



Sanctuary Cove Body Corporate Services Newsletter

Edition No 5 - January, 2017

Dear Residents and Stakeholders,

Welcome to the first newsletter of 2017. We wish you a happy and prosperous New Year.

Security software and equipment upgrade - tender document preparation, assist with tender process and supervise installation

The Principal Body Corporate (PBC) asked the Executive General Manager to seek out three (3) interested parties to put together a proposal to write tender documents for the supply and installation of the security cameras and software update as proposed by the CSE report. The Executive General Manager contacted three parties, including CSE, and asked for pricing. CSE had already supplied a price for this role.

Appointments were made with SafeCam and Secure by Design. Quotes were received and presented to the PBC in November. At this meeting, it was requested that further quotes be sought to include writing the tender documents, assisting with the tender evaluation and supervising the roll out of the new system and equipment.

SafeCam and Secure by Design were contacted and revised proposals were put to the PBC on December 12, after references had been checked by the Executive General Manager. SafeCam was by far the most experienced and resourced company. The PBC and then the Primary Thoroughfare Body Corporate (PTBC) voted to accept the revised quotation. The Sanctuary Cove Community Services Limited board was not involved in the approval process.

The Chair of the PBC and PTBC then required that the approval be noted at the December 19 Sanctuary Cove Community Services Limited board meeting, which it subsequently was. However, after learning that SafeCam was a subsidiary of Intelligent Infrastructure Solutions (of which Clayton Glenister is a non-executive director and which is listed on his declaration of interests), SafeCam was contacted and their services terminated by mutual consent.

It is important to remember that the engagement was only to write the tender and assist the tender process. And further, to supervise the installation once a company had been selected to supply the security infrastructure. Having put the tender together, this would have prevented SafeCam from participating in the tender itself. The tender review process has subsequently been changed to include an ASIC company and related parties search in future.

We have since been in touch with Secure by Design, completed an ASIC search and finalised the reference checks, which are glowing and professional. Reference checks have been completed with Gold Coast Airport, Scenic Rim Council and several other major firms that have utilised their services.

Both the PBC and the PTBC have approved commencement of the process to formally prepare tender documents. The Contracts and Finance Subcommittees will be an integral part of this process. A work order has been issued to commence ASAP.

Fibre to the Home project – process and proposed plan

The Sanctuary Cove Fibre to the Home (FTTH) project was created by the PBC and PTBC by resolution in June 2009 for the following purposes:

- Replace the 20-year-old copper MATV system supplying free to air services and pay TV.
- Upgrade security services for the gates and cameras and allow resident security systems to communicate with Security without the need for paid telephone accounts on the Telstra copper network.
- Provide modern communication technologies.

In 2014 the FTTH system required an upgrade to the active equipment as the manufacturer advised that the product was at the end of its life and no longer available, while the fibre in the ground stays the same.

Known FTTH issues:

- Replacement equipment unavailable
- Reliability of product
- Lack of available vendors on the network
- Speeds not at NBN level without excessive connectivity costs to the community

In 2014 and 2015 several reports were conducted by external contractors on a suitable replacement for the Corecess brand equipment, with several vendors considered, including the NBN Alcatel product. As the Alcatel product was exclusive to NBN and unavailable for community networks, the product range was narrowed down to:

- The American brand Calix - used extensively in mining operations and in a community in Western Australia
- The Chinese brand Huawei - used by Optus and other carriers. While there was media attention on possible security issues with Chinese branded equipment in the Australian telecommunications industry, this was refuted by the-then Communications Minister Malcolm Turnbull in a letter to Huawei's CEO. This stated that the Telecommunications Sector Security Reforms did not seek to exclude any brand from the market and expressed regret that recent media attention had led to questions from current and potential customers.
- Calix was chosen due to price and local support for a community network.

The original cost of the upgrade including TV, Foxtel, switching, servers and Calix active equipment was \$1,441,806. Changes in the Australian dollar have increased this figure to AUD \$1,546,591. A total of \$922,000 has been collected in levies toward the upgrade of active equipment, of which \$512,000 has been spent on TV, Foxtel, switching, servers, Calix head end and the roll out of three areas.

The Finance Subcommittee (FSC) in January 2016 Motion - 13 FTTH Structure (resolved):

- Recommends the PBC mandate the FSC to investigate ways to divest the FTTH structure; and
- Recommends to the PBC as a unit holder, request the Trustee obtain relevant legal advice (legal, accounting and tax) to investigate how to collapse the FTTH structure into the PBC and PTBC.

The PBC in January 2016 Motion - 16 FSC- FTTH Structure (resolved):

- The PBC notes the recommendation of the FSC and mandates the FSC to review options regarding the FTTH structure.

April 2016: PTBC advises PBC of intention to exit the agreement and no longer wishes to fund further units to the Unit Trust, resulting in a greater proportion of costs to the PBC.

Lawrence Gatica, of Network Operations Centre Pty Ltd, was commissioned by the Board to review options for the sale on the FTTH network, with two possible tenderers; OptiComm and Frontier.

Prepared on October 21, 2016, a review by the Board selected OptiComm as the preferred tenderer:

	OptiComm	Frontier
Ownership and upgrade of FTTH network	Immediate at OptiComm cost No set-up fees No further Capital Expenditure upgrades.	SCCUT will need to complete all upgrades to the FTTH. Management Fee - \$100,000 for this process. Installation of upgrade - \$360,000. SCCUT completes the upgrades at the SCCUT expense - \$900,000 at "Sale-&- leaseback" for 10 years Ownership reverts to SCCSUT after 10 years.
Number of Retail Providers	12 (not including Telstra)	3 (not including Telstra or Optus)
Payment to the SCCSUT	\$100,000 over 3 years	\$15/lot/month. Assume 1,822 retail connections = \$327,960 per year (for 10 years) + CPI
Operating costs		
Operating TV (1,822 lots)	Free	\$5.00/lot/month
Operating Cost Security	\$5.00 /lot/month	\$5.00/lot/month
Security Cameras	Free	Fee to be negotiated
Home UPS Maintenance	None – Owners or BC	None – Owners or BC
Internal Connections, e.g. cameras	\$5.00 connect/ month new services Existing – No Cost	\$5.00 connect/ month new services Existing - \$5.00 connection / month

Note: 1. Frontier will require the community to fund the upgrade of the FTTH network prior to assuming responsibility.

Business Case – over three years:

	OptiComm	Frontier
Revenue over three years (1,822 lots)	100,000	983,880
Operating Cost TV	0	(327,960)
Operating Cost Security	(327,960)	(327,960)
Management Fee	0	(100,000)
Installation Upgrade	0	(360,000)
Sanctuary Cove – Capital to Upgrade	0	(900,000)
Nett - Gain /(loss)	(227,960)	(1,032,040)

FAQs

What does this mean for you?

- Your costs per year will drop from \$793.75 per annum to \$441.71 per annum in 2017 and down to \$61.61 by 2021.

What will happen to the speed of downloads and uploads?

	Download Speeds	Upload Speeds
Current Provider (Range)	5 - 15 MB/sec	5 - 15 MB/sec
OptiComm Retail Provider	12 – 100 MB / sec	10 - 40 MB/sec

- Current spend restricted to 15 MB / Second

Can I stay with my existing arrangement?

- Yes, you have no obligation to cancel existing arrangements.

When OptiComm takes over the FTTH - if approved by the Resident Bodies Corporate (RBC), PBC and PTBC - how many additional retailers will I be dealing with, compared to the one provider now?

- You will have access to 12 retail suppliers who are competing for market share.

Are there service guarantees in place?

- Yes, written into the proposed OptiComm contract are response times they must adhere to in regard to the Security system and TV network faults. OptiComm will have a 24/7 help desk, with a technician to be located on site for the first three months.
- If OptiComm does not have the help desk operational, financial penalties apply.
- If there is a fault reported pertaining to the FTTH network, lot owners will not be charged an upfront fee if it is an OptiComm issue. Should it be in a retailers' system, it is up to the retailer to correct the fault as they are governed by telecommunication regulations. We are still in the process of negotiating this call out fee.

When will the FTTH system be upgraded?

- The system up-grade is planned to occur within the **first three months** of the handover at **NO** cost to lot owners or residents, therefore saving lot owners more than \$1 million.
- OptiComm will bear all costs associated with the upgrade and ongoing maintenance.
- The router and UPS located in your home will be upgraded at no cost and remains the property of OptiComm.

Why not keep the FTTH network and upgrade ourselves and continue to manage same?

- SCCSL is a Body Corporate manager, with no expertise in telecommunications networks.
- The residents would be responsible for upgrade costs of approximately **\$900,000** over three years with **NO** guarantee that at the end of the three years, the upgrade would not prove to be obsolete.
- If OptiComm assume control of the FTTH network, they are responsible for all upgrade capital works and **ongoing maintenance expenses**. In 2016, these **maintenance costs were \$431,783**, and increase each year. Residents will **NOT** be responsible for these expenses.

If the sale is approved by the RBCs, PBC and PTBC, what is the value of the network?

- The value of the network is **\$1.00**.
- The FTTH will be written off by a book value of (April 2017 handover) **\$2.0 million**.
- OptiComm will pay to Sanctuary Cove Communication Unit Trust, **\$100,000** in total over three years.

What is to stop OptiComm from increasing service charges that apply to TV services and security monitoring service?

- Included within the contract are provisions to calculate price increases.
- The Telecommunications Act 1997.

In 5, 10 or 20 years, depending on the term negotiated with OptiComm, can the community purchase back the FTTH network?

- **Yes**, as part of the contract a clause has been inserted to provide for the re-purchase of the Network for \$1.00 plus any capital expenditure incurred during the period of ownership by OptiComm and agreed by a third party.

What monies are still owing to the PBC and PTBC sinking funds for the Capital Cost of the FTTH network?

- There is approximately \$2.1 million still outstanding for payment to the PBC and PTBC sinking funds for the original capital construction and upgrade expenses.
- Residents will continue to pay off this amount until 2020, with no further repayments from 2021 onwards.

Please contact Sanctuary Cove Body Corporate Services with any further enquiries, email enquiries@scove.com.au

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RBC Chairs and Members Nominees for 2017

RBC	Chairperson	Members Nominee	Email
Acacia	Mrs Judy Grimsey	Mr Hugh Martin	acacia@scove.com.au
Adelia	Mr John Russell	Mr John Russell	adelia@scove.com.au
Alpinia	To be appointed	To be appointed	alpinia@scove.com.au
Araucaria	Mr Tony Wharton	Mr Tony Wharton	araucaria@scove.com.au
Ardisia	n/a	n/a	ardisia@scove.com.au
Banksia Lakes	Mr Adam Barclay	Mr Sias Els	banksialakes@scove.com.au
Bauhinia	Mr Tony Scallan	Mr Richard Sherman	bauhinia@scove.com.au
Caladenia	n/a	n/a	caladenia@scove.com.au
Cassia	Mr Mick McDonald	Mr Callum Hiscock	cassia@scove.com.au
Colvillia	Mr Bill Leaver	Mr Reid Miller	colvillia@scove.com.au
Corymbia	n/a	Mr Mathew Williams	corymbia@scove.com.au
Felicia	Mr Brian Joseph	Mr Brian Joseph	felicia@scove.com.au
Fuschia	n/a	n/a	fuschia@scove.com.au
Harpullia	Mr Tony Barrow	Mr Tony Barrow	harpullia@scove.com.au
Livingstonia	Mr Kevin Keating	Mr Paul Mackenzie Smith	livingstonia@scove.com.au
Molinia	n/a	n/a	molinia@scove.com.au
Plumeria	Mr Michael Clayton	Mr Alan Lock	plumeria@scove.com.au
Roystonia	Mr David Housden	To be appointed	roystonia@scove.com.au
Schotia Island	Mr John Dahl	Dr Jane Stackpool	schotiaisland@scove.com.au
Tristania	Mr Mark Winfield	Mr Graeme Jones	tristania@scove.com.au
Washingtonia	Mrs Sandra Doumany	Mr David Dyer	washingtonia@scove.com.au
Woodsia	Mr Craig Delianis	Mr Geoff Hodge	woodsia@scove.com.au
Zieria	n/a	n/a	zieria@scove.com.au

Landscaping Contract Update

Many residents have raised concerns about the current landscaping contractor for the PBC and PTBC, The Plant Management Company (PMC). After thorough recent inspection of the estate, it is clear that the new hedging schedule in PMC's contract does not allow for the growth being experienced.

To combat this, the landscaping contractor has widely used growth retardants to slow the growth rate of the hedges around site. Unfortunately, these retardants have not been effective on the *Duranta* and *Trachelospermum Jasminoides* "Star Jasmin" species of hedges and ground covers. Star Jasmin has been widely installed as a ground cover. This species can be seen along The Parkway in front of the *Syzygium* hedge, Felicia, in many parks and bordering paths.

The hedging frequency for the species under the new contract scope is every 6.5 weeks. In the previous contract scope this species was being hedged at intervals no greater than every four weeks. However, during the summer growing season this species requires fortnightly hedging.

The previous landscaping contract enabled the contractor the flexibility - due to a higher staff count - to maintain this species on a fortnightly basis as required. Under the new contract, staff numbers are significantly lower due to the new frequencies in the contract. The flow-on effect of this reduced team is that the contractor does not have the resources available to maintain this species over and above the frequency specified in the contract.

As a result of the changes in hedging frequencies, additional staff members have been brought in to maintain the Star Jasmin in high profile areas as well as around paths etc, where potential trip hazards may occur.

To date, \$6,068 ex gst has been spent on additional staff to maintain these fast-growing species between services, as per the contract frequencies. It is anticipated that we may need to do between three and five additional hedging runs during this growing season at a potential cost of between \$18,204 to \$30,340.

It has been recommended by PMC that Star Jasmin be removed from future planting in development areas and that existing plants are removed firstly from high profile areas and where potential trip hazards may occur, and then ultimately across the entire site.

The current contract specifically references the removal of selected hedges, and also allows for an annual price review if fewer hedges are to be maintained. It is feasible to consider that, should the fast-growing species be removed, the community would not have the additional cost of hedging these species between scheduled frequencies. The community may also find savings in the contract for landscaping maintenance.

Sanctuary Cove Resort - Shrub Palette					
Species	Common name	Width m	Species Growth Rate	Previous Contract (per annum)	Current Contract (per annum)
Acalypha wilkesiana	Fijian fire plant	1	Medium	12	3
Austromyrtus inophloia	Blushing Beauty	1	Medium	12	3
Bauhinia galpinii	Red bauhinia	2	Fast	12	3
Bougainvillea compact types	Bougainvillea	2	Fast	17	8
Brunfelsia latifolia	Yesterday, today and tom.	1	Slow	12	3
Calliandra haematocephala	Powder puff	3	Fast	17	3
Callistemon spp	Bottlebrush	0.5 - 3	Medium	4	3
Camellia sasanqua	Many varieties	2	Slow	2	1
Hibiscus - Hawaiian forms	Hibiscus	1	Medium	4	3
Hibiscus - older forms	Ruth Wilcox etc	2	Medium	4	3
Ixora compact forms	Coral fire, Pink Malay	1	Slow	4	3
Ixora williamsii	Red ixora	1	Slow	4	3
Metrosideros spp	NZ Christmas bush	1 - 3	Medium	12	3
Michelia figo	Portwine magnolia	1	Medium	12	3
Murraya paniculata	Orange jasmine	1	Medium	12	5
Nerium oleander	Oleander	2	Slow	3	3
		Width			
Species	Common name	m			
Photinia glabra rubens	Dwarf Photinia	1	Medium	12	3
Plumbago auriculata 'blue'	Blue plumbago	2	Fast	17	8
Plumbago auriculata 'white'	white plumbago	2	Fast	17	8
Raphiolepis - pink forms	Apple Blossom	1	Medium	12	3
Raphiolepis white forms	Indian hawthorne	1	Medium	12	3
Strelitzia reginae	Bird of Paradise	1	Slow	3	3
Syzygium australe 'Elite'	Glossy Lilly pilly	2	Medium	12	5
Syzygium spp	various cultivars	0.5 - 2	Medium	12	5
Viburnum 'Emerald Lustre'	Emerald Lustre	2	Medium	12	3
Viburnum odoratissimum	Sweet viburnum	2	Medium	12	3
Sanctuary Cove Resort - Ground Cover Palette					
		Width			
Species	Common name	m			
Boug. Temple Fire	Temple fire	1	Fast	17	3
Calliandra tweedii	Mexican flamebush	2	Fast	17	3
Evolvulus pilosus	Blue eyes	1	Medium	12	3
Juniperus conferta	Shore juniper	1	Medium	12	3
Myoporum parvifolium	Creeping Boobialla	1	Medium	6	3

Pennisetum alopecuroides	Feather grass	1	Medium	4	3
Pennisetum advena	Plume grass	1	Medium	4	3
Russelia equisetifolia	Coral plant	1	Medium	12	3
Trachelospermum augustifolium	Tricolour	1	Slow	12	3
Trachelospermum jasminoides	Star jasmine	1	Fast	26	8
Species					
Hedge plants	Common name	Width			
Acalypha wilkesiana	Acalypha	2	Medium	12	3
Bougainvillea - compact forms		1	Fast	17	3
Callistemon varieties	Bottle brush	0.5 - 1	Medium	4	3
Metrosideros spp	NZ Christmas bush		Medium	12	3
Michelia figo	Portwine magnolia	1	Medium	12	3
Murraya paniculata	Orange jasmine	1	Medium	12	5
Photinia glabra rubens	Dwarf Photinia	1	Medium	12	3
Plumbago auriculata	Plumbago	2	Fast	17	8
Raphiolepis - pink forms	Pink hawthorn	1	Slow	12	3
Raphiolepis 'Intermedia'	Hawthorn	1	Slow	12	3
Syzygium australe 'Elite'	Glossy Lilly pilly	2	Medium	12	5
Syzygium spp	various cultivars	0.3 - 1.5	Medium	12	5
Viburnum 'Emerald Lustre'	Emerald Lustre	1	Medium	12	5
Viburnum odoratissimum	Sweet viburnum	1	Medium	12	5
Duranta			Fast	17	8

Residential Zone Activity By-Laws (RZABLs)

We have been working with our legal specialists to produce modern and meaningful by-laws that are enforceable, practical, common sense and modern. These by-laws were last updated completely in 1994.

Your RBC Chairs and Members Nominees were provided a copy on Monday, January 30 for feedback and comment by February 7 to the Body Corporate Manager. After feedback, has been received, we will refine and send back to the relevant Chairs and Members' Nominees.

All residents will have an opportunity to vote on the amendments in March 2017 at the General Meeting. Should RBCs accept the amendments, they will be forwarded to the PBC for approval and then to the Minister for gazettal.

Development Control By-Laws - Stage 2 (DCBLs)

Much work has taken place over the past 10 years to finally get the Stage 2 DCBL document to a point where the developer and your PBC Architectural Review Committee (ARC) have agreed on a draft for distribution.

Both the Committee and the Developer have worked extremely hard over the Christmas period to bring these regulations to this point, and their efforts should be acknowledged.

The PBC Executive has reviewed the proposed changes and made comments that will be further reviewed by the ARC. Legal advice will then be sought to ensure the changes are appropriate, before being returned to the PBC for ratification and then to the Minister for approval and gazettal.

Sanctuary Cove Community Services Limited Operational Plan 2017 – DRAFT 7

An operational plan has been prepared by your team with specific goal targets for 2017. The operational plan has taken into account the following areas:

- Body Corporate Services;
- Communication schedule;
- Facilities programmed maintenance – response times;
- Systems upgrades – StrataMax, portals, residents' access;
- Capital upgrades and maintenance – three-year proposed program;
- Finance automation, Treasury management and reporting across the estate.

The plan is in draft form, and the Sanctuary Cove Community Services Limited team will report against the Key Performance Goals contained within the plan each month to the Board, the PBC and the PTBC. There are suggested changes to the subcommittee structure within the plan, but NO disbandment of the Contracts Subcommittee, as had been circulated.

The draft document suggests that the Contracts Subcommittee and the Finance Subcommittee comprise the same members, and should be amalgamated. The draft plan has been distributed to the Board and PBC.

Again, feedback is being sought to finalise the “living document” after February 7, 2017.

General Information

There seems to be confusion with regard to the \$100,000 for emergency funding (PBC) for breakdowns that affect the Estate outside of the approved budget and planned programs. Emergency situations do occur. However, we are only able to spend funds on these emergencies in \$20,000 blocks (5). The Executive General Manager has the authority to sign up to a maximum of \$10,000 at any time. Amounts above this figure need to be counter-signed by a Director of the company, and final approval by PBC, PTBC or the relevant Body Corporate.

The PTBC has an Emergency Fund of \$50,000 for break downs that affect the Estate, outside of the budget and planned programs.

You will have noticed that a light pole that has been lying against our entrance sign since December. We have been contacting both Energex and the Gold Coast City Council weekly, however it appears that bureaucracy is winning, with no ownership being taken. We continue to pursue this issue.

StrataMax

The body corporate on February 1, 2017 introduced a new body corporate software program – Stratamax.

Stratamax is used widely in the body corporate industry and services more than 500,000 lots in Australia. It is anticipated that Stratamax will permit an enhanced communication channel to all owners, residents and stakeholders while providing a user-friendly system for the delivery of information to the community.

Very soon the new Stratamax portal will go live, offering owners self-service kiosk in many important areas i.e. levy payment, provision of lot financials, committee minutes, issue of maintenance requests, committee invoice approval provision, and the like.

Owners will soon receive a “Welcome to the Portal” email which will provide further detail on the above and importantly log-in details for this service. Information sessions will be held in the coming months to assist owners with any log-in or access to information concerns.

Importantly the current My Community portal will continue to operate until such time as the Stratamax portal is live.

City of the Gold Coast recycled water

We recently met with representatives from Gold Coast Water in regard to accessing A-grade water in Sanctuary Cove estate.

Gold Coast Water is conducting a three-month trial on the water quality, which should be complete by April 2017. We are working closely with the council and will update you with information as it comes to hand.

The other good news is that the new pump at Coombabah has been installed, and faults with the remaining old pump have been resolved.

Please let us know if we may be of further assistance or service contact us on the telephone or email PBC@scove.com.au

Kind regards,

Dale St George
Executive General Manager
Sanctuary Cove Community Services Ltd



WIN a free cup of coffee every day for a year at the brand-new Arnie's Café and Bar at Sanctuary Cove Country Club. To enter, simply make a purchase at Arnie's Café and Bar on or before Friday, March 31, 2017 and leave your completed entry form at the café.

Arnie's Café and Bar is open to the public from 6am daily and is now serving a delicious range of smoothies and juices, including the Watermelon Crush smoothie with juiced watermelon, tropical juice, sorbet and ice – perfect on a hot summer's day.

Arnie's Café and Bar also features a private function space which caters for up to 120 guests and overlooks the picturesque Palms Golf Course. Phone 07 5699 9000 to enquire about your next function or event.