

Agenda

Ordinary Meeting

Thursday, 27 October 2022

commencing at 9:00am

Council Chambers, 1 Omrah Avenue, Caloundra



ORDINARY MEETING

NOTICE

14 October 2022

Dear Councillors, Group Executives and relevant staff,

In accordance with Section 254C(2) of the *Local Government Regulation 2012*, I wish to advise that an Ordinary Meeting has been convened for

27 October 2022

commencing at 9.00am.

A handwritten signature in black ink, appearing to read "Emma Thomas".

Emma Thomas | Chief Executive Officer

Sunshine Coast Regional Council
Corner Currie and Bury Streets, Nambour QLD 4560
P 07 5441 8240 | F 07 5441 8275
E emma.thomas@sunshinecoast.qld.gov.au
W www.sunshinecoast.qld.gov.au

TABLE OF CONTENTS

| ITEMs | SUBJECT | PAGE NO |
|-------|--|---------|
| 1 | DECLARATION OF OPENING | 5 |
| 2 | WELCOME AND OPENING | 5 |
| 3 | RECORD OF ATTENDANCE AND LEAVE OF ABSENCE..... | 5 |
| 4 | RECEIPT AND CONFIRMATION OF MINUTES..... | 5 |
| 5 | MAYORAL MINUTE | 5 |
| 6 | INFORMING OF CONFLICTS OF INTEREST | 5 |
| 6.1 | PRESCRIBED CONFLICTS OF INTEREST | 5 |
| 6.2 | DECLARABLE CONFLICTS OF INTEREST | 5 |
| 7 | PRESENTATIONS / COUNCILLOR REPORTS | 5 |
| 8 | REPORTS DIRECT TO COUNCIL | 7 |
| 8.1 | DISPOSAL (LEASE): SUNSHINE COAST CITY HALL COMMERCIAL SUITES AT 54 FIRST AVENUE, MAROOCHYDORE..... | 7 |
| 8.2 | SYSTEMATIC INSPECTION PROGRAM - REGULATED DOGS..... | 21 |
| 8.3 | SEPTEMBER 2022 FINANCIAL PERFORMANCE REPORT | 35 |
| 8.4 | AUDIT COMMITTEE MEETING 6 OCTOBER 2022..... | 57 |
| 8.5 | SUNSHINE COAST INVESTMENT INCENTIVE SCHEME.... | 69 |
| 9 | NOTIFIED MOTIONS | 77 |
| 10 | TABLING OF PETITIONS | 77 |
| 11 | CONFIDENTIAL SESSION | 79 |
| 12 | NEXT MEETING | 81 |
| 13 | MEETING CLOSURE | 81 |

1 DECLARATION OF OPENING

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

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

That the Minutes of the Ordinary Meeting held on 21 September 2022 be received and confirmed.

5 MAYORAL MINUTE**6 INFORMING OF CONFLICTS OF INTEREST****6.1 PRESCRIBED CONFLICTS OF INTEREST**

Pursuant to section 150EL of the *Local Government Act 2009* (the Act), a Councillor who has a prescribed conflict of interest in an issue to be considered at a meeting of the local government must –

- (a) immediately inform the meeting of the prescribed conflict of interest including the particulars stated in section 150EL(4) of the Act and
- (b) pursuant to section 150EM(2) of the Act must leave the place at which the meeting is being held, including any area set aside for the public, and stay away from the place while the matter is being discussed and voted on.

6.2 DECLARABLE CONFLICTS OF INTEREST

Pursuant to section 150EQ of the *Local Government Act 2009*, a Councillor who has a declarable conflict of interest in a matter to be considered at a meeting of the local government, must stop participating in the meeting and immediately inform the meeting of the declarable conflict of interest including the particulars stated in section 150EQ(4) of the Act.

If the Councillor with a declarable conflict of interest does not voluntarily decide not to participate in the decision, pursuant to section 150ES(3)(a) of the Act the eligible Councillors must, by resolution, decide

- (a) whether the Councillor may participate in the decision despite the Councillors conflict of interest or
- (b) that the Councillor must not participate in the decision and must leave the place at which the meeting is being held, including any area set aside for the public and stay away while the eligible Councillors discuss and vote on the matter.

The Councillor with the declarable conflict of interest must comply with any conditions the eligible Councillors impose per section 150ES(4) and (5) of the Act.

7 PRESENTATIONS / COUNCILLOR REPORTS

8 REPORTS DIRECT TO COUNCIL**8.1 DISPOSAL (LEASE): SUNSHINE COAST CITY HALL COMMERCIAL SUITES AT 54 FIRST AVENUE, MAROOCHYDORE****File No:** Council meetings**Author:** Manager Leasing and Land Management
Business Performance Group

| | | | |
|---------------------|---|-----------|---|
| Attachments: | Att 1 - Aerial Photograph | 13 |   |
| | Att 2 - Floor Plan Tenancy 1 | 15 |   |
| | Att 3 - Floor Plan Tenancy 4 | 17 |   |
| | Att 4 - Floor Plan Tenancy 5 | 19 |   |

PURPOSE

To seek Council's resolution to grant an exception under Section 236 of the *Local Government Regulation 2012* to dispose of land (via lease) by marketing Tenancy 1, Tenancy 4 and Tenancy 5 within the Sunshine Coast City Hall building located at 54 First Avenue, Maroochydore, legally described as Lot 80 on SP305312, on the open market.

EXECUTIVE SUMMARY

This report seeks Council's resolution to grant an exception under Section 236 of the *Local Government Regulation 2012* to allow Council to dispose of land via private treaty (other than via Auction/Tender). The land comprising of the Sunshine Coast City Hall building is located at 54 First Avenue, Maroochydore and is legally described as Lot 80 on SP305312 (Sunshine Coast City Hall) as shown in **Attachment 1 – Aerial Photograph**.

The Sunshine Coast Council has undertaken the development of the new Sunshine Coast City Hall building which is due for completion towards the end of 2022. The new nine-storey Sunshine Coast City Hall building comprises of office accommodation for Council workers, Council chambers, meeting spaces, community spaces and a ground floor with lobby and commercial tenancy spaces.

Council, in conjunction with its appointed real estate and marketing agent, has released an opportunity to the market to lease the commercial spaces within the Sunshine Coast City Hall building via a traditional tender process. The tender closed on 10 October 2022.

To ensure Council remains competitive with the private sector, and takes advantage of the momentum of the tender, Council is requesting that an exception be granted to continue to market tenancy spaces on the open market and to seek private treaty agreements in the event no leases are entered into as a result of the tender process.

As such, Council approval is being sought to:

- obtain an exception to release the commercial spaces on the open market for private treaty deals, as opposed to undertaking a further tender; and
- secure offers from prospective tenants which meet Council's expectations for use/activation, market rent requirements, and which are compliant with Council's legislative requirements in the event tenants are not secured through the tender process which closed on 10 October 2022.

An exception is being requested as the commercial spaces have been offered to the market via public tender and allowing for open market negotiations will allow Council to be dynamic, actively negotiate our interests, and be more time competitive with other private property owners (in the event leases are not secured as a result of the tender process).

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled “Disposal (Lease): Sunshine Coast City Hall Commercial Suites at 54 First Avenue, Maroochydore”
- (b) subject to no leases being entered into or secured as a result of the tender closing 10 October 2022:
 - (i) resolve to Lease Tenancy 1, Tenancy 4 and Tenancy 5 within the Sunshine Coast City Hall building at 54 First Avenue, Maroochydore being legally described as Lot 80 on SP305312 via Council’s appointed real estate and marketing agent on the open market seeking a private treaty agreement provided that
 - (1) it complies with Section 236 of the *Local Government Regulation 2012* and
 - (2) the consideration for the disposal is equal to or greater than the market value of the interest in land and
 - (ii) resolve, pursuant to Section 236(2) of the *Local Government Regulation 2012* that an exception to dispose of an interest (lease) in land applies over Tenancy 1, Tenancy 4 and Tenancy 5 with the Sunshine Coast City Hall building as the lease has previously been offered to the market via public tender.

FINANCE AND RESOURCING

The rent payable by any prospective tenant will need to be equal to or above that of the market value of the interest in land which has been determined by an independent registered valuer pursuant to Section 236(3) and 236(5) of the *Local Government Regulation 2012*.

Council will be required to pay its own costs in relation to the preparation of the lease agreement which is expected to be undertaken using internal resources with no external financial cost to Council. A formal market rental assessment has already been undertaken and updated advice will be received from a registered valuer (as required) to ensure compliance with Council’s legislative requirements.

CORPORATE PLAN

Corporate Plan Goal: *Our service excellence*
Outcome: We serve our community by providing this great service.
Operational Activity: S21 - Property management – comprehensive management of Council’s land and building assets to ensure that Council’s property dealings are optimised, centrally managed, and support Councils objectives.

CONSULTATION**Councillor Consultation**

Councillor J Natoli – Division 4 Councillor

Councillor T Landsberg – Portfolio Councillor, Economic Development

Councillor J O’Pray – Portfolio Councillor, Economic Development

Internal Consultation

Head of Property, Property Management

Head of Strategic Property, Strategic Property

Manager Leasing and Land Management, Property Management

Principal Property Officer, Strategic Property

Senior Property Officer, Property Management

Solicitor, Legal Services

External Consultation

Council has engaged a commercial real estate and marketing agent to market the commercial spaces and has engaged a valuer registered under the *Valuers Registration Act 1992* who is not an employee of the Local Government to prepare a commercial market rental assessment for the commercial tenancy and review and provide advice on any offers to lease received by Council.

Community Engagement

The commercial tenancy proposal does not impact the existing community space and as such no community engagement has been undertaken in relation to this report. However, significant consultation has been undertaken in relation to the planning, development and construction of the Sunshine Coast City Hall building and of note, Tenancy 6 is planned to be allocated to a community enterprise for community purposes and social outcomes.

PROPOSAL

The land comprising of the Sunshine Coast City Hall building located at 54 First Avenue, Maroochydore is legally described as Lot 80 on SP305312 is freehold land owned by Council (Sunshine Coast City Hall) as shown in **Attachment 1 – Aerial Photograph**.

The Sunshine Coast City Hall building is due for completion towards the end of 2022.

The building will provide an appropriate presence for Council within the emerging Maroochydore City Centre through the consolidation of its workforce within the new building, and ensuring it remains accessible to the community as the region expands around the Maroochydore City Centre.

The new nine-storey Sunshine Coast City Hall building comprises of office accommodation for Council workers, Council chambers, meeting spaces, community spaces and a ground floor with lobby and commercial tenancy spaces.

The ground floor of the new Sunshine Coast City Hall includes three (3) ground floor commercial/retail tenancy spaces to further support the economic development of the Maroochydore City Centre as well as service the building and surrounding areas. The commercial/retail tenancies are intended to create an activated street frontage, enhancing and complementing the look and feel of the building.

The three (3) commercial tenancy spaces known as Tenancy 1, Tenancy 4 and Tenancy 5 comprise of a total gross floor area of 362m².

Tenancy 1 represents the largest available tenancy for the Sunshine Coast City Hall building and occupies a prominent corner location with high exposure. The tenancy would be best suited to those who complement existing food and beverage retailers in the area and along Foundation Place. The tenancy is earmarked for a quality operator to provide a substantial all day quality food and beverage offering. The tenancy has an internal floor area of 172m² and has an outdoor seating area as shown in **Attachment 2 – Floor Plan Tenancy 1**. Food &

Beverage tenancy are preferred for this key corner site to add critical mass to precinct two session trade is required (i.e., two of breakfast, lunch or dinner service).

The configuration of Tenancy 4 provides flexibility to lease the space as one tenancy by occupying the entire footprint, or Council may consider splitting the tenancy in up to three (3) smaller tenancy spaces depending on opportunities presented. The tenancy has an internal floor area of 132m² as shown in **Attachment 3 – Floor Plan Tenancy 4**. The tenancy would suite a larger café style offering or grab'n'go laneway or street food offerings. Food and beverage, café, grab'n'go food and beverage or specialty retail shops are Council's preferred uses for the space.

Tenancy 5 is the most boutique of the tenancies and benefits from being adjacent to Foundation Place. The tenancy has an internal floor area of 55m² as shown in **Attachment 4 – Floor Plan Tenancy 5**. Future developments will provide this space with additional foot traffic. The space would suit small bespoke coffee offerings with some food availability. The location will provide a quieter more intimate setting and is adjacent to public spaces. Council's preferred uses for the space include boutique/bespoke coffee operators, small café with limited food preparation offerings.

The three tenancies will be handed over as a 'cold shell' and the successful respondent/s will be fully responsible for all fit-out works subject to final negotiations. The successful respondent/s will be responsible for constructing any internal toilet/bathroom facilities that may be required for the respondent/s proposed business.

The three (3) commercial tenancies are being offered without an existing liquor licence in place, however, the successful respondent/s will be responsible for taking all the necessary steps to apply for and obtain any required liquor licences at their own cost, including preparation of the application and other supporting documents as requested by the relevant authorities.

Council has offered the leases to the market via a public tender process. The intent of the public tender was to:

- seek commercial/retail tenants to fit-out, occupy and operate business from the commercial spaces; and to
- ensure Council complies with its legislative requirements under the *Local Government Regulation 2012*.

The tender for the commercial spaces closed on 10 October 2022. Where a tender results in unsuccessful outcomes, it is considered appropriate to release the opportunity on the open market via Council's appointed commercial real estate and marketing agent. Council has the ability to enter into leases over the commercial spaces via a private treaty arrangement under Section 236 of the *Local Government Regulation 2012* in the event that:

- the opportunity has been released via public tender; and
- no successful or suitable respondents resulted from the evaluations or negotiations.

To allow Council to enter into a lease via private treaty, Council is required to grant an exception under Section 236 of the *Local Government Regulation 2012* which provides that a disposal, other than by public tender or auction, may occur if an exception applies. An exception is permitted where it relates to an application where the grant of the lease has been previously offered by public tender, but a lease has not been entered into.

To ensure that Council has every avenue and opportunity to seek leases for these commercial spaces, an exception is being requested subject to an assessment of the tender outcome from the 10 October 2022 and no leases being entered into or secured as a result of this tender.

To ensure the disposal complies with Sections 236(3) and (5) of the *Local Government Regulation 2012* a market rental assessment will be undertaken to ensure that it is:

- assessed by a registered Valuer who is not an employee of the local government registered under the *Valuers Registration Act 1992*; and
- the face rent will be set at or above the market valuation as determined by the registered Valuer.

An exception under the *Local Government Regulation 2012* is deemed applicable and appropriate in this instance as the land has previously been offered via public tender and private treaty negotiations will be subject to no lease has been entered into. In the event a lease is secured via the tender process which closed on 10 October 2022 the commercial space will not be offered on the open market.

Subject to an outcome not being reached from the tender process, leasing these Premises on the open market and entering into a private treaty agreement is expected to have the following benefits:

- expected to reduce the timeframe to obtain a tenant as opposed to releasing a further public tender
- is more typical of the method used by the private sector and represents an offer and acceptance process which commercial operators are familiar
- provides Council with the opportunity to negotiate and counter-offer with prospective tenants as well as engage during the offer process and
- takes advantage of any momentum and marketing materials provided by the current real estate and marketing agent.

Legal

Legal Services have been consulted in relation to this report and will prepare and review the commercial lease document and register the dealings with Titles Queensland.

Policy

This report has been prepared in accordance with Council's Procurement Policy relating to the disposal of Council assets.

Risk

There are both commercial and temporal risks attendant in this matter. Commercially, Council is seeking for the tenancies to be occupied as soon as possible to generate commercial and place making outcomes for the City Hall and City Centre. If the formal tender process is not successful, and Council does not secure appropriate tenancies, Council would like to move expediently to negotiate with the market. In order to do so, an exception is required.

Previous Council Resolution

There are no previous Council Resolutions relevant to this report.

Related Documentation

There is no related documentation relevant to this report.

Critical Dates

There are no critical dates relevant to this report. However, to ensure that the commercial spaces progress with finding tenants, obtaining an exception will allow Council to enter into a lease over the premises via a private treaty arrangement in the event no leases are entered into by Council as a result of the tender closing 10 October 2022.

Implementation

Should Council resolve to market the property on the open market (subject to no leases eventuating from the tender process closing on 10 October 2022), Council will seek to enter into private treaty negotiations following the grant of an exception to the disposal of land (by way of lease), other than by a further tender release. The Chief Executive Officer will delegate to Council's Delegated Officer the ability to execute a lease agreement to tenants via this means and register the lease agreement with Titles Queensland.



8.2 SYSTEMATIC INSPECTION PROGRAM - REGULATED DOGS**File No:** Council Meetings**Author:** Coordinator Response Services
Customer & Planning Services Group**Attachments:** Att 1 - Mandatory conditions for keeping a regulated dog.. 29  

PURPOSE

The purpose of this report is to seek approval by Council resolution to conduct a systematic inspection program under the *Animal Management (Cats and Dogs) Act 2008* to monitor the keeping of regulated dogs. The proposed program is scheduled to commence on 14 November 2022 and conclude on 13 November 2023.

EXECUTIVE SUMMARY

Customer Response propose to implement the Systematic Inspection Program – Regulated Dogs (the Program) under the *Animal Management (Cats and Dogs) Act 2008* (the Act) for the Sunshine Coast Council Local Government Area commencing 14 November 2022 and concluding 13 November 2023. Prior to commencement, the Program requires endorsement from Council under *section 113* of the Act. The maximum length of a program is 12 months.

Council has committed to empowering responsible pet ownership through education, proactive community engagement and regulation programs. This ensures that pet owners are informed of their responsibilities and can make choices to keep our community safe when managing their pets. One of the key education and regulation actions undertaken for community safety is the Program.

Alongside Council's commitment to creating a culture of responsible pet ownership the Act requires local governments to effectively manage regulated dogs within their boundaries. Council responds reactively to complaints, investigates reports of dogs attacks and regulates dogs where additional control measures are required to keep the community safe. In cases where a dog is regulated, Council undertakes an annual audit to ensure the dog is being kept in accordance with mandatory conditions (Attachment 1) including additional signage, specialised containment, use of a muzzle and desexing of some animals. The Program provides authorised persons the power to enter private premises to check compliance requirements associated with keeping a regulated dog.

As of 21 September 2022, Council has 130 regulated dogs listed on Council's Regulated Dog Register which will require an inspection under the Program. The cost to undertake this program is estimated to be approximately \$51,870 and is funded by the animal registration fees collected from the regulated dog owners.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled “Systematic Inspection Program - Regulated Dogs” and
- (b) approve the following systematic inspection program for the Sunshine Coast Council area in accordance with the *Animal Management (Cats and Dogs) Act 2008*, section 113 (Approval of an inspection program authorising entry):
 - (i) to undertake a compliance inspection of the premises within the Sunshine Coast local government area where Council’s Regulated Dog Register indicates a regulated dog is being kept
 - (ii) to undertake the program from 14 November 2022 to 13 November 2023.

FINANCE AND RESOURCING

As of 21 September 2022, Council had 130 regulated dogs listed in its Regulated Dog Register requiring an inspection under the Program.

Fees and Charges

The registration fees for regulated dogs as of 1 October 2022 are outlined in Table 1. Under the Act Council is required to offer an incentive to owners of menacing dogs to desex their pet. This incentive is not available to owners of dangerous dogs as they are required under the Act to desex their pet.

Table 1 – Regulated dogs registration fees 2022/2023

| Fees description | Fee | No. dogs | Total fees |
|-------------------------------------|------------|-----------------|-------------------|
| Regulated Dangerous Dog | \$ 518.00 | 87 | \$45,066 |
| Regulated Menacing Dog (un-desexed) | \$ 518.00 | 13 | \$ 6,734 |
| Regulated Menacing Dog (desexed) | \$ 396.00 | 30 | \$11,880 |
| Total | | 130 | \$63,680 |

Based on current registrations it is estimated Council will collect \$63,680.00 in registration fees from regulated dogs for 2022/23.

The cost-recovery fees are calculated to cover the full costs associated with registering a regulated dog as outlined in Table 2.

Table 2 – Cost-recovery fee breakdown

| Description of activity | Calculated cost |
|--|------------------------|
| Administrative processing related to registering a regulated dog | \$ 105 |
| Registration tag | \$ 2 |
| Regulated dog collar | ¹ \$ 10 |
| Regulated dog sign | ² \$ 2 |
| Systematic inspection program – regulated dogs | ³ \$ 399 |
| Total cost | \$ 518 |

¹Based on a review of the previous inspection programs, a replacement collar is required in approximately 23% of inspections.

²Based on a review of the previous inspection programs, a replacement sign is required in approximately 7% of inspections.

³Please refer to Table 3 for a breakdown of the costs associated with this activity.

Estimated cost of the systematic inspection program

The cost of conducting this program is estimated to be approximately \$51,870. This will be funded by the registration fees. The balance of the cost-recovery fees collected for registration contributes to cover the cost of managing the yearly registration administrative process for regulated dogs, as outlined in Table 2.

Table 3 – Estimated cost per inspection

| Description of activity | Estimated time | Estimated cost |
|---|----------------|-----------------|
| Administration including – booking appointments, updating systems, generating letters or notices, issuing infringements (1 Officer) | 30 min | \$59.08 |
| Conducting initial inspection including travel time to locations (based on current registered locations of regulated dogs) (2 Officers) | 180 min | \$309.65 |
| Follow-up inspection, including travel (required where areas of non-compliance are identified) * (2 Officers) | 18 min | \$30.27 |
| Average cost per dog* | 228 min | \$399.00 |

*Note – a follow-up inspection or further investigation is required approximately 10% of the time, based on previous program outcomes

CORPORATE PLAN

Corporate Plan Goal: *Our service excellence*
Outcome: We serve our community by providing this great service.
Operational Activity: S20 - Local amenity and local laws – maintaining and regulating local amenity through local laws, regulated parking, community land permits and management of animals, overgrown land and abandoned vehicles.

CONSULTATION

Councillor Consultation

- Councillors W Johnston and C Dickson - Portfolio Councillors for Service Excellence

Internal Consultation

Consultation has been undertaken with the following key internal stakeholders:

- Group Executive Customer and Planning Services
- Manager Customer Response
- Management Accountant, Finance and Business.

External Consultation

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

Community Engagement

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

PROPOSAL

Council has made a commitment through the Sunshine Coast Management Plan for Domestic Animal Management (Cats and Dogs) 2021 – 2030 to grow a culture of responsible pet ownership through education, proactive community engagement and regulation programs. The commitment ensures that pet owners are informed of their responsibilities and can make choices to keep our community safe when managing their pets. One of the key education and regulation actions undertaken for community safety is the Program.

Alongside Council's commitment to creating a culture of responsible pet ownership, the Act requires local governments to effectively manage regulated dogs within their boundaries. Council manages this responsibility by appointing authorised persons to investigate, monitor and enforce compliance with the Act. Council responds to complaints and investigates incidents which may lead to a dog being declared as dangerous, menacing, or restricted (i.e., a regulated dog).

Once a dog is declared a regulated dog, the animal owner must adhere to mandatory conditions as outlined in the Act (Attachment 1). To ensure compliance with these conditions authorised persons conduct an initial inspection at the premises where the animal is normally kept and work with the animal owner to ensure all the conditions are met. The Program allows Council to proactively monitor adherence with these conditions on an ongoing basis. Without the Program, Council has no way of confirming if a regulated dog is being kept in accordance with the conditions imposed under the Act unless a complaint is received.

To conduct the Program Council must provide approval by resolution as outlined in section 113 of the Act. The Program provides authorised persons with the power to enter private premises to check for continued compliance by the dog owner with the mandatory conditions for keeping a regulated dog.

Proposed Systematic Inspection Program

It is proposed that the systematic inspection program will be undertaken by the Response Services Team as authorised persons under the Act, commencing on 14 November 2022 and concluding on 13 November 2023. Authorised persons will undertake inspections at all properties after the anniversary date of the dog's original declaration. This approach allows inspections to be spread across the year with less impact to day-to-day service provision. This approach also allows officers to focus on providing adequate guidance and support to regulated dog owners to assist them in ensuring their dogs are kept in accordance with the mandated conditions.

As of 21 September 2022, Council's Regulated Dog Register indicates 130 regulated dogs which require an annual inspection. The cost to undertake this program is estimated to be approximately \$51,870 which is funded via the registration fees collected from regulated dog owners. The balance of the cost-recovery fees covers the cost of managing the yearly registration process for regulated dogs, as outlined in Table 2.

Previous Systematic Inspection Program

The previous / current systematic inspection program identified 102 regulated dogs and was / is being undertaken from 14 November 2021 to 13 November 2022 with the following levels of compliance:

Inspections completed

- 77 audits have been completed to date with:
 - 54 animal owners maintaining compliance with the conditions for keeping a regulated dog (70%)
 - 23 animal owners requiring a compliance notice for failing to meet conditions for keeping a regulated dog (30%)
 - 13 were compliant after an initial inspection

- 10 required further inspection
- 10 dogs were identified as passing away since last inspection
- 2 dogs had been relocated outside of the region
- 6 dogs have been unable to be located. These dogs remain on Council's records and the State register should they appear in another local government area
- 7 regulated dogs will be inspected over September and October 2022 which falls within the current inspection program period.

Legal

Council has an obligation to the community to ensure that dogs identified and declared as dangerous, menacing, or restricted are being monitored for compliance with the Act. The mandatory conditions are set out for the keeping of regulated dogs (Attachment 1).

Section 113 of the Act provides the power for a local government to pass a resolution to approve a program under which an authorised person may enter a place to monitor compliance with the Act. An approved inspection program must state the following:

- the purpose of the program
- when the program starts
- a description of the places which will be entered as part of the program and
- the period over which the program will be carried out (of not more than one year).

Council must provide notice of the systematic inspection program at least 14 days, but not more than 28 days, before an approved inspection program starts. This notice must be published in a newspaper circulating the local government area and on the local government's website.

Due to the potential risk for regulated dogs not being kept in accordance with the mandatory conditions of the declaration, the Act provides considerable powers to authorised persons to require compliance. Where an animal owner has failed to comply with the mandatory conditions for keeping a regulated dog, Council may in accordance with the Act and *Compliance and Enforcement Policy 2021*:

- issue an on-the-spot fine under the Act (\$1,006)
- issue a compliance notice outlining the mandatory conditions which require attention
- where an officer deems the dog may be a risk to the community, they may seize a regulated dog (section 125 of the Act)
- where an officer reasonably believes the dog is dangerous and the person cannot control it, they may seize the regulated dog and issue a destruction notice (section 127 of the Act)
- undertake further legal action such as prosecution through the Magistrates Court. The maximum penalty for failure to comply with conditions for keeping a regulated dog is 75 penalty units (\$10,781).

Policy

Council's Compliance and Enforcement Policy 2021 identifies how Council is to meet its statutory obligations and exercise its compliance and enforcement actions. Officers will use the Compliance and Enforcement Policy 2021 in conjunction with the Act in assessing the most appropriate action to address areas of non-compliance.

Risk

The Program allows Council to proactively monitor and ensure animal owners are adhering to the conditions of keeping a regulated dog. These conditions are in place to reduce the risk posed by these animals. Alternatively, Council must wait until a community member reports an incident where the owner of a regulated dog has failed to meet conditions, exposing the community to unnecessary risk.

Based on historical information, approximately 11% of regulated dogs re-offend once declared. These breaches range from escaping their enclosures with no incidents to attacks on other animals or people.

Current regulated dogs have been declared for the following reasons:

- Attacks on an animal – 73 (56% of all regulated dogs)
- Attacks on a person – 57 (44% of all regulated dogs)

Previous Council Resolution

Ordinary Meeting 14 October 2021 (OM21/95)

That Council:

- receive and note the report titled “**Systematic Inspection Program - Regulated Dogs**” and*
- approve the following systematic inspection program for the Sunshine Coast Council area in accordance with the Animal Management (Cats and Dogs) Act 2008, section 113 (Approval of an inspection program authorising entry):*
 - compliance audit of the premises within the region where Council’s Regulated Dog Register indicates a regulated dog is being kept to occur from 1 November 2021 to 31 October 2022.*

Related Documentation

- [Animal Management \(Cats and Dogs\) Act 2008](#)
- [Animal Management \(Cats and Dogs\) Regulation 2019](#)
- [Sunshine Coast Council Compliance and Enforcement Policy 2021](#)
- [Management Plan for Domestic Animals \(Cats and Dogs\)](#)

Critical Dates

Council must provide notice of the systematic inspection program at least 14 days, but not more than 28 days before an approved inspection program starts. This notice must be published in a newspaper circulating the local government area and on the local government’s website.

The systematic inspection program is proposed to commence 14 November 2022. Therefore, 31 October 2022 is the last date that an advertisement can be placed in the local newspaper advising of Council’s intent to undertake the systematic inspection program.

The program must not exceed the dates outlined in the recommendation.

Implementation

31 October 2022 to 14 November 2022

Upon Council endorsement, it is intended that an advertisement will be placed in a newspaper and Council’s website between 31 October 2022 and 14 November 2022, in accordance with the Act.

14 November 2022 to 13 November 2023

Council's authorised persons will commence the approved systematic inspection program on 14 November 2022. In accordance with the amendment to the *Animal Management (Cats and Dogs) Regulations 2019* an inspection will be undertaken after the anniversary date of the regulation of the dog. Properties will be identified from the Regulated Dog Register and will be inspected for compliance with the mandatory conditions for keeping a regulated dog. Inspections will be undertaken unannounced on weekdays in daylight hours in accordance with the Act.



Where a breach of the mandatory conditions is identified, officers will determine the appropriate action in accordance with the Act and Compliance and Enforcement Policy 2021.

An authorised person may:

- issue an on-the-spot fine (\$1,006)
- issue a compliance notice outlining the mandatory conditions which require attention
- where an officer deems the dog may be a risk to the community, they may seize a regulated dog (section 125 of the Act)
- where an officer reasonably believes the dog is dangerous and the person cannot control it, they may seize the regulated dog and issue a destruction notice (section 127 of the Act)
- undertake further legal action such as prosecution through a Magistrates Court. The maximum penalty for failure to comply with conditions for keeping a regulated dog is 75 penalty units (\$10,781).

Should the recommendation be accepted by Council, it is noted that the Chief Executive Officer will ensure the systematic inspection program is undertaken in line with the specified requirements.

8.3 SEPTEMBER 2022 FINANCIAL PERFORMANCE REPORT

| | |
|---------------------|--|
| File No: | Council Meetings |
| Author: | Coordinator Financial Services Business Performance Group |
| Appendices: | App A - Minor Capital Works Program 39   |
| Attachments: | Att 1 - September 2022 Financial Performance Report 45   Att 2 - Capital Grant Funded Project Report September 2022 .55   |

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 30 September 2022 in terms of the operating result and delivery of the capital program.

Operating Performance

Table 1: Operating Budget as at 30 September 2022

| | Original Budget \$000 | Current Budget \$000 |
|--------------------------|--------------------------------------|-------------------------------------|
| Total Operating Revenue | 535,020 | 537,400 |
| Total Operating Expenses | 503,237 | 510,106 |
| Operating Result | 31,783 | 27,294 |

Details of the monthly financial report are contained in Attachment 1.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled "September 2022 Financial Performance Report" and
- (b) endorse the Minor Capital Works Program (Appendix A).

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 30 September 2022 and meets Council's legislative reporting requirements.

CORPORATE PLAN

| | |
|------------------------------|--|
| Corporate Plan Goal: | <i>Our outstanding organisation</i> |
| Outcome: | We serve our community by providing this great service. |
| Operational Activity: | S28 - 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

Portfolio Councillor Consultation

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

Internal Consultation

This report has been written in conjunction with advice from:

- Group Executive Business Performance
- Chief Financial Officer

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

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 2022/23 Investment Policy and
Sunshine Coast Council's 2022/23 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

Ordinary Meeting 21 September 2022 (OM22/76)

That Council:

- receive and note the report titled "**Budget Review 1 – 2022/23**"*
- adopt Appendix A as tabled, pursuant to sections 169 and 170 of the Local Government Regulation 2012, Council's amended budget for 2022/23 financial year incorporating:*
 - the statement of income and expenditure*
 - 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 Statement*
- (c) adopt Appendix A as tabled, pursuant to section 120, 121 and 122 of the Local Government Regulation 2012, Council grants a concession by way of a part rebate of the differential general rate levied, to those ratepayers described in section 2.4.4 in the 2022/23 Revenue Statement, subject to the eligibility criteria and conditions set out in section 2.4.4 in the 2022/23 Revenue Statement*
- (d) note the following documentation applies as adopted 23 June 2022*
 - (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 rates and charges to be levied for the 2022/23 financial year and other matters as adopted 23 June 2022*
 - (iv) the Strategic Environment Levy Policy*
 - (v) the Strategic Arts and Heritage Levy Policy*
 - (vi) the Strategic Transport Levy Policy and*
- (e) endorse the Minor Capital Works Program (Appendix B).*

Special Meeting Budget 23 June 2022 (SM22/2)

That Council adopt Appendix A as tabled, pursuant to sections 169 and 170 of the Local Government Regulation 2012, Council's budget for 2022/23 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 (adopted by Council resolution on 26 May 2022)*
- viii. the Revenue Policy (adopted by Council resolution on 26 May 2022)*
- 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 2022/23 Capital Works Program, endorse the indicative four-year program for the period 2024 to 2027, and note the five-year program for the period 2028 to 2032*
- xii. the rates and charges to be levied for the 2022/23 financial year and other matters as detailed below in clauses 3 to 12*

- xiii. endorse the 2022/23 Minor Capital Works Program*
- xiv. the Strategic Environment Levy Policy*
- xv. the Strategic Arts and Heritage Levy Policy and*
- xvi. the Strategic Transport Levy Policy*

Related Documentation

2022/23 Adopted Budget

Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.

8.4 AUDIT COMMITTEE MEETING 6 OCTOBER 2022**File No:** Council Meetings**Author:** Acting Manager Audit & Assurance
Civic Governance**Appendices:** App A - Audit Committee Minutes 6 October 2022 61  **PURPOSE**

To provide Council with information on matters reviewed at the Audit Committee Meeting held on 6 October 2022 and the recommendations to Council from the Audit Committee on the matters considered at that meeting.

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 three independent external members - Mitchell Petrie (Chair), Pat McCallum and Sue Tindal – and two portfolio Councillors (Councillor J Natoli and Councillor E Hungerford).

At its meeting on 6 October 2022, the Audit Committee considered two specific matters associated with the finalisation of the preparation and audit of Council's financial statements for the 2021-2022 financial year, namely:

- Draft 2020/21 Financial Statements and Current Year Financial Sustainability Statement and
- Queensland Audit Office Closing Report for the financial year ended 30 June 2022.

The Agenda and papers considered by the Audit Committee were distributed to all Councillors prior to the Committee meeting.

OFFICER RECOMMENDATION**That Council:**

- (a) receive and note the report titled “Audit Committee Meeting 6 October 2022” and**
- (b) endorse the Minutes of the Audit Committee meeting of 6 October 2022 at Appendix A to this report.**

FINANCE AND RESOURCING

There are no financial or resourcing issues specifically associated with this report. The report fulfills a statutory reporting obligation of Council.

CORPORATE PLAN**Corporate Plan Goal:** *Our outstanding organisation***Outcome:** We serve our community by providing this great service.**Operational Activity:** S30 - Governance – providing internal leadership, legal opinion, governance and audit functions ensuring legislative accountability, transparency and ethical obligations are supported.

CONSULTATION

Councillor Consultation

Councillors Natoli and Hungerford attended and participated in the Audit Committee meeting on 6 October 2022.

All Councillors received the Audit Committee agenda and papers prior to the Committee meeting.

Internal Consultation

The preparation of the financial statements predominantly involves the Finance Branch in Business and Performance Group. The management responses in the QAO Closing report involved consultation with stakeholders in Asset Management, Business and Innovation, People and Culture and Digital and Information Services Branches.

External Consultation

Independent Members were involved in the process of preparing the Draft Financial Statements throughout the year.

PROPOSAL

The Audit Committee is a mandatory Advisory Committee which meets four times each year and is established under section 105 of the *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 three independent external members - Mr Mitchell Petrie (Chair), Mr Pat McCallum and Ms Sue Tindal – and two portfolio Councillors (Councillor Natoli and Councillor Hungerford).

The overall objective of the Audit Committee is to assist the Council and the Chief Executive Officer 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 6 October 2022 Audit Committee Meeting are recorded per agenda sequence below:

4.2 External Audit

4.2.1 Draft 2021/22 Financial Statements and Current Year Financial Sustainability Statement

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 General Purpose financial statements and current year financial sustainability statement for 2021/22 have been prepared by Council's Finance Branch and audited by the Queensland Audit Office (QAO) to ensure accounting and legislative compliance.

A summary of the final audit is contained in the QAO Closing Report to the Audit Committee for the financial year ended 30 June 2022.

At the time of preparation of this Council report, the QAO expect to issue an unmodified audit opinion in relation to the audited 2021/22 general purpose financial statements and current year financial sustainability statement.

Having considered the final draft of the General Purpose Financial Statements for 2021/22, the Audit Committee resolved the following recommendation to Council:

The Audit Committee receives and notes the "final draft Financial Statements and current year financial sustainability statement", and the Queensland Audit Office closing report on its audit of these statements for the financial year 2021/22.

The Audit Committee notes and acknowledges the positive outcome of the audit process and the hard work that has been undertaken to achieve this audit outcome.

The Audit Committee advises that it has been actively involved in the preparation process throughout the year and in that process has reviewed previous drafts of these statements. It has received an update on changes which have occurred in those drafts up to the finalisation of this final draft.

On the basis of the work of the Audit Committee, subject to the completion of outstanding matters, we are not aware of any issue which would prevent the Council from adopting this draft and approving the Council's Financial Statements for the year 2021/22.

Legal

This report fulfills at the statutory obligations on Council in relation to the work of the Audit Committee as prescribed in the *Local Government Act 2009* and *Local Government Regulation 2012*.

Risk

Specific risks have been detailed in the report.

Previous Council Resolution

Ordinary Meeting 21 September 2022 (OM22/79)

That Council:

- (a) *receive and note the report titled "Audit Committee Meeting 8 September 2022" and*
- (b) *approve the recommendations contained in the Audit Committee Minutes for the meeting of 8 September 2022 (Appendix A).*

Related Documentation

Audit Committee Agenda for 6 October 2022.

Implementation

Following the Audit Committee Meeting, Council's Financial Statements were signed by the Mayor and Chief Executive Officer and formally provided to the QAO for certification.

8.5 SUNSHINE COAST INVESTMENT INCENTIVE SCHEME

| | |
|---------------------|--|
| File No: | Council Meetings |
| Author: | Coordinator Investment Attraction Economic & Community Development Group |
| Attachments: | Att 1 - Sunshine Coast Investment Incentive Scheme Application Details - Confidential |

PURPOSE

The purpose of this report is to seek Council approval for the Chief Executive Officer to negotiate and approve an incentive offer under the Sunshine Coast Investment Incentive Scheme (SCIIS).

Attachment 1 is confidential as it contains information which is the subject of commercially sensitive negotiations between the parties and for which a public discussion would be likely to prejudice the interests of Council. The information contained in the attachment is also not considered to be final until Council makes a decision, and the document is executed by the parties. For these reasons, it is recommended that should Councillors wish to discuss the information in the confidential attachment, Council resolve to close the meeting under section 254J(3)(g) of the *Local Government Regulation 2012* as the attachment contains information on negotiations relating to commercial matters involving the local government for which a public discussion would be likely to prejudice the interests of the local government.

EXECUTIVE SUMMARY

Council has been in discussions with a global professional services company that provides services through digitally enabled intelligent operations. The company employs a significant number of staff across 30 countries. This includes several hundred existing staff located in Australian capital cities. Global clients are from finance, retail, technology and health care industry sectors.

The company is assessing locations for expanded operations within Australia and has narrowed its extensive and detailed selection process down to preferred strategic locations, with the Sunshine Coast being one of those locations (and the only location in Queensland).

The company's operations support the Sunshine Coast International Broadband Network Cable Leverage Program, which aims to encourage investment and job creation opportunities to happen sooner than would otherwise, without proactive government intervention. Key outcomes of the Program include to:

- attract "data hungry" companies to the region to increase investment and job creation inflows and
- support the development of Sunshine Coast Tech Industry Association (SCTechIA) by introducing new entities who will provide more depth and breadth to the Sunshine Coast technology offering.

The assessment of the Sunshine Coast Investment Incentive Scheme (SCIIS) application supports the provision of incentive support for a range of reasons, not least of which are: the attraction of a large multinational company to leverage the Sunshine Coast International Broadband Network; investment of capital and the creation of a significant number of new-to-region, high-value full-time equivalent (FTE) jobs.

This investment is aligned to the Regional Economic Development Strategy 2013-2033 (REDS) and Implementation Plan 2019–2023 and will support the growth of two of the

region's seven high value industries, the Knowledge and Professional Services industry and the Education and Research industry.

This is a significant opportunity for the Sunshine Coast to attract a multi-national company to the region and work with, to attract other similar job creating organisations into the future.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled "Sunshine Coast Investment Incentive Scheme"
- (b) approve the incentive recommended under the Sunshine Coast Investment Incentive Scheme and
- (c) delegate authority to the Chief Executive Officer to negotiate and execute an agreement under the Sunshine Coast Investment Incentive Scheme with the applicant.

FINANCE AND RESOURCING

If funding is required in the 2022/23 financial year a budget request will be submitted at Budget Review 2. It is considered more likely that funds will not be required until 2023/24 and 2024/25 and budget bids will be prepared through Council's annual budget process.

CORPORATE PLAN

| | |
|------------------------------|--|
| Corporate Plan Goal: | <i>Our resilient economy</i> |
| Outcome: | 3.2 - New capital Investment in the region |
| Operational Activity: | 3.2.4 - Work with Walker Maroochydore Developments Pty Ltd and SunCentral Maroochydore Pty Ltd to support implementation of the Maroochydore City Centre Development Agreement to advance the delivery of a contemporary city centre for the Sunshine Coast. 3.2.5 - Leverage our digital connectivity to generate new enduring investment, trade and employment opportunities for local business and industry. |
| Corporate Plan Goal: | <i>Our resilient economy</i> |
| Outcome: | 3.3 - Investment and growth in high value industries, innovation and entrepreneurship. 3.3.2 - Work with key stakeholders to identify investment opportunities, undertake marketing activities and support investment projects across the region's high value industries. |

CONSULTATION

Councillor Consultation

Councillor J O'Pray and Councillor T Landsberg, Economic Development Portfolio Councillors, have been consulted regarding this report.

Internal Consultation

Business and Innovation Branch, Business Performance

External Consultation

There has been no external consultation undertaken in relation to this report, although the attraction and retention of companies in the region's high-value industries and the support or creation of new jobs are commitments in the Regional Economic Development Strategy

2013-2033 (REDS) and associated pathway plans. Both the Strategy and the pathway plans underwent extensive consultation.

Community Engagement

Community engagement is not appropriate for sensitive commercial transactions associated with the attraction and retention of new business investment.

PROPOSAL

Council has been in discussions with a global professional services company that provides services through digitally enabled intelligent operations who have made an application under the Sunshine Coast Investment Incentive Scheme (SCIIS).

The company has been operating in Australia for several years and has been diversifying its Australian customer base through winning new clients. The pipeline of new business opportunities in Australia is expected to continue for the foreseeable future and the company is now looking to establish a centralised service delivery capability in Australia.

The project is estimated to deliver capital expenditure involving key activities such as site selection, property lease and design, and purchase and installation of office fit-out and technologies.

Establishing the facility is expected to create creation of a significant number of new-to-region, high-value full-time equivalent (FTE) jobs.

Beyond the immediate roles, there is the potential need for a flexible workforce of contractors, representing roughly 5%-10% of the employment figures. Across the construction period of the project, it is expected that anywhere between 40 and 80 contractors will be engaged in the construction of the new facility.

The following are key priorities of the company:

- **Skills Development:** flexible and inclusive working environment with ongoing training and upskilling opportunities that maintains a highly skilled and qualified workforce.
- **Diversity, equity and inclusion:** dedicated to recruiting from a diverse talent pool by working with partners and universities that specialise in hiring candidates from underrepresented communities and strengthening employee referral programs.
- **Sustainability:** adheres to the United Nations Global Compact which encourages businesses to adopt sustainable and socially responsible policies and report on their implementation.
- **Third-party, environmental and social impacts:** recognises that environmental, social, and governance (ESG) is a key transformation lever, and is therefore incorporated into everything the company does, for clients and for the communities they operate in.
- **Innovation and technology impacts:** uses a unique combination of digital and industry expertise to deliver innovative, digitally-enabled, and intelligent operations for its global clients.
- **Supply chain benefits:** will support a range of new professional services positions to provide diversification to the Sunshine Coast region. The company claims this will unlock flow-on benefits for a range of local businesses who currently rely heavily on the aviation and aerospace, health and wellbeing, and food and agribusiness industry sectors.
- **Local suppliers and contractors:** the company is committed to engaging local suppliers and contractors, wherever possible throughout the entire project from construction, to fit-out and design, and once it is operational will also look to partner with local training and workplace recruitment agencies on the Sunshine Coast, including assisting to

create stable career pathways for Australia's First Nations peoples in the area as it continues to grow, including the local Kabi Kabi people and the Jinibara people.

- Project delivery team: the project delivery team has extensive relevant knowledge and capabilities.

Location Options for Expansion

The company has already undertaken a detailed selection process, including consideration of locations in other states. This has involved requesting and evaluating key metrics including salary costs; staff turnover rates; premises rental costs; payroll tax rates (standard and discounted) and other financial incentives.

The company has narrowed its extensive and detailed selection process down to preferred strategic locations, with the Sunshine Coast being one of those locations (and the only location in Queensland).

Benefits of the investment proceeding on the Sunshine Coast

This is a significant opportunity for Council to attract an industry leader in their field that offers the Sunshine Coast a range of specific opportunities, including:

- capital expenditure and a significant number of high value full-time equivalent jobs. This will have an economic impact on the Sunshine Coast economy of \$7.05 million and 26 local jobs during project phase, and \$169.63 million and 558 local jobs annually
- helping to build the reputation of Council as an investment destination for leading multinationals
- supports the development economic growth and new investment opportunities in two of the Regional Economic Development Strategy's seven high value industries - Knowledge Industries and Professional Services, and Education and Research
- consistent with the intent of the Regional Economic Development Strategy Implementation Plan 2019–2023 and all associated pathways including Leadership, Collaboration and Identity, High Value Industries, Capital Investment, Local to Global and Investment in Talent and Skills
- further expenditure in the region through local consumption impact of \$49.63 million
- the majority of the required workforce is proposed to be recruited locally
- support of the Sunshine Coast's Invest brand positioning through various marketing campaigns including "Sunshine Coast as the new place for tech in Australia"; "HQ with IQ" and "Business with Benefits"
- opportunities for the Sunshine Coast to leverage this investment with other potential investors that may be considering a Sunshine Coast location for their Knowledge Industries and Professional Services, and Education and Research businesses
- stimulate government investment into mass public transport solutions
- provide a valuable investment testimonial that will support the region to attract additional blue chip international and national investment and drive economic return from Council's investment into the Sunshine Coast International Broadband Network.

Sunshine Coast Investment Incentive Scheme Application

Council approved the Sunshine Coast Business Investment Framework on 14 September 2011 (OM11/216) to secure targeted and suitable investment and reinvestment in the regional economy. One element of the Business Investment Framework is the Sunshine Coast Investment Incentive Scheme (SCIIS).

Application Eligibility

The application meets the requirements of the Sunshine Coast Investment Incentive Scheme guidelines and demonstrates alignment with Sunshine Coast Investment Incentive Scheme evaluation criteria as follows:

- business is under one of the identified seven high value industries (knowledge industries and professional services)
- business demonstrates recent three years profitable trading history
- demonstration of management capability and experience to carry out the proposed activity
- proposed activity is commercially viable and not reliant on financial assistance from the Sunshine Coast or other government agencies as it is proposed to be funded via cash reserves and operating revenue
- proposed activity is not primarily focused on retail, wholesale, importing, accommodation, hospitality, property development, leasing or non-value-adding primary production
- business has no ownership ties to government departments or agencies, government-owned corporations, or regional development organisations
- proposed activity will generate over \$2 million in capital expenditure and/or over 10 FTEs in new job creation
- proposed activity will lead to the creation of sustainable job opportunities
- proposed activity will not cause significant detriment to, and/or be a substitute for, existing business on the Sunshine Coast (contestability criteria)
- proposed activity will not compromise national and international obligations for Queensland and Australia
- proposed activity will not generate excessive carbon emissions or more generally is not consistent with the sustainability aspirations of the Sunshine Coast community. The company claims they will use clean and sustainable technology in both the construction and fit-out of the facility.

Regional and Economic Impact

Attracting and retaining a highly skilled local talent pool is an important decision factor for the company and it will provide a range of benefits for the regional community who both live and work on the Sunshine Coast.

Currently, it is common for university and tertiary-qualified graduates to relocate to metropolitan cities, such as Brisbane and Sydney to take up more lucrative employment opportunities which better match their skill sets.

Securing the investment may contribute to a reduction in the leak of local talent and provide job security and a myriad of other learning and development benefits which come with being a strong global brand.

Legal

If an incentive offer is approved, a Sunshine Coast Investment Incentive Scheme Agreement will be executed between Council and the company, the terms of which will be settled by Council's Legal Services Branch.

Policy

The Sunshine Coast Investment Incentive Scheme application has been assessed in accordance with the Sunshine Coast Investment Incentive Scheme guidelines and Council's endorsed Business Investment Policy. As indicated above, the application satisfies the eligibility criteria under the Sunshine Coast Investment Incentive Scheme.

Risk

The major risk identified with this proposal is that the company may choose not to progress with the investment on the Sunshine Coast. This would result in a lost opportunity for the Sunshine Coast economy.

All commercial agreements encompass a level of risk. Under the Sunshine Coast Investment Incentive Scheme, the key risk relates to any incentive to a company that is unable to deliver the anticipated economic benefits to the region. These risks have been fully considered in the design of the initial Sunshine Coast Investment Incentive Scheme guidelines and the subsequent amendments to reduce Council's exposure to such events. The management of risk includes:

- due diligence on applicants
- review and assessment of applicant past financial performance and achievements and
- the delivery of incentives only after completion of milestones.

While these risks cannot be eliminated entirely, they can be managed through the terms and conditions in the Sunshine Coast Investment Incentive Scheme Agreement. Under the terms of the agreement, provision of an incentive is milestone dependent and subject to:

- the identification of a suitable site in the Sunshine Coast
- the achievement of capital expenditure forecasts
- confirmation of FTE job appointments as per lodgement with the ATO
- receipt of all relevant documentation as required under the Sunshine Coast Investment Incentive Scheme Agreement
- obtaining all relevant approvals and licenses as required to legally operate on the proposed site and
- submission to Council of regular audited financial statements.

Other risks identified include the following:

| Risk | Rebuttal/ mitigation |
|--|---|
| Assessment for demand of products may not be correct | <ul style="list-style-type: none"> • Company most unlikely to invest significantly in a new facility without confidence of future pipeline of opportunities. • Incentive to be paid on payroll audit of jobs created. |
| Identification of a suitable site within the Sunshine Coast does not meet project start date timelines | <ul style="list-style-type: none"> • Council to actively work with the company in site identification • Temporary lease of alternate facility and work from home options |
| Unable to access an appropriate labour pool or alternately drain the current labour pool which results in a staff shortage in the professional services sector | <ul style="list-style-type: none"> • Connect the company to local supply chain and professional service providers (i.e. recruitment firms etc.) • Council to work closely with the education and training sectors to build the supply of accredited programs locally. • Contact centres in the region be encouraged by council to work collaboratively on an information and awareness |

| | |
|--|--|
| | program targeted at secondary schools (Year 12), TAFE and the universities to build understanding of the employment options available locally. |
|--|--|

Given that any approved incentives would only be payable pending completion of the proposed new facility and retention/employment milestones, this will substantially reduce the risk to Council.

Operational business risk is mitigated by historical financial performance and Australian Taxation Office (ATO) reports going forward as part of the audit process.

Previous Council Resolution

Council has not previously considered this application. Of relevance, however, are the following resolutions:

Ordinary Meeting 20 August 2015 (OM15/145)

That Council:

- (a) *note the discussions held in confidential session in relation to the Business Investment Framework amendments and*
- (b) *adopt the amended Sunshine Coast Council Strategic Policy: Business Investment Policy (Appendix A).*

14 September 2011 Ordinary Meeting (OM11/216)

That Council:

- (a) *Receive and note the report titled "Delivering a Natural Advantage to Business - Sunshine Coast Business Investment Framework";*
- (b) *Approve:*
 - (i) *Delivering a Natural Advantage to Business – Sunshine Coast Business Investment Framework as outlined in this report;*
 - (ii) *The Business Investment Policy;*
 - (iii) *Development of a program of activities and collateral to promote the region as an investment location;*
 - (iv) *Delivering a Natural Advantage to Business – Sunshine Coast Investment Incentive Scheme and associated Application Form at Appendices B and C respectively;*
 - (v) *The Charter for the Sunshine Coast Investment Incentive Committee (Appendix D);*
 - (vi) *A commitment of \$1 million in 2011-12 to be held in reserve to support the Delivering a Natural Advantage to Business – Sunshine Coast Investment Incentive Scheme, with commitments in future financial years to be based on an assessment of the performance of the Scheme, the performance of the regional economy and considered in the annual budget development process; and*
 - (vii) *A commitment of \$200,000 per annum in recurrent funding to support the employment of two Investment Facilitators within the Economic Development Branch to provide direct client services to support the attraction of potential investors to the region and to work with existing businesses to support major reinvestment proposals;*

- (c) *Delegate authority to the Chief Executive Officer to approve applications under the Sunshine Coast Investment Incentive Scheme where the applicant will be offered cash incentives up to and including \$100,000;*
- (d) *Pursuant to Chapter 2 Part 10 of the Local Government (Finance, Plans and Reporting) Regulation 2010 ("relevant Regulation"), grants to all ratepayers who are members of the stated class of ratepayer mentioned in (e) below, a rating concession in the form of a deferment of general rates for such period as Council may determine from time to time;*
- (e) *In respect of (d) above, approve that the stated class of ratepayer to whom the rating concession applies is a ratepayer*
- (i) that is the owner of land within the Council area; and*
- (ii) whose land is used for a business or enterprise purpose; and*
- (iii) whose business or enterprise is one that Council approves to receive incentives (including an incentive in the nature of a rating concession) under the Sunshine Coast Investment Incentive Scheme;*
- (f) *grants the concession in (d) above in accordance with section 54(d) of the relevant Regulation as Council is of the opinion the concession will encourage economic development of all or part of the local government area;*
- (g) *delegate to the Chief Executive Officer the authority to determine on behalf of Council, whether a business or enterprise is one that is worthy of receiving incentives (including an incentive in the nature of a rating concession) under the Sunshine Coast Investment Incentive Scheme and authority to determine the length of time for which any rating concession would apply; and*
- (h) *delegate authority to the Chief Executive Officer to implement the Business Investment Framework outlined in this report.*

Related Documentation

- Sunshine Coast Regional Economic Development Strategy 2013–2033 (REDS)
- REDS Implementation Plan 2019–2023
- Sunshine Coast Council Corporate Plan 2022–2026
- Business Investment Framework (2011)
- Business Investment Policy (2015)

Critical Dates

Council has been requested to state its position as soon as possible, to be competitive in securing this investment for the region.

Implementation

To ensure the region has the greatest prospect of securing this investment, it is proposed that the Chief Executive Officer be delegated authority to:

- negotiate an incentive to attract the company to the Sunshine Coast
- finalise and approve the structure, components, performance milestones and reporting requirements associated with the incentive offer
- finalise and execute the Sunshine Coast Investment Incentive Scheme Agreement with the company, incorporating the incentive components, conditions and requirements agreed in negotiations.

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

12 NEXT MEETING

The next Ordinary Meeting will be held on 17 November 2022.

13 MEETING CLOSURE