of Land Act 1967* provided that no objections are received and
- (d) delegate authority to the Chief Executive Officer to settle the claim for compensation, if the lease is compulsorily acquired.

## FINANCE AND RESOURCING

The compensation payable will be funded through the Local Government Infrastructure Plan.

In a matter such as this, compensation under the *Acquisition of Land Act 1967* would usually cover:

- (a) the value of claimant's business
- (b) reasonable costs associated with closing the business and
- (c) reasonable professional fees incurred in the preparation of their claim for compensation (e.g. a solicitor and accountant).

The lessee has engaged a solicitor and is preparing a notional claim. Once received, this will be reviewed by Council's solicitors and a forensic business accountant.

## CORPORATE PLAN

<b>Corporate Plan Goal:</b>	<b><i>A strong community</i></b>
<b>Outcome:</b>	1.3 - A shared future that embraces culture, heritage, diversity
<b>Operational Activity:</b>	1.3.2 - Coordinate the delivery of Council's Transport Levy policy and program.

## CONSULTATION

### Councillor Consultation

- Councillor for Division 4 (Councillor J Natoli) has been briefed on this matter.
- The Community (transport) Portfolio Councillors (Councillor R Baberowski and Councillor D Law) have been advised in regards to this matter.

### Internal Consultation

- Manager Transport & Infrastructure Planning
- Coordinator Transport Network, Transport and Infrastructure Planning Branch
- Project Officer, Project Delivery
- Director Major Projects & Strategic Property

**External Consultation**

Extensive consultation by Council occurred during the original Mooloolaba Integrated Land Use and Transport Assessment Study (Study). The final report for the Study was prepared in 2003 by GHD in association with Briggs & Mortar, Geoff Walker & Associates, and Knight Frank.

In 2003, as a result of the Study, directly affected property owners were contacted and notations added to the affected properties to identify Council's interest.

Clayton Utz Solicitors have been consulted on this acquisition and a forensic business accountant has been engaged by Council to assist in reviewing the claim.

**Community Engagement**

Public consultation and notification have previously been undertaken in 2003 through the Public Participation Plan for the Mooloolaba Integrated Land Use and Transport Assessment Study.

As part of this consultation, both a community forum and feedback form analysis were undertaken. At the community forum, corridor options were presented and attendees were given the opportunity to review the evaluation criteria and compare the corridor options against them. The outcomes of the community forum indicated a general understanding of the need and strong support for a couple of the Brisbane Road options and quite limited support for all other options. The outcomes from the community forum were reviewed by Council officers and seven corridor options were subjected to further evaluation. The public notification included newsletters and subsequent media releases associated with Study.

Affected property owners have previously been contacted and property notations added to inform current and prospective property owners. These notations are evident on a rates search.

In addition to these actions by Council, during 2007/2008 as part of the CoastConnect project, DTMR also undertook consultation in Mooloolaba focused on Brisbane Road and Walan Street. The shortlisted CoastConnect options relied upon upgrades to the Brisbane Road/Walan Street intersection.

At its Ordinary Meeting of 2 February 2011, Council adopted an updated concept plan for the transport corridor and the endorsed concept layout was made public as an attachment to the agenda report.

The draft Sunshine Coast Planning Scheme, which was subject to public consultation in late 2012, specified the land requirements for the provision of the transport corridor and is included in the (final) Sunshine Coast Planning Scheme 2014.

Now that the project has commenced, Council continues to keep the community informed about the projects progress via the project website which includes details about the staging and timing of construction work. In addition to this, when key milestones on the project have been met, a project newsletter has been mailed out to all residents within the 4557 postcode.

**PROPOSAL**

As part of a major transport infrastructure investment, Council is upgrading Brisbane Road, Mooloolaba (south of Hancock and Walan Streets) and Walan Street to four traffic lanes, the project is referred to as the Mooloolaba Transport Corridor Upgrade (MTCU). In addition to improving traffic flow, this important project will enhance the southern entrance into Mooloolaba and create a corridor that is integrated and inviting for pedestrians, cyclists, motorists and public transport users.

To minimise inconvenience to the community, the transport corridor will be constructed in stages over a period of four years (2019-2023). The MTCU Project and associated staging was endorsed by Council at the July 2018 Ordinary Meeting. The first stage (stage 1a), a



preliminary component of the broader project, included the extension of Naroo Court through to Muraban Street and was completed in October 2019. The next stage, stage 1b, commenced in February 2020 and is expected to be completed by late 2020. Refer **Attachment 1** for Mooloolaba Transport Corridor Upgrade staging map.

The decision has been made to combine the design and construction of Stages 2 and 3 of MTCU because during detailed design it was found to be more cost effective to combine them. Another benefit is the reduced total construction time. It is anticipated that construction of Stages 2 and 3 will start early to mid-2021.

This means that all remaining land acquisition and demolition works for stages 2 and 3 will need to be completed by the end of 2020. Council has acquired all the properties in stages 2 and 3 that it requires to facilitate the road upgrade, except for 36 Brisbane Road, Mooloolaba (described as Lot 1 on RP183483), which is owned by DTMR. Refer **Figure 1- Aerial map**.



**Figure 1 – 36 Brisbane Rd Aerial Map**

Council resolved to negotiate to acquire 36 Brisbane Road, Mooloolaba from DTMR in January 2017 and have been in discussions with DTMR over the last 18 months to acquire the land. However, DTMR lease the property to Brucefield Pty Ltd who operate the Twin Pines Motel on the site.

As shown in **Figure 2** Council requires approximately 390m<sup>2</sup> for road widening purposes and this will mean the new road boundary will sever one of the buildings on site as well as the swimming pool. The demolition of these structures will have a major impact on the operation of the motel. Council has therefore advised DTMR and its lessee, that it is willing to acquire the whole of the property. Council can then amalgamate the balance of the land with other adjoining balance land areas to create useable parcels. Council has already successfully

negotiated with DTMR to not pay for the land required for the road. DTMR only requires payment for the balance land.



**Figure 2 – 36 Brisbane Road Acquisition Plan**

The current lease expires in June 2020 but the lessee has exercised their first 3 year option. Prior to purchasing the land from DTMR, Council needs to deal with the lease. This can be achieved by Council negotiating with the lessee to surrender their lease, or failing that, through compulsory acquisition of their lease.

Council does not have power to compulsorily acquire the land because it is owned by the State of Queensland (represented by DTMR). The State has the benefit of the presumption of Crown immunity, which means that legislation will not bind it unless there are express words. The *Acquisition of Land Act 1967* cannot be used against the State because there are no express words in that Act binding the State. However, Council does have power to compulsorily acquire private third party interests in the State land and Council can negotiate to purchase the land from DTMR.

Council has participated in preliminary discussions with the lessee and the lessee has engaged a solicitor to negotiate a claim for surrender of their lease in exchange for payment. Council has recently received their notional claim and has engaged a forensic business accountant to assist in reviewing it. It is however noted that claims involving businesses can be complicated and as a result negotiations are often protracted. Such a delay may pose a risk to the delivery timeframe for the Mooloolaba Transport Corridor Upgrade project, given that stages 2 and 3 are scheduled to commence early to mid-2021.

Council officers will continue to negotiate for a surrender of the lease to ensure the acquisition is completed by the end of 2020. However, given that the compulsory acquisition process can take anywhere from 6-12 months, it is recommended that Council run a parallel

compulsory acquisition process. This will remove the risk of not obtaining the land. The compulsory acquisition process can be stopped if the lease is surrendered.

It is important to note that Council can only compulsorily acquire the area of the lease required for the specific purpose, in this case being road widening. **Figure 2** identifies the compulsory acquisition area. However the lessee may request that Council acquire the balance of the lease under section 13(1) of the *Acquisition of Land Act 1967*. The request can be made before or after Council issues the notice of intention to resume. Where Council and the lessee agree that a compulsory acquisition of part of the lease will leave a balance lease that is of no practical use or value to the lessee, the balance of the lease must also be compulsorily acquired by Council. Council would confer with the lessee prior to issuing the notice of intention to resume to find out if the lessee wants the whole of the lease taken.

In a matter such as this, compensation payable under the *Acquisition of Land Act 1967* would usually cover the value of claimant's business as well as reasonable professional fees incurred in the preparation of their claim.

After the lease is surrendered or compulsorily acquired, Council will finalise negotiations with DTMR for the acquisition of the land.

### Legal

Section 24 of the *Human Rights Act 2019* (HRA) protects the rights of all people to own property and provides the person must not be arbitrarily deprived of their property.

Section 5 of the *Acquisition of Land Act 1967* provides a power to acquire land and interests in land by compulsory acquisition. However, this power can only be used for specific purposes and the acquisition is governed by the processes in the *Acquisition of Land Act 1967*, which includes the payment of compensation. Therefore, the exercise of the power to acquire land or an interest in land is not arbitrary and not incompatible with the HRA.

It is also noted that on the 22 April 2020, the Queensland Parliament passed the COVID-19 *Emergency Response Bill 2020* that includes a new head of power created for temporary regulations governing commercial and residential leases. On the 28 May 2020 the Queensland Parliament passed the Retail Shop Leases and Other Commercial Leases (COVID-19 Emergency Response) Regulation 2020. The Regulation implements the National Cabinet's Mandatory Code of Conduct to assist Queensland's landlords and tenants manage the impacts that the COVID-19 crisis. However, the new regulation will not impact Council because it is seeking to have the lease surrendered by agreement or failing that, extinguished by compulsory acquisition.

### Policy

The Sunshine Coast Planning Scheme 2014 identifies the strategic transport corridor through Mooloolaba and highlights the properties likely to be impacted in establishing the required corridor.

This report is in line with and supports the adopted Sustainable Transport Strategy 2011 as follows:

**Sustainable Transport Strategy Goal 1:** *A shift to public and active transport modes is achieved.*

**Objective 1:** Provide infrastructure, networks and operations for public and active transport systems to facilitate a shift in travel demand to these modes.

#### **Integrated Policy**

1.4 Ensure the transport network and places cater for active transport movement.

**Sustainable Transport Strategy Goal 4:** *Transport and land use integration serves the local and regional economy and promotes self-containment.*

**Objective 9:** Creating connected and efficient access and connection within and between communities.

***Integrated Policy***

9.1 A network of transport corridors provides for the long term needs of the Sunshine Coast, recognising and providing for travel within and between activity centres, enterprise areas and communities.

9.2 Congestion on transport corridors is managed to provide for efficient movement, particularly between activity centres and communities.

This report is in line with the *Transport Levy Policy 2014* which supports the securing of the long term strategic transport needs of the Sunshine Coast.

**Risk**

There is a risk that negotiations with the lessee regarding surrender of their lease, may be protracted or fail which could result in delays to construction of stage 2 and 3 of the Mooloolaba Transport Corridor Upgrade. This could have significant cost implications for the project. For this reason it is suggested to run a parallel compulsory acquisition process.

**Previous Council Resolution**

**Ordinary Meeting – 25 January 2017 (OM17/1)**

*That Council, in relation to Mooloolaba Land Acquisitions:*

- (a) *delegate authority to the Chief Executive Officer to negotiate and finalise the acquisition of:*
  - (i) *Lots 0, 1, 2, 3 and 4 on SP109804 situated at 32-34 Brisbane Road, Mooloolaba*
  - (ii) *Lot 1 RP183483 situated at 36 Brisbane Road, Mooloolaba*
  - (iii) *Lot 448 CG 2436 situated at 38-44 Brisbane Road, Mooloolaba*
  - (iv) *Lot 12 BUP105395 situated at 3 Tarcoola Avenue, Mooloolaba and*
  - (v) *approximately 468.1 square metres of land from the common property of Mooloolaba Junction Convenience Centre Community Title Scheme 15390 (Lot 0 on BUP105395) situated at 3 Tarcoola Avenue, Mooloolaba*
- (b) *failing a negotiated settlement on terms satisfactory to the Chief Executive Officer, delegate authority to the Chief Executive Officer to proceed by a compulsory land acquisition of the following properties in accordance with the requirements of the Acquisition of Land Act 1967:*
  - (i) *Lots 0, 1, 2, 3 and 4 on SP109804 situated at 32-34 Brisbane Road, Mooloolaba for road purposes and a purpose incidental to the purpose of a road*
  - (ii) *Lot 12 BUP 105395 situated at 3 Tarcoola Avenue, Mooloolaba for road purposes and*
  - (iii) *approximately 468.1 square metres of land from the common property of Mooloolaba Junction Convenience Centre Community Title Scheme 15390 (Lot 0 on BUP105395) situated at 3 Tarcoola Avenue, Mooloolaba for road purposes*
- (c) *if no objections are received, delegate authority to the Chief Executive Officer to make an application to the Minister for Natural Resources and Mines to take the land under Section 9 of the Acquisition of Land Act 1967 and*
- (d) *delegate authority to the Chief Executive Officer to settle the final claim for compensation.*

**Ordinary Meeting- 15 September 2016 (OM16/174)**

*That Council delegate authority to the Chief Executive Officer to enter negotiations, finalise and execute the acquisition of the identified properties in accordance with the outcome of discussions in the confidential session in relation to Mooloolaba land Requirements.*

**Related Documentation**

There is no further documentation relevant to this report.

**Critical Dates**

Property Acquisitions required to facilitate stage 2 and 3 of the Mooloolaba Transport Corridor Upgrade need to be completed by December 2020 to ensure there are no project delays.

**Implementation**

Should the recommendation be accepted by Council, it is noted that the Chief Executive Officer will delegate officers to commence the compulsory acquisition process of the lease over Lot 1 on RP183483 in accordance with the *Acquisition of Land Act 1967*.



**8.6 MAY 2020 FINANCIAL PERFORMANCE REPORT**

<b>File No:</b>	<b>Financial Reports</b>
<b>Author:</b>	<b>Coordinator Financial Services Business Performance Group</b>
<b>Attachments:</b>	<b>Att 1 - May 2020 Financial Performance Report ..... 71</b>

**PURPOSE**

To meet Council's legislative obligations, a monthly report is to be presented to Council on its financial performance and investments.

**EXECUTIVE SUMMARY**

This monthly financial performance report provides Council with a summary of performance against budget as at 31 May 2020 in terms of the operating result and delivery of the capital program. The results contained in this report reflect the latest amended budget presented at the Special Meeting on 11 June 2020.

**Operating Performance****Table 1: Operating Result as at 31 May 2020**

	<b>Current Budget \$000</b>	<b>YTD Budget \$000</b>	<b>YTD Actuals \$000</b>	<b>YTD Variance \$000</b>	<b>YTD Variance %</b>
Total Operating Revenue	447,074	429,148	436,495	7,347	1.7%
Total Operating Expenses	446,489	399,307	399,945	639	0.2%
<b>Operating Result</b>	<b>585</b>	<b>29,842</b>	<b>36,550</b>	<b>6,708</b>	<b>22.5%</b>

Achievement of the full year budgeted operating result will allow Council to meet its debt repayments and capital expenditure commitments.

As at 31 May 2020, \$302.3 million (85.2%) of Council's \$355 million 2019/20 Capital Works Program was financially expended.

The core Council Capital Program has progressed 83.3% of budget, an actual spend of \$145.4 million.

Council's closing cash balance at 31 May 2020 of \$185.2 million.

Council's investment portfolio remains within the guidelines established under the Investment Policy.

**OFFICER RECOMMENDATION**

**That Council receive and note the report titled "May 2020 Financial Performance Report".**

**FINANCE AND RESOURCING**

This report sets out the details of Council's financial performance and investments for the month ending 31 May 2020 and meets Council's legislative reporting requirements.

## CORPORATE PLAN

- Corporate Plan Goal:** *An outstanding organisation*  
**Outcome:** 5.7 - A financially sustainable organisation  
**Operational Activity:** 5.7.1 - Develop and monitor Council's budget, including legislated requirements.

## CONSULTATION

### Portfolio Councillor Consultation

Consultation has been undertaken with the Portfolio Councillor, Councillor E Hungerford.

### Internal Consultation

This report has been written in conjunction with advice from:

- Acting Group Executive Business Performance
- Coordinator Financial Services

### External Consultation

No external consultation is required for this report.

### Community Engagement

No community engagement is required for this report.

## PROPOSAL

This monthly financial performance report provides Council with a summary of performance against budget as at 31 May 2020 in terms of the operating result and delivery of the capital program.

The operating result at 31 May 2020 shows a favorable variance of \$6.7 million compared to the budgeted position.

### Operating Revenue

Year to date revenue as at 31 May 2020 of \$436.5 million is higher than the expected budget profile by \$7.3 million.

**Table 2: Substantial Revenue variances as at 31 May 2020**

	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Operating Grants and Subsidies	8,874	15,052	6,178	69.9%

### Operating Grants and Subsidies

Council has received an early payment of the 2020/21 Federal Assistant Grant from the Federal Government. The \$6 million was part of the Federal Governments bring forward of grant funds as a response to the COVID-19 economic crisis. The remaining 2020/21 allocation of the Federal Assistance Grant will be determined in early 2020/21.

### Operating Expenses

Year to date expenditure as at 31 May 2020 of \$399.9 million shows a variance over budget of \$639,000.

Materials and services account for the majority of the expenditure variance as at 31 May 2020, having underspent budget by \$3.9 million.

Council's operating projects have progressed 70% of full year budget as at 31 May 2020.

The underspend in materials and services can be partially attributed to the reduction in Sunshine Coast events due to the current social distancing restrictions. Underspends to lifeguard services at Council's beaches as well as sporting venues and Sunshine Coast Stadium are also occurring.

Council's expenses remain within 1% of budget as at 31 May 2020 while delivering on the 2019/20 operational plan.

### **Capital Expenditure**

As at 31 May 2020, \$302.3 million (85.2%) of Council's \$355 million 2019/20 Capital Works Program was financially expended.

The Core Council Capital Program has progressed 83.3% of budget, an actual spend of \$145.4 million. The Actual Year to Date (YTD) includes all works that have been goods received and accrued as at 31 May 2020.

The following program updates are provided in relation to programs reporting lower expenditure to date:

- Building and Facilities – Council has brought forward renewal works various facilities to take advantage of the current forced closures. Work will be procured and begin in the following months on several aquatic centres, Kings Beach pool, Millwell Road community centre and Caloundra Indoor Stadium.
- Fleet – Council's fleet replacement program requires a significant portion of the financial year for procurement of heavy plant. This procurement works is underway and the majority of replacements are scheduled to occur in May 2020.
- Information Technology – Council will defer a selection of non-critical IT capital works as it focuses on current working from home requirements.
- Transportation – Construction continues for Council's significant road upgrade projects at Parklands Boulevard, Little Mountain and Stage 1B of the Mooloolaba transport corridor upgrade project. Council's \$20 million road reseal program has progressed 89% completion in May. Alongside the reseal program, the bus stop replacement and installation program has progressed to 87% completion of the \$2.4 million program.



Table 3: Capital Expenditure by Program at 31 May 2020

	Annual		YTD		Forecast	
	Original Budget \$000s	Current Budget \$000s	YTD Actual \$000s	% of FY Budget Spent	Forecast Year End Actual	Forecast Year End Variance to Budget
<b>Capital Works Program</b>						
Aerodromes	450	225	26	11.5%	31	(194)
Buildings and Facilities	19,103	18,657	13,288	71.2%	16,725	(1,932)
Coast and Canals	2,080	2,080	1,961	94.3%	1,866	(214)
Environmental Assets	1,300	1,450	1,222	84.3%	1,434	(16)
Fleet	2,900	2,786	448	16.1%	2,357	(429)
Holiday Parks	4,302	5,073	4,794	94.5%	5,067	(6)
Information Technology	5,830	7,615	5,824	76.5%	7,000	(615)
Parks and Gardens	15,966	21,089	19,946	94.6%	21,584	495
Quarries	1,311	1,234	647	52.4%	729	(504)
Stormwater	7,014	5,174	3,656	70.7%	5,022	(152)
Strategic Land and Commercial Properties	14,563	21,958	16,677	75.9%	22,350	392
Transportation	69,115	67,237	57,774	85.9%	65,778	(1,459)
Waste	20,622	19,956	19,158	96.0%	21,442	1,486
<b>Total SCC Core Capital Program</b>	<b>164,556</b>	<b>174,534</b>	<b>145,422</b>	<b>83.3%</b>	<b>171,387</b>	<b>(3,147)</b>
Corporate Major Projects	14,968	9,918	8,786	88.6%	9,532	(386)
Divisional Allocations	5,336	5,364	3,051	56.9%	3,918	(1,446)
Maroochydore City Centre	16,579	19,546	14,150	72.4%	16,066	(3,480)
Submarine Cable IBN	14,390	15,774	15,733	99.7%	15,160	(613)
Sunshine Coast Airport Runway	104,836	129,884	115,178	88.7%	125,013	(4,871)
<b>Total Other Capital Program</b>	<b>156,109</b>	<b>180,486</b>	<b>156,898</b>	<b>86.9%</b>	<b>169,690</b>	<b>(10,796)</b>
<b>TOTAL</b>	<b>320,666</b>	<b>355,020</b>	<b>302,321</b>	<b>85.2%</b>	<b>341,076</b>	<b>(13,944)</b>

### Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 May 2020 Council had \$178.2 million cash (excluding Trust Fund) with an average interest rate of 1.68%, being 1.58% above benchmark. This is compared to the same period last year with \$205.8 million cash (excluding Trust Fund) with an average interest rate of 2.61%, being 0.85% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill Index (BAUBIL).

### Legal

This report ensures that Council complies with its legislative obligations with respect to financial reporting in accordance with Section 204 of the *Local Government Regulation 2012*.

Investment of funds is in accordance with the provisions of the *Statutory Bodies Financial Arrangements Act 1982* and the associated Regulations and the *Local Government Act 2009*.

### Policy

Sunshine Coast Council's 2019/20 Investment Policy and  
Sunshine Coast Council's 2019/20 Debt Policy.

### Risk

Failure to achieve the budgeted operating result will negatively impact Council's capacity to complete its capital expenditure program.

### Previous Council Resolution

#### Special Meeting 11 June 2020, Budget Review 3 2019/20

*That Council:*

- (a) *receive and note the report titled "**Budget Review 3 2019/20**"*
- (b) *adopt Appendix A as tabled, pursuant to section 169 and 170 of the Local Government Regulation 2012, Council's amended budget for 2019/20 financial year incorporating:*
  - (i) *the statement of income and expenditure*
  - (ii) *the statement of financial position*
  - (iii) *the statements of changes in equity*
  - (iv) *the statement of cash flow*
  - (v) *the relevant measures of financial sustainability*
  - (vi) *the long term financial forecast*
  - (vii) *the Debt Policy and*
- (c) *note the following documentation applies as adopted 20 June 2019*
  - (i) *the Revenue Policy*
  - (ii) *the total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the previous budget*
  - (iii) *the Revenue Statement and the rates and charges to be levied for the 2019/20 financial year and other matters as adopted 20 June 2019.*

#### Ordinary Meeting 19 March 2020, Application of Fees and Charges in Response to National Declared Emergency for COVID-19 (OM20/40)

*That Council:*

- (a) *receive and note the report titled "**Application of Fees and Charges in Response to National Declared Emergency for COVID-19**"*
- (b) *authorise the Chief Executive Officer to exercise discretion where considered reasonable and appropriate with regards to the application of all commercial and cost recovery fees including any fees associated with an approval issued under Council's Local Laws during the National declared emergency related to the COVID-19 pandemic.*

**Ordinary Meeting 12 December 2019, Budget Review 2 2019/20 (OM19/194)**

*That Council:*

- (a) *receive and note the report titled "**Budget Review 2 2019/20**"*
- (b) *adopt Appendix A as tabled, pursuant to section 169 and 170 of the Local Government Regulation 2012, Council's amended budget for 2019/20 financial year incorporating:*
  - (i) *the statement of income and expenditure*
  - (ii) *the statement of financial position*
  - (iii) *the statements of changes in equity*
  - (iv) *the statement of cash flow*
  - (v) *the relevant measures of financial sustainability*
  - (vi) *the long term financial forecast*
  - (vii) *the Debt Policy and*
- (c) *note the following documentation applies as adopted 20 June 2019*
  - (i) *the Revenue Policy*
  - (ii) *the total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the previous budget*
  - (iii) *the Revenue Statement and the rates and charges to be levied for the 2019/20 financial year and other matters as adopted 20 June 2019.*

**Ordinary Meeting 19 September 2019, Budget Review 1 2019/20 (OM19/148)**

*That Council:*

- (a) *receive and note the report titled "**Budget Review 1 2019/20**"*
- (b) *adopt Appendix A as tabled, pursuant to section 107A of the Local Government Act 2009 and sections 169 and 170 of the Local Government Regulation 2012, Council's amended budget for 2019/20 financial year incorporating:*
  - (i) *the statement of income and expenditure*
  - (ii) *the statement of financial position*
  - (iii) *the statements of changes in equity*
  - (iv) *the statement of cash flow*
  - (v) *the relevant measures of financial sustainability*
  - (vi) *the long term financial forecast*
  - (vii) *the Debt Policy and*
- (c) *note the following documentation applies as adopted 20 June 2019*
  - (i) *the Revenue Policy*
  - (ii) *the total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the previous budget*
  - (iii) *the Revenue Statement and*
  - (iv) *the rates and charges to be levied for the 2019/20 financial year and other matters as adopted 20 June 2019.*

**Special Meeting Budget 20 June 2019 (SM19/13)**

*That Council adopt Appendix A as tabled, pursuant to section 107A of the Local Government Act 2009 and sections 169 and 170 of the Local Government Regulation 2012, Council's budget for 2019/20 financial year incorporating:*

- i. the statement of income and expenditure*
- ii. the statement of financial position*
- iii. the statements of changes in equity*
- iv. the statement of cash flow*
- v. the relevant measures of financial sustainability*
- vi. the long term financial forecast*
- vii. the Debt Policy*
- viii. the Revenue Policy (adopted by Council resolution on 23 May 2019)*
- ix. the total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the previous budget*
- x. the Revenue Statement*
- xi. Council's 2019/20 Capital Works Program, endorse the indicative four-year program for the period 2021 to 2024, and note the five-year program for the period 2025 to 2029*
- xii. the rates and charges to be levied for the 2019/20 financial year and other matters as detailed below in clauses 3 to 11 and*
- xiii. endorse the full time equivalent establishment as per the Sunshine Coast Council Establishment 2019/2020 report.*

**Related Documentation**

2019/20 Adopted Budget

**Critical Dates**

There are no critical dates for this report.

**Implementation**

There are no implementation details to include in this report.

**8.7 QUEENSLAND AUDIT OFFICE - FIRST INTERIM MANAGEMENT REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

<b>File No:</b>	<b>Financial Management</b>
<b>Authors:</b>	<b>Coordinator Financial Accounting Business Performance Group Chief Financial Officer Business Performance Group</b>
<b>Attachments:</b>	<b>Att 1 - Queensland Audit Office - First Interim Report 2020 ..... 83</b>

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**PURPOSE**

The attached report from the Queensland Audit Office (QAO) outlines the results of the interim audit which was conducted in March this year. The interim audit involves an assessment of Council's internal control environment, and identifies any financial reporting issues or other matters. In addition, QAO identified potential risks associated with COVID-19 to Council's financial results and internal control environment.

This QAO First Interim Management Report was presented to the 25 May 2020 Audit Committee.

Section 213(3) of the *Local Government Regulation 2012* requires that the report be presented at the next Ordinary Meeting of Council.

**EXECUTIVE SUMMARY**

Council has a statutory obligation to prepare "General Purpose" Financial Statements on an annual basis, culminating in audit certification in October, before publication in Council's Annual Report.

The Queensland Audit Office audit Council's annual financial statements to ensure the statements give a true and fair view of Council's financial position, financial performance and cash flows for the relevant year, and that they comply with the *Local Government Act 2009*, the *Local Government Regulation 2012* and Australian Accounting Standards.

The annual audit process for the 2019/20 financial year consists of 5 parts as follows:-

- Planning (December 2019)
  - Confirmation of deliverables and timelines for the audit process.
- 1<sup>st</sup> Interim Audit (March 2020)
  - Includes an assessment of the control environment to determine whether it supports an audit strategy that can rely upon these controls
  - Covers the period 1 July 2019 to 29 February 2020
- 2<sup>nd</sup> Interim Audit (June 2020)
  - Covers the period 1 March 2020 to 31 May 2020
- Audit of Asset Valuations to ensure they reflect fair value (July 2020)
- Final audit of financial statements (September 2020)

Following the final audit, QAO provide their Closing Report, Certification and Final Management Report in October 2020 which includes their audit opinion as well as a summary and status of any issues identified during the course of the audit.

Council has consistently received an unmodified audit opinion meaning the annual financial statements, in all material aspects, give a true and fair view of Council's financial position,

financial performance and cash flows for the relevant year, and that they comply with the applicable legislation and Australian Accounting Standards.

The results of all Queensland local government audits are included in the Auditor General's annual report to Parliament on the results of local government audits.

#### 1<sup>st</sup> Interim Audit

The Queensland Audit Office performed an interim audit of Council's financial systems and processes during the period 16 – 27 March 2020. The Interim Report (Attachment 1) provides the overall status of the audit and summarises the principal matters that arose during the course of the audit. This audit involved testing the operating effectiveness of information system general controls, as well as key controls over revenue, expenditure and payroll.

Results of the interim audit are summarised as follows:-

Item	Result
1. Emerging risk COVID-19	Issues identified / action required
2. Internal control assessment	Generally effective
3. Financial reporting issues	No new financial reporting issues have been raised
4. Areas of audit significance	No issues to date
5. Milestones	All met or not yet due

**The interim audit result confirmed Council's overall control framework as generally effective meaning the environment supports an audit strategy that can rely upon these controls.**

The interim audit is the second audit visit in QAO's annual external audit plan for Council's 2019/20 financial statements. QAO will return to Council in June 2020 for a second interim visit, in July 2020 to review the asset valuations, and again in September 2020 to finalise the audit of the 2019/20 financial statements.

### OFFICER RECOMMENDATION

**That Council receive and note the report titled "Queensland Audit Office - First Interim Management Report for the financial year ended 30 June 2020".**

### FINANCE AND RESOURCING

The estimated audit fee for the financial year is \$250,000 and this is provided for in Council's budget.

### CORPORATE PLAN

**Corporate Plan Goal:** *An outstanding organisation*  
**Outcome:** 5.7 - A financially sustainable organisation  
**Operational Activity:** 5.7.1 - Develop and monitor Council's budget, including legislated requirements.

### CONSULTATION

#### Portfolio Councillor Consultation

The Portfolio Councillors have received advice of this report through the Audit Committee process.

**Internal Consultation**

Internal consultation was held with the following areas:

- People and Culture
- Business and Innovation
- Digital and Information Services
- Audit Committee

**External Consultation**

External consultation has been held with Queensland Audit Office as well as external members of Council's Audit Committee.

**PROPOSAL**

The Queensland Audit Office performed an interim audit of Council's financial systems and processes during March 2020. The Interim Report (Attachment 1) provides the overall status of the audit and summarises the principal matters that arose during the course of the audit. This audit involved testing the operating effectiveness of information system general controls, as well as key controls over revenue, expenditure and payroll. In addition, QAO identified potential risks associated with COVID-19 to Council's financial results and internal control environment.

Detailed results of the audit are as follows:-

**1. Emerging risk COVID-19**

QAO identified the following potential risks associated with COVID-19, to Council's financial results and internal control environment. These include:-

- Going concern
- Everyday internal controls
- Information technology and cyber security
- Valuation of property, plant and equipment
- Accounting for leases
- Impairment of receivables
- Fair value of financial assets and financial liabilities
- Financial statement disclosures

Council will monitor these risks and respond as needed.

**2. Internal control assessment**

QAO categorise internal control issues as either Significant Deficiencies (requiring immediate action to resolve), Deficiencies (requiring resolution in a timely manner), or Other Matters (which may be implemented at management's discretion).

- QAO tested the operating effectiveness of internal controls for revenue, payroll and expenditure systems for the period to 29 February 2020. They identified 3 significant deficiencies and 3 deficiencies associated with the new payroll system. Council agreed with the QAO recommendations which have all now been resolved subject to QAO review.
- Council also has a prior year internal control issue (significant deficiency) regarding delays in recording of contributed assets. Council formed a working group to address this issue which is on track to be resolved by 30 June 2020.
- QAO identified 6 Other Matters, (5 relating to the new payroll system) which Council has agreed to action. These have either been actioned or are not yet due.

### 3. Financial reporting issues

Financial reporting issues are identified and assessed based on their risk of causing a material misstatement in one or more components of the financial statements.

The risks of potential misstatement are categorized as:-

- High – requiring immediate management action to resolve
- Medium – management action is expected to be taken in a timely manner
- Low – action is taken at management’s discretion.

**QAO did not identify any new financial reporting issues.**

### 4. Areas of audit significance

QAO have identified items that they consider to be significant risks to the financial statements, due to their size or complexity, and as such will undertake specific targeted testing of these items. Status is as follows:-

Area of audit significance	Status
Valuation of Property, Plant and Equipment	A valuation audit visit is planned for July 2020 with the final audit concluding in September 2020.
Revenue recognition of infrastructure charges and contributed assets	Tested for the period to 29 February 2020 with no deficiencies noted. Testing will be finalised during the September 2020 visit.
Appropriateness of procurement policies and practices	Effectiveness of key controls were tested for the period to 29 February 2020 with no deficiencies noted. Further testing will be undertaken during the June 2020 visit.
Financial sustainability	To be tested as part of the final audit visit in September 2020.
Valuation of investment in associate	To be tested as part of the final audit visit in September 2020.
Major projects and application of accounting standards	To be tested as part of the final audit visit in September 2020.

### 5. Milestones

The QAO external audit plan contains a series of measurable milestones in terms of Council’s financial reporting and audit deliverable deadlines.

**All agreed Council financial reporting and audit deliverable milestones have been met, or are not yet due.**

If issues are identified as the audit progresses, they will be included in QAO’s future reports.

**The interim audit result confirmed Council’s overall control framework as generally effective meaning the environment supports an audit strategy that can rely upon these controls.**

### Legal

Section 213 (3) of the *Local Government Regulation 2012* requires this QAO Interim Report to be presented at the next available Ordinary Meeting of Council.



**Policy**

There are no internal policy documents relating to this report. It is a legislative requirement – refer Sections 212 and 213 of the *Local Government Regulation 2012*.

**Risk**

Council has a statutory obligation to prepare general purpose financial statements that are subject to audit by the Auditor-General or their contracted representative.

**Previous Council Resolution****Ordinary Meeting 20 June 2019 (OM19/95)**

*That Council receive and note the report titled “Queensland Audit Office - Interim Management Report for the financial year ended 30 June 2019”.*

**Ordinary Meeting 19 September 2019 (OM19/146)**

*That Council receive and note the report titled “Queensland Audit Office - Second Interim Report for the financial year ended 30 June 2019”.*

**Critical Dates**

QAO will return to Council in June 2020 to conduct a second interim audit, July 2020 to complete the audit of valuation of Property, Plant and Equipment, and again in September 2020 to complete the final audit of the 2019/20 financial statements.

Council certification of the 2019/20 financial statements and current year financial sustainability statement is due by 8 October 2020.

**Implementation**

All identified issues will be stored in Council’s corporate reporting system with implementation to be monitored by the Audit Committee.

**8.8 AUDIT COMMITTEE MEETING 25 MAY 2020****File No:** Council Meetings**Author:** Manager Audit and Assurance  
Office of the CEO**Appendices:** App A - Audit Committee Minutes 25 May 2020 ..... 117  
App B - 2020 - 2021 Internal Audit Work Plan ..... 131

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**PURPOSE**

To provide Council with information on matters reviewed at the Audit Committee Meeting held on the 25 May 2020 (*Section 211 Local Government Regulation 2012*) and make recommendation to Council on any matters that the Audit Committee considers need action or improvement (*Section 105 of the Local Government Act 2009*).

**EXECUTIVE SUMMARY**

The Audit Committee is a mandatory Advisory Committee of Council established in accordance with Section 105 of the *Local Government Act 2009*. The Committee is comprised of Mr Peter Dowling (External Chair), Mr Len Scanlan (External Member), Councillor J Natoli and Councillor E Hungerford.

The Audit Committee agenda was distributed electronically to all Councillors on 18 May 2020 with agenda reports categorised as Chief Executive Officer's Update, External Audit, Audit and Assurance, and Governance Reporting.

**OFFICER RECOMMENDATION****That Council:**

- (a) receive and note the report titled "Audit Committee Meeting 25 May 2020" and
- (b) endorse the Audit Committee Minutes 25 May 2020 (Appendix A) and the 2020 - 2021 Internal Audit Work Plan (Appendix B).

**FINANCE AND RESOURCING**

There are no finance and resourcing issues associated with this report.

**CORPORATE PLAN****Corporate Plan Goal:** *An outstanding organisation***Outcome:** We serve our community by providing this great service**Operational Activity:** S29 - Governance - providing internal leadership, legal opinion, governance and audit functions ensuring legislative accountability, transparency and ethical obligations are supported.**CONSULTATION****Councillor Consultation**

Councillor members of Audit Committee were present at Audit Committee meeting when Draft Minutes were confirmed.

**Internal Consultation**

- Acting Chief Executive Officer, Group Executives and Chief Strategy Officer were present at Audit Committee meeting when Draft Minutes were confirmed.
- Director Major Projects and Strategic Property
- Coordinator Financial Accounting
- Manager Corporate Governance

**External Consultation**

External members of the Audit Committee were present at Audit Committee meeting when Draft Minutes were confirmed.

**PROPOSAL**

The Audit Committee is a mandatory Advisory Committee which meets four times each year and is established in accordance with *Section 105 Local Government Act 2009*. The Committee has no delegated authority and is a source of independent advice to Council and to the Chief Executive Officer.

The Audit Committee is comprised of Mr Peter Dowling (External Chair), Mr Len Scanlan (External Member), Councillor J Natoli and Councillor E Hungerford. The Audit Committee agenda was distributed electronically to all Councillors.

The overall objective of the Audit Committee is to assist the Council and the Chief Executive to discharge their duties, in particular:

- Corporate Governance and responsibilities in relation to the organisation's financial reporting, internal control structure, risk management systems and the external and internal audit functions
- maintain an independent and objective forum promoting transparency, accountability and an ethical culture throughout Council
- maintain by scheduling regular meetings, open lines of communications with Council, Executive Management, External Audit and Internal Audit, to exchange information and views
- oversee and appraise the quality and efficiency of audits conducted by both the Internal and External Audit functions and
- ensure both the Internal and External Audit functions are independent and effective.

In accordance with *Section 211 of the Local Government Regulation 2012*, the Audit Committee must provide Council with a written report about the matters reviewed at the Audit Committee Meeting and make recommendation to Council on any matters that the Audit Committee considers need action or improvement (*Section 105 of the Local Government Act 2009*).

The matters reviewed at the 25 May 2020 Audit Committee Meeting are recorded per agenda sequence below:

**5.1 Chief Executive Officer's Update****5.1.1 Acting Chief Executive Update**

The period since the January 2020 Audit Committee Meeting has been unprecedented for Council and our region with the outbreak of the novel coronavirus (COVID-19) in China and its rapid spread across the globe.

During February and March, Council commenced pandemic preparedness planning to ensure our community and organisation were safe and complying with national and state

public health directions. This meant ceasing any non-essential services and applying social distancing requirements.

This required Council to close places where people congregate such as stadiums, libraries, community hubs, venues and facilities, public BBQs and shelters, outdoor exercise equipment, playgrounds, skate parks and Council boat ramps, with only services deemed 'essential' remaining open. Council has been swift in introducing a range of initiatives to help ease the impact of escalating restrictions placed on our community.

Council also developed and introduced the #Covidkindness platform to explore themes that encourages residents to Stay Connected, Stay Informed, Stay Healthy, Stay Playful, Stay Creative and Stay Neighbourly to help combat social isolation, loneliness and community disconnection. #CovidKindness has gained substantial interest since it was launched, with an international reach of over 28,000 mentions of the hashtag, and more than 201 million impressions.

Throughout the response, Council has been focused on ensuring business continuity remains a priority, and the well-being and safety of our community and our employees is at the forefront of everything we do.

I am really proud how Council and the community have worked together to respond to the impacts of COVID-19 in a timely manner, and how Council has delivered its multiple responsibilities during the pandemic, that being as a disaster management coordinator, a service provider and an employer.

With all that said, this quarter has also seen numerous milestones achieved including:

- The Sunshine Coast being announced as a Top7 Global Intelligent Community for the second successive year.
- Sir Elton John performed two concerts at the Sunshine Coast Stadium in March, attracting over 31,000 people across the two nights.
- The Sunshine Coast Stadium's \$2.7 million broadcast lighting upgrade nears completion, assisting to attract national and international sporting and entertainment events to the Sunshine Coast.
- The Sunshine Coast Design book was launched, developed to inspire good design and maintain the liveability of the Sunshine Coast. The place-based approach presents 150 photos of buildings, streets and spaces that truly represent the look and feel of the Sunshine Coast.
- The Blue Heart project progressed with Council confirming the strategic intent for approximately 90 hectares of Council land for conservation purposes, supporting a more sustainable blue carbon future for the Sunshine Coast.
- An astounding 948kg of waste and debris was collected from our beaches and coastal areas during the Clean Up for the Hatchlings and Clean up Australia Day events, and
- A \$1.3 million bushfire recovery grant was received from the Commonwealth Government following the 2019 bushfires. The money will be used to assist the recovery and long term planning that take direct action through projects that respond to identified risks and aid community resilience.

The Queensland's Local Government elections were held on March 28 2020, with the 2020 Sunshine Coast Council now in the middle of their induction and budget deliberations.

#### 5.1.2 SunCentral – Targeted Investment and Marketing Attraction Strategy

In February 2019, Council approved a Land Disposal Plan (LDP2) comprising the implementation of a strategy to engage with prospective tier 1 parties in relation to the balance land.

Following a recommendation by Queensland Treasury Corporation, at the Audit Committee meeting held on the 27 May 2019, in regards to the “Assessment of SunCentral Maroochydhore Corporate Governance” as presented to that meeting, the Audit Committee requested that a *“targeted investment and marketing attraction strategy be presented to the Audit Committee on 9 September 2019”*. The above Committee Recommendation was ratified by Council at its Ordinary Meeting held on the 20 June 2019.

Since the approval of the LDP2, SunCentral Maroochydhore Pty Ltd (SunCentral) has been engaged in undertaking a national and international Balance of Land Expression of Interest (EOI) process for prospective tier 1 parties. On the 30 August 2019 this EOI closed, attracting significant interest and submissions lodgement. These are currently being worked through by both the SunCentral Board and Management with a presentation to Council on the outcomes due, in the coming months.

### 5.1.3 Update on Managing Cyber Security Risk

Council engaged consultants in February 2019 to conduct an ISO27001 security gap analysis. The findings from the 2019 review identified that Council had a low maturity level, low investment and deficient security resources.

In March 2020, another independent security gap analysis was conducted against the ISO27001 standard and compared against the previous 2019 review. This review identified that there was a significant improvement in security maturity levels but also recognised the ongoing need for future investment and resources to mitigate risks.

Also in March 2020, Council conducted a review of the cyber security controls to assess how effective Council was at managing security risks against the Australian Signals Directorate (ASD), Australian Cyber Security Centre’s (ACSC) ‘Essential Eight’ risk mitigation strategies and the 17 recommendations associated with the Queensland Audit Office report “Managing Cyber Security Risks Report 3” released 1 October 2019. This review confirmed good security practices but also identified gaps for future improvement.

The cyber security best practice has guided Council’s Cyber Security Program to improve security awareness, maturity levels and mitigate Council’s cyber risks.

## 5.2 External Audit

### 5.2.1 Annual Financial Statement Risk and Planning Assessment

The May report is a status update as to the Queensland Audit Office (QAO) external audit plan and related activities associated with the finalisation of Council’s 2019 -2020 Financial Statements.

Council has a statutory obligation to prepare General Purpose Financial Statements on an annual basis, culminating in audit certification in late October, before publication in Council’s Annual Report. The major milestones in the audit process are being continually monitored and managed in conjunction with the QAO to ensure deadlines are met to achieve certification of the Financial Statements.

This report identifies that:

- the QAO external audit plan is progressing as planned with associated risks being effectively managed.
- The QAO first interim report provides recommendations associated with the SAP payroll system and legislative requirements to publish contracts of value greater than \$200,000 on Council’s website (Refer June OM Finance report “QAO – First Interim Management Report for the Financial Year Ended 30 June 2020”). Audit testing to date, indicates the overall internal control environment as generally effective, meaning

the control environment supports an audit strategy that can rely upon the effectiveness of these controls

- The Draft Proforma Financial Statements 2019/20 were presented in addition to asset revaluation progress status and an update on financial transactions associated with the Sunshine Coast Airport Expansion Project
- Due to COVID-19, Council operations to 30 June 2020 are estimated to be impacted by \$8 million

#### 5.2.2 Update on Audit Issue – Delays in Recording of Contributed Assets

As part of the audit of the 2017/18 financial statements, Queensland Audit Office (QAO) raised a High Risk Financial Reporting Issue regarding delays in recording of contributed assets.

This issue was re-raised in 2018/19 and reclassified to a Significant Deficiency.

Council formed a Contributed Assets Working Group to review end to end processes across various branches of Council, to establish the main causes of delay and to identify improvement opportunities.

Similar South East Queensland Councils were also benchmarked to support findings and gain further insights into process and best practice.

The Working Group is on track to present a final report to the September 2020 Audit Committee meeting and has made considerable progress in accordance with its objectives and milestones. In particular, the following outcomes have so far been achieved:

- Benchmarking Surveys received and results summarised
- Causal analysis almost completed
- Improvement opportunities are being identified and some are underway

### 5.3 Audit and Assurance

#### 5.3.2 Management of Infrastructure Agreement Deliverables and Register

The Management of Infrastructure Agreement Deliverables and Register identified a significant number of operational strengths with some scope to share best practice more broadly across all large scale Infrastructure Agreements.

#### 5.3.2 Corporate Purchase Cards

The Corporate Purchase Card review determined an overall sound policy control framework. Improvement opportunities seek to align processes to the policy control framework and specifically relate to cardholder requirements for timely acquittal of transactions, card authorisation/cancellation and associated supporting documentation and usage/expenditure monitoring.

#### 5.3.3 Caloundra Weigbridge Revenue and Contract Payment Controls for Landfill Disposal & Bulk Stockpile Area

The internal control environment operating at Pierce Avenue Landfill Caloundra specifically relating to revenue controls for the landfill disposal and bulk stockpile area operations are operating effectively overall. There were control deviations identified relating to service fees within WasteMan and the adherence to contract conditions. The overall control environment is considered to be strong.

#### 5.3.4 Audit and Assurance Status Report

As at May 2020, the 2019/20 Internal Audit Work Plan is on schedule. The Audit Committee monitors progress on the implementation of Listed Actions including five Listed Actions currently exceeding the nominated expected completion date.

#### 5.3.5 2020 – 2021 Internal Audit Work Plan

The 2020 – 2021 Internal Audit Work Plan is presented to the Audit Committee and is subject to final endorsement by Council.

The audit work plan methodology ensures that audit resources are effectively utilised and appropriate coverage is achieved in accordance with a risk based auditing standards.

As a result of the Novel Coronavirus (COVID-19) pandemic, there has been significant impacts across the economy and to Council's business operations. In consideration of this uncertain environment, the 2020 – 2021 Internal Audit Work Plan has been reduced to allow flexibility for Audit and Assurance to assist the business operations where applicable.

#### 5.3.6 Work Health and Safety Report

Council has continued its progression toward our goal of achieving a 'Proactive' safety culture. The implementation of the FutureSafe program was put on hold in order to respond to the coronavirus pandemic. SCC has continued to focus on safety at the organisational level and continues to take action to ensure improved WHS oversight of our operations and that of our contractors and suppliers.

The WHS function has focused on responding to COVID-19 during the reporting period. SCC has developed and implemented processes adhering to Federal and State Government directives in an uncertain and changing environment. This has provided all employees with clear direction resulting in high compliance with controls and process which have been implemented across the organisation.

SCC continues to recognise the importance of internal and external consultation to ensure compliance and continual improvement of SCC's WHS system is achieved.

During the reporting period January – March 2020 there was one (1) incident which required Council to notify Workplace Health and Safety Queensland.

### **5.4 Governance Reporting**

#### 5.4.1 Governance and Risk Report

Council continues to grow and mature in its approach to governance and risk management matters. Strategic and operational risks continue to be monitored and managed in an effective and efficient manner as is reflected in the information contained within this report.

The Governance in Action Program has been successful in raising awareness in governance issues with the number of requests for further information or training increasing as officers become more aware of their responsibilities and obligations.

As part of our Integrity Management Program, complaint matters elevated to the Corporate Governance Branch continue to be actioned within set time frames. Analysis is done to assess the cause of each complaint and what management or system improvements can be implemented to ensure continuous improvement growth and the prevention of similar issues or concerns in the future.

**Legal**

Compliance with the *Local Government Act 2009* and *Local Government Regulation 2012*.

**Risk**

Specific risks have been detailed in the various agenda reports.

**Previous Council Resolution**

Audit Committee Charter was endorsed at the Council Ordinary Meeting 20 February 2020.

**Ordinary Meeting 20 February 2020 (OM20/31)**

*That Council:*

- (a) receive and note the report titled "***Audit Committee Meeting 28 January 2020***" and
- (b) endorse the *Audit Committee Minutes 28 January 2020 (Appendix A)*, *Audit Committee Charter (Appendix B)* and *Internal Audit Charter (Appendix C)*.

**Related Documentation**

Audit Committee Agenda for 25 May 2020 was distributed electronically to all Councillors on 18 May 2020.

**Implementation**

Implementation of the Audit Committee resolutions, internal and external audit recommendations are monitored by the Audit Committee.



## 8.9 BRISBANE ROAD CAR PARK - UPDATE ON EXPRESSION OF INTEREST PROCESS

<b>File No:</b>	Council meetings
<b>Author:</b>	Head of Business and Innovation Business Performance Group
<b>Appendices:</b>	App A - Details of Agreements..... Conf 5/146 App B - Details of Valuation - ..... Conf 7/146
<b>Attachments:</b>	Att 1 - Details of the engagement with Abacus Property Group ..... 149 Att 2 - Confidential Details of Engagement with Abacus Property Group ..... Conf 5/9 Att 3 - Valuation Report ..... Conf 9/9 Att 4 - Strategic Assessment against Planning Scheme report ..... 5/9

### PURPOSE

The purpose of the report is to inform Council of the:

- results of negotiations with the Preferred Respondent relating to development of the site known as Brisbane Road Car Park, Mooloolaba, and
- seek support to enter into Agreements with the Preferred Respondent to develop the site and acquire interest in the land.

**Appendices A and B** and **Attachment 3** are confidential as they contain information relating to the terms of a contractual agreement or a current site valuation which if made publicly available at this point in time, could prejudice the ability of Council to finalise the Agreements. Should Council wish to discuss the confidential appendices, it is recommended that Council close the meeting under Section 275 (1) (h) of the *Local Government Regulation 2012* as any 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.

**Attachment 2** is confidential in compliance with Council Resolution OM18/206 of 6 December 2018 which provides inter alia that all documentation and costings related to the proposal by the Abacus Property Group Pty Ltd for the development of the Brisbane Road Carpark site be authorised for release once development approval has been granted for the remaining portion of the site. Should Council wish to discuss this confidential attachment, it is recommended that Council close the meeting under Section 275 (1) (h) of the *Local Government Regulation 2012* as any 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.

The recommendations in this report provide for (subject to agreement by Council) the public release of some of the information in the confidential appendices once certain milestones are reached.

### EXECUTIVE SUMMARY

Council owns a property known as the Brisbane Road Car Park. The site consists of nine separate titles, to the 6,778m<sup>2</sup>, with multiple street frontages along Brisbane Road, First Avenue and Smith Streets, Mooloolaba.

The nine titles were acquired over an extended period of time. None of the properties were compulsorily acquired. Similarly, none were gifted to Council, nor are they held on trust for any specific purposes. Legal review confirms the titles are free of encumbrances. There are no restrictions on the titles to these properties that would prevent or inhibit development of the type proposed.

The site has primarily been used as a Council car park with 176 car parking bays. Council identified the site as being underutilised and sought an improved community and commercial outcome from an integrated development, whilst providing for a greatly increased number of publicly accessible car parking bays on the site.

At the Ordinary Meeting of 8 November 2018, Council resolved, in part, to direct the Chief Executive Officer to:

- divide the existing lots of the site known as Brisbane Road Car Park, Mooloolaba, into two (2) parcels along the southern boundaries of Lot 66 on Registered Plan 52440 and Lots 92 and 93 on Registered Plan 73433.
- proceed with the calling of Expressions of Interest for the southern parcel of the lot known as the Brisbane Road Car Park (Lots 67 – 69 on Registered Plan 52440 and Lot 73 on Registered Plan 73433) in accordance with section 228 of the Local Government Regulation 2012, noting that the calling of expressions of interest would be in the public interest for the following reason:
  - the process will allow Council to call for a variety of development proposals with a view to identifying the solution that best aligns with the interest of the public and Council.

Following that meeting, Council Officers undertook Expression of Interest (EOI) and Tender processes, overseen by a Probity Advisor, which fully complied with Council's Procurement Policy. This process resulted in identification of a Preferred Respondent.

At the Ordinary Meeting of 23 January 2020, Council Officers confirmed that a Preferred Respondent had been identified. The identity of the Preferred Respondent was not disclosed to Council.

Following the Ordinary Meeting, negotiations commenced and have resulted in:

- Development Agreement to have the Preferred Respondent develop the Brisbane Road Car Park site in a manner consistent with their submission and
- Land Sale Contract to dispose of Council's interest in the land.

The Agreements have been finalised and prepared for execution.

## **OFFICER RECOMMENDATION**

**That Council:**

- (a) receive and note the report titled "Brisbane Road Car Park – Update on Expression of Interest Process"**
- (b) authorise the Chief Executive Officer to execute the Development Agreement, and other associated agreements, with the Preferred Respondent**
- (c) authorise the Chief Executive Officer to make public the name of the Preferred Respondent at the conclusion of the Ordinary Meeting on 25 June 2020 and**
- (d) authorise the Chief Executive Officer to, following execution of the Agreements, make public the sale price for the land as identified in Appendix A and the valuation data in Appendix B**

## FINANCE AND RESOURCING

Costs relating to the Expression of Interest and tender process, including costs associated with the Probity Advisor and external legal services, have been met from existing budget allocations.

## CORPORATE PLAN

<b>Corporate Plan Goal:</b>	<b><i>An outstanding organisation</i></b>
<b>Outcome:</b>	We serve our community by providing this great service
<b>Operational Activity:</b>	S27 - Financial and procurement services - financial and procurement management and governance, ensuring effective business management and legislative compliance, coordination and development of Council's budget process, administration of financial systems, sundry debtors, accounts payable, financial and asset accounting, treasury, procurement, contract and supply functions.

## CONSULTATION

### Councillor Consultation

On 25 May 2020, the current Councillor Group took part in a workshop on Brisbane Road Car Park during which Councillors were briefed on the status of this project to that point.

The former Councillor Group was consulted and briefed throughout the course of this project in a variety of forums, including Ordinary Meetings, Special Meetings and a Strategy and Policy Forum.

### Internal Consultation

- A/Chief Executive Officer
- A/Group Executive, Business Performance Group
- Manager Project Delivery
- Manager Development Services
- Manager Strategic Planning
- General Counsel
- Principal Architect

### External Consultation

- Probity Advisor
- Legals team

### Community Engagement

No community engagement was undertaken in relation to the portion of this project currently being considered by Council.

## PROPOSAL

### History of the Site

The Maroochy Plan 2000 (Maroochy Plan), which was adopted by the former Maroochy Shire Council on 23 February 2000 and commenced on 1 June 2000, outlined the creation of a *Precinct located at the core of the Mooloolaba tourist and business centre*. The Maroochy Plan identified the site located between Brisbane Road, First Avenue and Smith Street (the Brisbane Road Car Park) as an important redevelopment site.

The Sunshine Coast Council, through its Placemaking Mooloolaba Master Plan, which was endorsed by Council at its December 2015 Ordinary Meeting, similarly identifies the site as an important redevelopment site.

The Brisbane Road Car Park site has been subject to a number of redevelopment attempts including a tender process conducted by the former Maroochy Shire Council, and two tender processes (including the current process), by Sunshine Coast Council.

The tender process undertaken by the former Maroochy Shire Council in 1998, and the process undertaken by Council in 2015, both sought to develop the entire Brisbane Road Car Park site, with the developer to provide Council with, amongst other things, public car park spaces. Neither of these processes resulted in a development.

At its Ordinary Meeting of 8 November 2018 Council resolved to divide the lot known as the Brisbane Road Car Park Site into two parcels of land, calling for tenders for the design and construction of a multi deck car park on one parcel and expressions of interest to develop the other parcel. The contract for the design and construction of a multi deck car park was awarded by Council in May 2019. The process to develop the other parcel is the subject of this report.

### Previous Procurement Processes

The Brisbane Road Carpark Project commenced in 1998 with the former Maroochy Shire Council calling for expressions of interest from parties interested in partnering with Council in the development of Council owned land at the corner of Brisbane Road and First Avenue, Mooloolaba. Any development of the site was to include “substantial public carparking facilities”. Following evaluation of responses, Council issued a tender in 2000 to two shortlisted respondents.

In 2004, following a lengthy review and negotiation process, Council entered into an agreement with Juniper Property Holdings No. 21 Pty Ltd, whereby the developer would construct, at the developer’s cost, a Council owned multi-level car park containing 541 car parking spaces, together with some other public facilities. In return, the developer would have the right (subject to all necessary town planning and building approvals) to construct (at its cost) and own a 12 storey multi accommodation unit building neighbouring the Council owned multi-level public carpark.

A number of procedural and legal issues with the procurement activity existed. Also, by June 2007, Maroochy Shire Council remained dissatisfied with the concept plans. The agreement with the developer was subsequently terminated by the Sunshine Coast Council in 2009.

At the Ordinary Meeting of 23 July 2015, Sunshine Coast Council resolved to proceed with the calling for expressions of interest for proposals to develop the site known as Brisbane Road Car Park. Proposals were to include a minimum of 500 public car parking spaces (the minimum number of public car parking spaces was later increased to 700). The expression of interest (EOI) was advertised on 22 August 2015 and closed on 16 October 2015.

On 28 January 2016 Council resolved to initiate tenders from the higher ranked respondents to the EOI. The tender was released on 14 July 2016 and closed on 28 September 2016.

At the Ordinary Meeting of 8 December 2016, Council endorsed the preferred respondent (Abacus Property Group) and authorised the Chief Executive Officer to negotiate and execute contracts for the development of the Brisbane Road Car Park. This negotiation process did not result in an agreement being reached, with Abacus withdrawing from the process in June 2018.

Details of the engagement between Council and Abacus can be found at **Attachment 1**. The commercial terms that were the subject of the negotiations between Abacus and Council are outlined in **Confidential Attachment 2**. In this context, it should be noted that on 6 December 2018, Council resolved (OM 18/206) inter alia, that the Chief Executive Officer was authorised to release all documentation and costings related to the Abacus proposal

once the development approval had been granted for the balance of the Brisbane Road Car park site.

### **Current Procurement Process**

At the Ordinary Meeting of 8 November 2018, Council resolved, in part, to direct the Chief Executive Officer to:

- divide the existing lots of the site known as Brisbane Road Car Park, Mooloolaba, into two (2) parcels along the southern boundaries of Lot 66 on Registered Plan 52440 and Lots 92 and 93 on Registered Plan 73433,
- proceed with the calling of tenders for the design and construction of a 700 bay/spaces Council owned multi deck car park on the northern parcel of the site known as Brisbane Road Car Park (Lots 64 – 66 on Registered Plan 52440, and Lots 92 and 93 on Registered Plan 73433) and
- proceed with the calling of Expressions of Interest for the southern parcel of the lot known as the Brisbane Road Car Park (Lots 67 – 69 on Registered Plan 52440 and Lot 73 on Registered Plan 73433) in accordance with section 228 of the *Local Government Regulation 2012*, noting that the calling of expressions of interest would be in the public interest for the following reason:
  - the process will allow Council to call for a variety of development proposals with a view to identifying the solution that best aligns with the interest of the public and Council.

### **Tender – Design and Construction of Multi Deck Car Park**

On 2 February 2019, ITT1845 Design and Construct – Multi-Deck Car Park – Brisbane Road was released. At tender box close, on 14 March 2019, 10 submissions were received.

In May 2019, contract ITT1845 was awarded to Evans Built Pty Ltd. Site works for the car park commenced in October 2019. Works were temporarily suspended on 13 December 2019 in line with school holidays. Site works recommenced on 28 January 2020, with completion scheduled for December 2020.

Council has commenced the process of identifying tenants for the commercial sites located on the ground floor of the Multi-Deck Car Park.

### **Expression of Interest – Development of Brisbane Road Car Park Site**

On 9 February 2019, EOI182 Development of Brisbane Road Car Park Site was released. Council's requirements included:

- that proposals contribute to improved economic, social and environmental outcomes for the Sunshine Coast
- having regard to Council's vision and policies, namely the Sunshine Coast Planning Scheme 2014 and Place Making Mooloolaba
- achieving maximum activation of the space
- alignment with neighbouring uses and planned developments
- providing opportunities to cater for and increase, international tourism

Council was aware the conditions it was imposing, namely, seeking a hotel, street frontage activation and an easement traversing the site would impair any valuation of the site and the price realised from selling the land. Council did so in the interests of securing investment in new hotel accommodation stock and the community benefits from improved street activation. Further, the access easement to the Multi-Deck Car Park was essential to the car park functionality and its impact on the surrounding road networks.

At tender box close, four proposals were received. Following an extensive evaluation process, two were shortlisted and advanced to a closed tender process.

**Invitation to Closed Tender – Development of Brisbane Road Car Park Site**

On 8 November 2019, ITT199 Development of Brisbane Road Car Park Site was released to the two Shortlisted Respondents. At tender box close on 13 December 2019, submissions were received from both Shortlisted Respondents.

In responding to the tender, Shortlisted Respondents were required to confirm the details of their proposal to develop the site and provide their offer price for the purchase of the site. Proposals were to incorporate a 5 star hotel with maximum street activation and a minimum of 150 hotel rooms.

Tender submissions were evaluated against the following criteria:

- Offer price to purchase the site
- Suitability and benefits of the proposal to the Sunshine Coast region

The evaluation panel conducted both individual and group evaluations. All group sessions were conducted with the Probity Advisor in attendance.

The individual and group evaluations concluded that the submission from the Preferred Respondent was stronger and more advantageous to Council, due to superior design and highest offer price.

At the Ordinary Meeting of 23 January 2020, Council Officers confirmed that a Preferred Respondent had been identified and sought support to proceed to negotiate an Agreement with that entity. The identity of the Preferred Respondent was not disclosed to Council.

Following the Ordinary Meeting, negotiations commenced and have resulted in:

- Development Agreement to have the Preferred Respondent develop the Brisbane Road Car Park site in a manner consistent with their submission (see details below)
- Land Sale Contract to dispose of Council's interest in the land

**Preferred Respondent's Proposal based on their submission**

The Preferred Respondent has proposed a hotel development comprising:

- 4.5 star rating
- 160 hotel rooms containing a mixture of studios, suites and master suites
- Podium car parking with 158 spaces
- Ground level retail space
- Function space, meetings rooms and rooftop bar
- Design which is sympathetic to the adjoining Council owned multi storey car park through alignment of awning height and consistent façade treatment
- The highest offer price for purchase of the site.

The Preferred Respondent's proposal was determined to be the most advantageous offer to Council as it achieved the best alignment with the outcomes sought by Council for the site. It is noted two points where alignment has not, or may not have been achieved.

**Hotel Star Rating**

The proposal does not achieve the 5 star hotel offering sought throughout the EOI and tender processes. Feedback from the Preferred Respondent, other respondents to both procurement processes conducted by Sunshine Coast Council and market advice has confirmed that a 5 star offering is challenged by a number of matters. These include site and location constraints, operating costs associated with higher service delivery requirements from the higher rating and guest/visitor access to sufficient premium retail and dining opportunities.

The proposal, incorporating the 4.5 star hotel, aligns with the site positioning, while still delivering a high quality service and experience. The Preferred Respondent contends that this will support better hotel room pricing, making the development more aligned with, and accessible by, the community and visitors.

### **Parking allocation**

The proposal incorporates 158 podium level car parks. These car parks are intended to service 160 room hotel, commercial, retail and function spaces, all of which would, to varying degrees, place demands on car parking. It should be noted there is a high expectation of cross-utilisation within the development between, for example, hotel guests using function spaces and other uses on the site, which would not draw as significantly on the demand for car parking.

Car parking requirements for a resort complex are not specified in the Sunshine Coast Planning Scheme and therefore are likely to be considered in any Development Application by provision of a car parking report and an understanding of the need generation for parking.

### **Negotiation of Agreements**

Following the Ordinary Meeting of 23 January 2020, negotiations commenced with the Preferred Respondent. Agreements have now been reached with the Preferred Respondent.

The Agreements currently consist of:

- **Development Agreement**
- **Land Sale Contract (Schedule 2 of the Development Agreement)**

Details of the Agreements are contained in Confidential **Appendix A**.

It is anticipated the Agreement/s may be executed by the Chief Executive Officer within two weeks of the Council decision on this matter. Following execution, relevant agreement details including sale price for the land and details of the valuations (referred to later) may be publicly released.

The Agreements contain the following:

#### **Development Agreement**

The Development Agreement details the particulars of the agreement reached between Council and the Preferred Respondent. The document details what the developer will deliver and by when, together with documenting the rights and obligations of both parties. The Agreement identifies the following parties to the submission:

- Hotel Operator (Confirmed)
- Principal Contractor (Probable)

The Agreement comprises the following:

- Development Agreement
  - Overarching agreement detailing the agreement reached.
- Schedule 1 – Design Brief
  - Details the design and requirements of the building to be constructed, including requirement for 160 room hotel.
- Schedule 2 - Land Sale Contract
  - Formal contract of sale document (See below for further details).
- Schedule 3 - Developer Warranties
  - Details that the Developer warrants their ability to enter into the Agreements and their capability to undertake the development. Further, the Developer warrants

they shall execute and complete the development in accordance with the final design documents so that the project, when complete, will comply with all the requirements of the Agreement and all applicable laws.

- Schedule 4 - Certifier Deed
  - Details the services to be provided by the independent certifier. These services include certification that the development complies with the Design Brief.
- Schedule 5 - Access Easement
  - Will cover the particulars of the easement required by Council. This document will be agreed and finalised within 30 days after the date of the Development Agreement.
- Schedule 6 - Access Easement Area
  - Plan of the Access Easement area

### **Protections for Council**

The Development Agreement provides Council with a number of protections against events such as:

- Developer fails to proceed with the development
- The developer goes into liquidation
- The developer decides not to operate a hotel or applies to convert to alternative use
- The developer attempts to sell the site prior to completion of the development
- The developer attempts to construct something other than that detailed in the Development Agreement
- A member of the consortium pulls out of the development

The protections from those events are:

1. Step-in rights in the event that the developer is in breach of its obligations under the Development Agreement. The step-in rights operate to help ensure that the development proceeds in accordance with Council's requirements and will be provided through the following:
  - Step In Deed – On or before execution of the Land Sale Contract, a tripartite deed (Step-in Deed) will be entered into by the developer's financier, the developer and Council. The developer's financier will prepare the deed. The deed will enable the financier to appoint an alternate developer (approved by Council) and enable the transfer of the land from the developer to an alternate developer.
  - Building Side Deed – On or before execution of the Land Sale Contract, a Building Side Deed will be entered into by the developer's financier, the developer, the principal contractor and Council. The developer's financier will prepare this deed. The deed will enable the financier to appoint an alternate principal contractor (approved by Council) in the event the principal contractor pulls out.
2. Caveat on the title of the land - Council will lodge a caveat on the titles to the land, immediately following registration of the transfer of the land and the mortgage, to protect its interests under the Development Agreement. No other transactions will be able to be registered against the titles until the caveat is withdrawn, preventing any attempt by the developer to disposal of the land prior to completion of the development. This caveat will only be withdrawn by Council following completion of the development.



## Land Sale Contract

Contract for the sale of the land in the form of an REIQ Contract for Commercial Land and Buildings with Special Conditions. It specifies the sale/purchase price for the site.

### Matters for consideration regarding property value

There are two matters worthy of consideration that have some relevance to progressing to an Agreement:

#### 1. Easement traversing the Site

Council has sought to determine the most effective configuration of entry and exit points to the adjoining Council owned car park. It has been determined that multiple entry points will provide the most effective and efficient car park operation, while a single exit is sufficient.

Consequently, Council has incorporated into the car park design, entry points from Smith Street and Brisbane Road with a single exit onto Smith Street. Traffic modelling confirmed the utility of this configuration.

An entry point from Brisbane Road necessitates securing a perpetual access across part of the site on which the Preferred Respondent's development will be situated. A volumetric easement is proposed as the solution. The easement would traverse the full width of the site from the point of entry on Brisbane Road along the boundary with adjoining lots to the car park site. The easement would only be for the minimal height and width (2.5m high and 5m wide (circa)) required to secure the entry, which is the width of a single lane.

It should be noted that an impairment of this nature will cause a corresponding reduction in the value of the site.

The Strategic Property Team will secure and register the easement.

#### 2. Valuation/s

On 31 August 2018, a valuation report was provided indicating that were the full site to be reconfigured, with a car park on the Smith Street side, the remainder of the land (fronting Brisbane Road and First Avenue) had a value of:

- \$8.4 million (exclusive of GST) assuming reconfigured notional site of 2,930m<sup>2</sup>

This valuation was based on a standard disposal of an unimpaired site pursuing the highest and best use (ie. residential development) and did not account for the easement or development requirements that would be imposed by Council. The requirement for a hotel and ground level activation, plus the required access easement to the adjacent Multi-Deck Car Park, would be expected to have an impact on both the valuation of the site and the sale price ultimately secured for the land.

A further valuation has been obtained on 21 April 2020, which takes into account Council's requirements for the access easement, the requirements for a hotel and ground level activation as well as the contents of the Preferred Respondents submission.

Details of the valuation are contained in Confidential **Appendix B**.

The complete Valuation Report is contained in Confidential **Attachment 3**.

### Alignment of the Preferred Respondent's proposal with the Sunshine Coast Planning Scheme

This procurement process and report is provided to Council in its role as the landowner. Neither the procurement process, nor this report, require a decision from Council in its role as the planning authority for the local government area.

It should be noted that responsibility for any Development Application will rest solely with the Preferred Respondent. It is not appropriate for Council's Development Assessment Branch to provide a pre-emptive view on a concept proposal in the absence of any formal development application.

It is important that Council not fetter or pre-empt its role as a local planning authority. For this reason – and in the absence of any detailed development application (which is not required at this point in the process) - a strategic planning assessment of the proposal has been undertaken to determine the level of consistency of the Preferred Respondent's proposal with the Sunshine Coast Planning Scheme 2014 (SCPS).

Based on assessment of the plans provided, it is considered that the proposed development would be subject to code assessment and is generally consistent with the key assessment benchmarks of the SCPS as applicable to the subject site and the type of development proposed.

It is acknowledged that for some assessment benchmarks, further information / clarification will be required prior to lodgement of a development application. In particular, overall design quality (in terms of how the development incorporates sub-tropical and sustainable design principles), and the provision of sufficient car parking to meet on-site demands are considered to remain areas requiring additional work. Some minor revisions (or more detailed evidence) to confirm that proposed roof top structures satisfy the definition of prescribed rooftop uses in the SCPS, may also be required.

It is important to note that the strategic assessment focussed only on key planning parameters and did not consider all of the detailed matters that would ordinarily form part of a comprehensive development assessment process. In particular, the assessment did not consider specialist input from disciplines outside of town planning.

It will remain the obligation of the successful tenderer to make a competent development application and to demonstrate compliance with the SCPS. Further details on the strategic planning assessment are outlined in **Attachment 4**.

It is Council's normal practice to appoint an external consultant to undertake the development assessment process on Council's behalf where Council is the owner of land which is the subject of a development application. This approach is intended to remove any risk of actual or potential conflict of interest that may arise from Council's involvement in a process as both land owner with a financial interest (on behalf of the community) and local planning authority with a statutory assessment role. This process would be followed for the assessment of the development application made by the Preferred Respondent, given Council will still own the land at the time that the development application is made. Under the terms of the Development Agreement, ownership of the site will transfer to the Preferred Respondent once a satisfactory development approval has been obtained.

### **Benefits to Sunshine Coast Region**

Financial and commercial benefits resulting from proceeding with the project proposed by the Preferred Respondent include:

- Revenue received from the proceeds of sale of the land helps to offset the cost of constructing the adjoining Council multi storey car park.
- Increased local employment opportunities through construction and completed hotel and commercial development. Independent economic modelling has estimated the impact on local employment as:
  - one-off addition of 133 direct jobs in the local building construction sector plus an additional 53 indirect jobs during construction.
  - ongoing addition of 120 direct jobs in the local retail and accommodation sector plus an additional 17 indirect jobs.
- First class conference facilities and function space, will be available in Mooloolaba.
- High end accommodation offering to attract domestic and international travellers, which starts to address the region's existing under supply of higher-end hotel accommodation stock. An August 2018 report commissioned by Economic Development identified that

the Sunshine Coast region needs up to 12 four and five-star internationally branded hotels to 2028 to meet growing demand.

- Rates and levies of approximately \$60,000 per annum.
- Contribution to Mooloolaba activation and place making objectives.

### **Probity Advisor**

A Probity Advisor has been engaged since the commencement of this procurement process and has remained involved throughout this iteration of the project.

To date, the Probity Advisor has indicated that he has no concerns with the conduct of the procurement process.

The Probity Advisor will provide a final written report approaching, or at, the conclusion of the process.

### **Legal**

External Legal Services have been engaged to assist in preparing a bespoke suite of contract documents. These include:

- **Development Agreement** (Complete and ready for execution)
- **Land Sale Contract** (Complete and a schedule to the Development Agreement)
- Caveat (Registered with Title transfer)
- Step in Deed (Financier – prepared/executed when Financier identified)
- Building Side Deed (Construction – prepared/executed when Contractor confirmed)
- Certifiers Deed (Not required until immediately before construction)

### **Policy**

This procurement process and the acceptance of the recommendation is in accordance with Council's Procurement Policy.

### **Risk**

The most discernible risks which have been identified to this point in the project are:

#### **Reputational - Failure to finalise the process and secure the development of the site (ie. the "do-nothing" option)**

There is a high level of community expectation for the delivery of this project. The community expectation has been magnified by:

- Three failed attempts to develop this site (if this current process were also not to proceed to finalisation).
- Failing to secure any return for the site, including recouping proceeds of sale to off-set some of the cost of construction of the Multi-Deck Car Park.
- The impacts on realising Council's economic development and place-making objectives for the region, including attracting a hotel and improved street frontage activation at this key site in Mooloolaba.
- Do nothing will leave the site as an at grade car park competing with the Multi-Deck Car Park being constructed directly beside the site. Any change in use would need determination by Council and delivery, which would require funding that as yet has not been sought.
- Site will remain underutilised.

Should the current process not proceed to execution, then this will magnify the site history and likely make it increasingly difficult to secure a financial and development return from the site that supports Council's objectives on behalf of the community and the regional economy.

A comprehensive communication strategy will be developed which will address progression of this project.

### **Reputational / Financial - Planning approvals**

A strategic assessment has determined that the proposed development is consistent with the key assessment benchmarks of the planning scheme as applicable to the subject site and the type of development proposed. It is noted that, for some assessment benchmarks, alternative solutions are proposed to demonstrate compliance with the applicable codes.

Any Development Application will be the sole responsibility of the Preferred Respondent. In deciding to approve the execution of the Development Agreement and Contract of Sale with the Preferred Respondent, this does not constrain Council's ability to (and nor can it legally do so) determine the eventual development application for this site under the requirements of the *Planning Act 2016* and in line with the requirements of the Sunshine Coast Planning Scheme.

It is Council's normal practice to appoint an external consultant to undertake the development assessment process on Council's behalf where Council is the owner of land subject to a development application. This is intended to remove any risk of actual or potential conflict of interest that may arise from Council's involvement in a process as both land owner with a financial interest (on behalf of the community) and local planning authority with a statutory assessment role.

### **Previous Council Resolution**

The Council resolutions relating to the current procurement process, include:

#### **Ordinary Meeting 30 January 2020 (OM20/24)**

*That Council note the discussions held in confidential session regarding the Brisbane Road Car Park – Update on Expression of Interest Process.*

#### **Ordinary Meeting 19 September 2019 (OM19/156)**

*That Council note the discussions held in confidential session regarding the Brisbane Road Car Park – Update on Expression of Interest.*

#### **Ordinary Meeting 30 April 2019 (OM19/61)**

*That Council:*

- (a) *Note the discussions held in confidential session regarding the Brisbane Road car park Mooloolaba, design and construction of car park and*
- (b) *Note that a further report will be provided to Council for consideration of responses received to the Expression of Interest*

#### **Ordinary Meeting of 6 December 2018 (OM18/206)**

*That Council authorise the CEO to release all documentation and costings related to the Abacus Pty Ltd proposal for the development of the Brisbane Road Car Park site once:*

- (a) *The procurement process for the design and construction of the multi-deck car park on a portion of the Brisbane Road Car Park site has been concluded and the tender has been awarded and*
- (b) *Development approval has been granted for the remaining portion of the Brisbane Road Car Park site*

**Ordinary Meeting 8 November 2018 (OM18/191)**

*That Council direct the Chief Executive Officer to:*

- *divide the existing lots of the site known as Brisbane Road Car Park, Mooloolaba, into two (2) parcels along the southern boundaries of Lot 66 on Registered Plan 52440 and Lots 92 and 93 on Registered Plan 73433*
- *proceed with the calling of tenders for the design and construction of a 700 bay/spaces Council owned multi deck car park on the northern parcel of the site known as Brisbane Road Car Park (Lots 64 – 66 on Registered Plan 52440, and Lots 92 and 93 on Registered Plan 73433) and*
- *proceed with the calling of Expressions of Interest for the southern parcel of the lot known as the Brisbane Road Car Park (Lots 67 – 69 on Registered Plan 52440 and Lot 73 on Registered Plan 73433) in accordance with section 228 of the Local Government Regulation 2012, noting that the calling of expressions of interest would be in the public interest for the following reason:*
  - *the process will allow Council to call for a variety of development proposals with a view to identifying the solution that best aligns with the interest of the public and Council.*

**Ordinary Meeting 8 November 2018 (OM18/190)**

*That Council rescind the previous Council Resolution (OM18/175) namely:*

- *That Council proceed with the calling of Expressions of Interest for the site known as Brisbane Road Car Park, Mooloolaba in accordance with section 228 of the Local Government Regulation 2012, noting that the calling for expressions of interest would be in the public interest for the following reason:*
  - *the process will allow Council to call for and consider a variety of development proposals, including those that generally align to the existing Development Approval; with a view to identifying the solution that best aligns with the interests of the public and Council.”*

**Ordinary Meeting 8 November 2018 (OM18/184)**

*That Council:*

- (a) *receive and note the report titled "Brisbane Road Car Park Development" and*
- (b) *approve the public release of the valuation data in Appendix A.*

**Ordinary Meeting 11 October 2018 (OM18/175)**

*That Council proceed with the calling of Expressions of Interest for the site known as Brisbane Road Car Park, Mooloolaba in accordance with section 228 of the Local Government Regulation 2012, noting that the calling for expressions of interest would be in the public interest for the following reason:*

- *the process will allow Council to call for and consider a variety of development proposals, including those that generally align to the existing Development Approval; with a view to identifying the solution that best aligns with the interests of the public and Council.*

**Related Documentation**

Place Making Mooloolaba Master Plan 2015

Sunshine Coast Planning Scheme 2014

**Critical Dates**

The following proposed timeline for delivery of the project are:

- Preferred Respondent identified – January 2020
- Signed Development Agreement – July 2020
- Development Approval – 31 December 2021
- Settlement Date – 30 June 2022
- Target Finish Date – 31 December 2023
- Critical Finish Date – 31 December 2024

**Implementation**

Council Officers will seek execution of the Agreement/s and continue to work closely with the Preferred Respondent to ensure Critical Dates and milestones are met.

**Attachment 1 – Details of engagement with Abacus Property Group**

At the Ordinary Meeting of **23 July 2015** the Sunshine Coast Regional Council resolved to proceed with the calling for expressions of interest for proposals to develop the site known as Brisbane Road Car Park. Proposals were to include a minimum of 500 public car parking spaces. The expression of interest (EOI) was advertised on 22 August 2015 and closed on 16 October 2015.

On **28 January 2016**, Council resolved to initiate tenders from the higher ranked respondents to the EOI. The tender was released on 14 July 2016 and closed on 28 September 2016.

At the Ordinary Meeting of **8 December 2016**, Council endorsed Abacus Investments Pty Ltd (Abacus) as the preferred respondent and authorised the CEO to negotiate and execute contracts for the development of the Brisbane Road Car Park. The development was to include 500 public car parks being required as part of Stage 1.

A direction was also provided to increase public car parking numbers from 500 to 700.

Following the Ordinary Meeting of 8 December 2016, negotiations commenced between Council and Abacus.

At the Ordinary Meeting of **18 May 2017**, Council Officers confirmed that broad agreement had been reached with Abacus to deliver 700 Council owned car parks on the site.

At the Ordinary Meeting of **15 June 2017**, Council further authorised the CEO to negotiate and finalise a legal agreement with Abacus which included the provision of 700 car parks to Council with appropriate easements in favour of Council.

In **July 2017**, Abacus raised concerns with Council relating to the costs being absorbed by them to achieve a Development Approval in the absence of a signed agreement with Council. Abacus proposed a cost sharing arrangement be incorporated into the Heads of Agreement. This proposal was accepted by Council.

At the Ordinary Meeting of **7 December 2017**, Council acknowledged that withdrawal from the Agreement would result in Council being required to repay Abacus third party costs, which would be an amount up to \$1 million.

At the Ordinary Meeting of **25 January 2018**, Council was briefed on the liability for third party costs being included in the draft Heads of Agreement document.

Details relating to Council's liability for costs, as provided for in the Heads of Agreement, are contained in **Confidential Attachment 2**.

Between **11 December 2017** and **7 February 2018** Abacus sought, and on **22 February 2018** obtained a Development Approval with Conditions for the site. The application for a Material Change of Use for the site was approved at the Ordinary Meeting of **22 February 2018**. The application incorporated the following uses:

- Retail – 3,400m<sup>2</sup>
- Residential – 120-150 apartments
- Hotel – 100 rooms
- Retirement 100 rooms (+ approximately 350 car parks for aforementioned uses)
- 704 Council-owned publically accessible car parks.

By this time, negotiations had resulted in the Heads of Agreement containing the terms detailed in **Confidential Attachment 2**.

On **19 March 2018** Abacus advised Council that they intended to make representations to Council regarding matters contained within the decision notice and sought a suspension of their appeal period until **18 April 2018**.

On **20 April 2018** Abacus submitted their representations to Council, which resulted in a Negotiated Decision Notice incorporating changes to a number of the conditions.

On **24 May 2018**, Abacus advised Council that they were considering their position in relation to the development.

On **8 June 2018**, Abacus advised that they required further time to consider their position.

On **27 June 2018**, Abacus verbally advised they would not be proceeding, and indicated an intention to withdraw from any further part in this matter. A written withdrawal followed.

At the Special Meeting held on Friday, **29 June 2018**, in confidential session, Council considered the third party cost sharing agreement between Council and Abacus. Details of the directions provided by Council to the Chief Executive Officer are contained in **Confidential Attachment 2**.

Council subsequently commenced discussions with Abacus in relation to reimbursement of agreed third party costs.

On **5 July 2018** Council issued a media release confirming that the BRCP redevelopment tender process had concluded, following the withdrawal of Abacus, and advising that Council would continue to pursue redevelopment of the site.

At the Ordinary Meeting of **11 October 2018**, Council considered options for progressing the development of the Brisbane Road Car Park and resolved:

That Council proceed with the calling of Expressions of Interest for the site known as Brisbane Road Car Park, Mooloolaba in accordance with section 228 of the Local Government Regulation 2012, noting that the calling for expressions of interest would be in the public interest for the following reason:

- the process will allow Council to call for and consider a variety of development proposals, including those that generally align to the existing Development Approval; with a view to identifying the solution that best aligns with the interests of the public and Council.

At the Ordinary Meeting of **8 November 2018** Council approved the public release of the valuation data relating to the site.

At the same meeting Council resolved to direct the CEO to:

- divide the existing lots of the site known as Brisbane Road Car Park, Mooloolaba, into two (2) parcels along the southern boundaries of Lot 66 on Registered Plan 52440 and Lots 92 and 93 on Registered Plan 73433
- proceed with the calling of tenders for the design and construction of a 700 bay/spaces Council owned multi deck car park on the northern parcel of the site known as Brisbane Road Car Park (Lots 64 – 66 on Registered Plan 52440, and Lots 92 and 93 on Registered Plan 73433) and
- proceed with the calling of Expressions of Interest for the southern parcel of the lot known as the Brisbane Road Car Park (Lots 67 – 69 on Registered Plan 52440 and Lot 73 on Registered Plan 73433) in accordance with section 228 of the Local Government Regulation 2012, noting that the calling of expressions of interest would be in the public interest for the following reason:
  - the process will allow Council to call for a variety of development proposals with a view to identifying the solution that best aligns with the interest of the public and Council.

On **26 November 2018**, a Deed of Settlement was executed with Abacus, with Council agreeing to pay the sum of \$900,000 (excluding GST) in agreed third party costs. Execution of the deed finalised matters between Council and Abacus.

At the Ordinary Meeting of **6 December 2018** Council resolved to authorise the CEO to release all documentation and costings related to the Abacus Pty Ltd proposal for the development of the BRCP site once:

- (a) The procurement process for the design and construction of the multi-deck car park on a portion of the BRCP site has been concluded and the tender has been awarded and
- (b) Development approval has been granted for the remaining portion of the BRCP site

On **16 January 2019**, in response to a media request, Council provided a statement to the media confirming that Council had paid Abacus \$900,000, for an estimated \$2.5 million of third party work associated with obtaining the Development Approval. This information was published in the Sunshine Coast Daily on **19 January 2019**.



**9 NOTIFIED MOTIONS****10 TABLING OF PETITIONS**

Petitions only eligible for submission if:

- \* Legible
- \* Have purpose of the petition on top of each page
- \* Contain at least 10 signatures
- \* Motion limited to:
  - Petition received and referred to a future meeting
  - Petition received and referred to the Chief Executive Officer for report and consideration of recommendation
  - Petition not be received

**11 CONFIDENTIAL SESSION****11.1 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - PLANNING APPEAL -  
BEERBURRUM****File No:** MCU16/0275 (APL19/0017)**Authors:** Coordinator Appeals Management  
Customer Engagement & Planning Services Group  
Solicitor  
Office of the CEO

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In preparing this report, the Chief Executive Officer recommends it be considered confidential in accordance with section 275 (1)(f) of the *Local Government Regulation 2012* as it contains information relating to starting or defending legal proceedings involving the local government.

This report deals with a current legal appeal. The report discusses Councils negotiations strategy, and this information would compromise the strategy and prospects of success if it were reported publicly.

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**12 NEXT MEETING**

The next Ordinary Meeting will be held on 23 July 2020.

**13 MEETING CLOSURE**