

APPENDIX “C”

SCEC – ECONOMIC IMPACT ASSESSMENT

DEVELOPMENT WATCH SUBMISSION TO SUNSHINE COAST COUNCIL
MCU17/0095, MCU17/0096 AND REC17/0056



10 January 2018

SCEC submission MCU17/0095, REC07/0056 and MCU17/0096 - Appendix 1

Sekisui House - Development Application at Yaroomba
[MCU17/0095 - Preliminary Approval for Material Change of Use, Yaroomba Beach Master Plan]

Review of Economic Impact Assessments
Prepared by the Sunshine Coast Environment Council

INTRODUCTION

The following documents have been reviewed:-

2017 Sekisui Application (MCU 17/0095, MCU17/0096, REC17/0056)

- Development Assessment Report (Final 4/5/17) by Project Urban Pty Ltd
- Yaroomba Beach Economic Impact Assessment (Version 4.0 02 May 2017) by RPS Australia East Pty Ltd
- Yaroomba Beach Economic Impact Assessment – Response to the Information Request (Version 3.0 03 October 2017) by RPS Australia East Pty Ltd
- Yaroomba Beach Village and International Resort Community Benefits Report (version 7.0 18 October 2017)

2015 Council Assessment

Special Meeting Agenda 27 April 2015, Item 4.1.1 Consideration of Proposed Planning Scheme Amendments

- Report by Strategic Planning, Regional Strategy & Planning Department
- Attachment 9 - Urban Design Advisory Panel (UDAP) Advice – 2 April 2015
- Attachment 11 - MacroPlan Pty Ltd Economic Advice - 11 October 2014 (Report: *The Coolum Residences, Peer Review – RPS Economic Impact Summary*)
- Attachment 12 - Norling Consulting Pty Ltd Economic Advice – 9 September 2014 (letter)

Comments on the documents are as follows.

2015 COUNCIL ASSESSMENT

The officer's report and associated relevant economic documents provide a background to the current application by Sekisui. They should also provide a reference point (in terms of statements therein) for the assessment of the 2017 application.

Report by Strategic Planning

The comprehensive report included external advice on economic and planning aspects as noted above. It also considered 3 options:-

- Option 1 - the Sekisui proposal (as at 2015)
- Option 2 - a 'theoretical compromise' of building heights and viability
- Option 3 - based on the existing Preliminary Approval

The reported concluded as follows (**statements considered to be of significance have been bolded**):-

Conclusion

In summary, this assessment has determined that:

- Option 1 is likely to provide economic benefits, however it is also likely to have significant impacts on regionally important views
- Option 2 would protect regionally important views, however this option may not be attractive to hotel operators who may seek additional height
- Option 3 has the least potential impacts on views and sensitive environmental areas but is unlikely to provide for an international five-star hotel and
- Each option potentially impacts on nearby known turtle nesting areas to varying degrees depending on the height and intensity of the proposals.

On balance, it is considered that **the potential economic benefits of Option 1 do not outweigh the potential social and environmental impacts related to this proposal**. Similarly, **Option 2 may provide improved social and environmental benefits compared to Option 1, but it is unknown whether this option would be suitable to hotel operators or whether there would be community support for such an option**.

For these reasons, it is recommended that no amendment is made to the Sunshine Coast Planning Scheme 2014.

However, **the review of this proposal has reconfirmed the importance of attracting new premium hotel investment to the Sunshine Coast** if the region is to remain competitive to emerging tourism demand (particularly international tourism) and to ensure the region continues to evolve as a high quality tourism destination. **It is considered appropriate to initiate an investigation of the opportunities that currently exist to accommodate premium hotel infrastructure and facilities.** Such a review would include demand analysis for premium, short stay accommodation on a regional basis; appropriate site options; the requisite planning framework required; and whether development attraction initiatives should be contemplated.

There is also likely to be a case to further consider the development parameters applicable to the subject site at a future date **but any such proposal would need to carefully consider the key strategic issues and local area dimensions that have been identified in this report.**

UDAP Advice

The report generally did not consider the proposed concepts to be adequate for the high (5 star) standard claimed by the application and provided a summary as follows:-

*In summary the proposal does not provide the community with the opportunities that this site has to offer. The concept doesn't provide an ease of access to the beach, through the site or offer a high quality destination. **The success of a high quality tourism destination within this unique site would require a design that encourages community activity within a sustainable and inclusive development that reflects its location and environment.***

MacroPlan Economic Advice

The report generally considered economic benefits to be over-estimated, and in particular the time frame for completion to be optimistic (12 years rather than 24 years), as claimed by the application. The report provided a conclusion as follows:-

*In conclusion, whilst the overall project from a construction perspective (\$765 million based on 2205 apartments) is significant, **the inducement of new demand and new economic growth to the region is limited to the hotel component, which due to a lack of real critical mass of a 'new' product offering, is in our opinion forecast to deliver modest economic benefits to the region.***

Norling Consulting Advice

The letter and associated brief review only refers to the hotel resort component of the proposal (250 rooms, 150 serviced apartments, 12 storeys). Notwithstanding, it provides various statements of relevance to the consideration of the current application. These include the following:-

- *A 12-storey complex is **not a prerequisite** to achieve a five-star international resort rating.*
- *It is slightly more costly to service rooms that are set out in a low rise format, than is the case in a high rise format. However the **difference is considered relatively minor**.*
- ***The provision of ocean views** for all or a major proportion of the rooms would be an advantage (commanding higher revenues and providing a competitive advantage), but **not a prerequisite for the proposed development**.*
- *The viability of proposed developments has been deemed by the Planning & Environment Court as involving matters of private economics, which should **not** form part of a town planning assessment.*
- *It is also relevant to acknowledge that the Sunshine Coast has an established tourism brand, with sub-regions of the Sunshine Coast having variations of that established brand. However, major new facilities should not undermine the established brand, which could lead to marketing problems of the region in the future and/ or the alienation of established markets.*
- *From an economic perspective, the height of buildings of itself should not significantly affect a resort's degree of success. What is considered more important is the amenity offered by the rooms and central facilities of the resort and how the buildings can blend into the surrounding environment (natural and built).*
- *It is also understood that a separate matter concerns the extent to which the proposed development meets community expectations. This is not considered to be an economic matter, although a legitimate issue to be considered by the Councillors, who have been elected to represent the views of the ratepayers.*

SCEC Comment

The officer's report, supported by the independent advice, effectively established that the economic claims of the Sekisui proposal were unlikely to be achieved. In addition, the impacts on the wider local community and adjacent turtle nesting beach, particularly from significantly higher development densities, were not consistent with the intent of the Planning Scheme.

Thus, the application was not recommended for acceptance by the Report, and similarly not supported as such by the Councillors.

However, as part of the assessment process, a 'modified theoretical compromise' concept of lower heights and reduced densities was 'investigated' by Council officers. It was noted that ALL relevant planning matters should still be considered in the assessment of any future alternative proposal.

In addition, an apparent 'need' (by Council) to attract investment in new premium hotels was noted in the Report.

The Report has effectively created a pre-emptive guideline for any subsequent application with a view (by Council) to capitalise on an opportunity to attract an international standard 5-star hotel.

The concern now, by SCEC (and others), should be the objectivity of the assessments of the economic, community and environmental issues, particularly with respect to consistency with matters as identified by this 2015 Council assessment.

2017 SEKISUI APPLICATION

The current application / reapplication addresses issues raised by the officer's report (2015), and Council, regarding the previous application as outlined above.

Development Assessment Report

The Report is intended to address issues raised in the 2015 assessment by Council, at least to highlight 'favourable' aspects, and to 'downplay' less favourable outcomes.

Relevant (economic) extracts from the Report are included in Appendix A. The Report provided a conclusion that included the following:-

The proposed development will result in the delivery of a broad community and social benefit as well as contributing a significant benefit to the local and regional economies. These benefits will be far reaching include:-

- *Direct Economic Benefit into the local economy of \$227 million annually*
- *Creation of 3900 construction jobs with a delivering wages of \$26 million per annum*
- *The development will create 1379 new direct and indirect jobs delivering wages of \$44 million per annum*
- *Creation of an additional 88,000 visitor stay nights on the Sunshine Coast*
- *Provide conference and event facilities for functions up to 800 delegates.*

Economic Impact Assessment (EIA)

The Assessment provides the background and details for the economic outcomes as referred to in the Development Assessment Report.

Relevant extracts from the Report are included in Appendix B. The Assessment provided a conclusion as follows:-

The proposed development at Yaroomba Beach has the potential to create a precinct of regional and state importance. The development of a 5 star hotel and associated facilities will expand the appeal of the Sunshine Coast as a tourist destination and will be an important regional partner for the expanded Sunshine Coast Airport. These facilities will also provide the opportunity to cater for the expanding conferences industry, attract major events to the region. The community will also benefit in terms of the new public facilities of the coastal public park.

EIA – Response to Information Request

The Response addresses five (5) issues raised by the assessment manager (Sunshine Coast Council) regarding economic aspects of the Development Assessment Report.

Relevant extracts from the Response are included in Appendix C. The issues are noted as follows:-

(a) Provides an assessment of the economic impact of the proposed 2,770m² shopping centre as well as the commercial, retail and restaurant floor areas in the Resort complex in accordance with the Planning Scheme (Schedule 6). The assessment should focus upon any impact on the Coolum District Centre, Coolum Local Centre, Mt Coolum Local Centre and Peregian Beach Local Centre.

(b) Removes residential expenditure from the assessment of total economic impacts (this is considered a transfer of regional demand and not a net benefit); or alternatively, demonstrates how the proposed residential product represents new or induced residential growth above and beyond what could be accommodated within the existing Sunshine Coast market.

(c) Provides the associated input/output tables and multipliers that have informed the modelling and explains the methodology that has been utilised to create those tables.

(d) Provides an assessment of what impact the resort will have on existing hotel operators. Adjust the assessment of total economic output to reflect the net impact on the Sunshine Coast Region.

(e) Explain how the 50% usage factor for Meetings, Incentives, Conferences and Events (22,813 delegates/room nights) was derived and substantiate the 100% allocation of total Meetings, Incentives, Conferences and Events demand to commercial accommodation.

Community Benefits Report

The Report was requested by Council to collate community benefits referred to in the various sections of the application.

Relevant (economic) extracts from the Report are included in Appendix D. The Executive Summary included highlights of the proposed development as follows:-

- *This report supports an application to the Sunshine Coast Regional Council for preliminary approval of the Yaroomba Beach Master Plan establishing a unique **\$900 million tourism focussed coastal village called Yaroomba Beach**, and for a development permit for Stage 1 of the development.*
- *The ultimate development outcome will achieve a master planned, integrated, tourism/residential development that will create a world class destination for the Sunshine Coast with domestic and international appeal, comprising The Westin Coolum Resort & Spa complex with 220 room 5 star luxury hotel and 1,000m² of integrated conference and meeting space, 148 service apartments, 753 multiple dwellings and 98 dwelling houses with a 2,770m² Shopping Centre. The proposed shopping centre will comprise shops, offices, cafes and restaurants and will form part of a village heart which will also include a 6,000m² public park, 3km of pathways surrounded by retained native vegetation, direct access to the beach with public car parking, surf lifesaving amenities and beach ecology and indigenous education centre. The development will occur across five precincts and multiple stages.*
- *The Stage 1 centrepiece of the development will be the 220 room 5 Star The Westin Coolum Resort & Spa and integrated conference facilities, **the first 5-star hotel built on the Sunshine Coast in nearly 30 years**, and the Yaroomba Beach coastal village heart. Council has recognised the importance of attracting new premium hotel investment to the Sunshine Coast if the region is to remain competitive to emerging tourism demand (particularly international tourism) and to ensure the region continues to evolve as a high-quality tourism destination and; to providing a positive dividend to the significant \$360 million investment by Council in the expansion of the Airport, which is only 5 mins away from the project. The integrated conference facilities are a key component of the resort to attract the MICE market conferences and events back to the Sunshine Coast, which generate significant economic benefits to the region outside traditional holiday periods.*

SCEC comment

The main basic statistics provided by the provided for the proposed development with regard to economic assessments are:-

- \$900 million tourism focussed coastal village
- 220 room 5 star luxury hotel with 1,000m² of integrated conference and meeting space, and 148 serviced apartments
- 753 multiple dwellings and 98 dwelling houses (851 total-equates to a maximum residential density of 1163 equivalent dwellings)
- 2,770m² retail/shopping Centre

These statistics have been used by the consultant (RPS) for the developer in an input-output framework (financial model) to identify the direct and flow-on impacts to the economy. These impacts have been estimated based on four key measures:

- **Output:** The total gross value of goods and services produced, measured in the price paid to the producer. Output values the impacts of all goods and services used in one stage of production as an input into later stages of production.
- **Gross Value Add:** the additional value of a good or services over the cost of goods used in producing the good or service.
- **Incomes:** the level of wages and salaries paid to employees in each industry as a result of the

development.

- **Employment:** the number of additional jobs created as a result of the additional expenditure, estimated as the number of jobs, expressed in terms of equivalent full time (EFT) positions.

Gross Value Add and Employment (EFT positions) are the two most significant measures.

The RPS analysis generated the following 'significant' (i.e. by RPS) benefits to the local and regional economies:-

- *Direct Economic Benefit into the local economy of \$227 million annually*
- *3900 construction jobs delivering wages of \$26 million per annum*
- *1379 new direct and indirect jobs delivering wages of \$44 million per annum*
- *additional 88,000 visitor stay nights on the Sunshine Coast*
- *conference and event facilities for functions up to 800 delegates*

The first impression for the economics is that there is not much of concern in the assessments in themselves. They appear to be standard methodologies using standard data sets for economic flow-ons. The result is as expected - if you add a 5 star resort and increase the building construction density, then you have a correspondingly / pro-rata higher economic benefit. **The main issue then becomes the relevancy (rather than the outcomes) to the review of conflicts with the planning scheme.**

There are also general doubts (by financial analysts) over the accuracy of input-output methodology for economic assessments, but the consultants (RPS) say they can defend it.

The second impression is that there are various statements in the economic related documents that have been phrased favourably towards the development, but are not necessarily applicable. The economic assessments provide some big numbers as expected (as noted previously), but the calculations are based on standard methodologies and data sets, with some minor adjustments to suit the local area.

Essentially, the calculations (and economic results) could be applied to virtually any site on the coast (within reason), thus demonstrating how beneficial it might be to develop (or redevelop) any site with a 5 star hotel and higher density dwellings. Stockland at their Bokarina site would probably have preferred a higher level of development (and presumably other developers), **IF** the Planning Scheme (and created 'precinct plans' could be changed (or allowed to be changed) to suit their scenario. **The economics should not be used as a main reason to decide to change the Planning Scheme, but is certainly being put forward by the proponent as a rather a 'big carrot.'**

The application also highlights several other key reasons according to proponent for approving this application:-

- Council has recognised the importance of attracting new premium hotel investment to the Sunshine Coast;
- to provide a positive dividend to the significant \$360 million investment by Council in the expansion of the Airport;
- The integrated conference facilities are a key component of the resort to attract the MICE market conferences and events back to the Sunshine Coast,

Comments on these perceived key reasons are as follows;

Premium (5 star) hotel

The Strategic Framework (Economic Development elements) identifies Tourism Focus Areas as opposed to site specific locations for a '5 star' hotel (see part 3 of the Sunshine Coast Planning Scheme-Economic Development).

The policy section of the planning scheme also has a map that designates areas on the Sunshine Coast that are suited for various facets of economic development. One of these designations is "Tourism Focus Area" and there are 22 of these areas marked on the map. These areas are indicated by a star on the map and are not site-specific. Coolum Beach is a Tourism Focus Area, as is Montville, Yaroomba and many other areas.

Sekisui continually claim that its development site is the only remaining undeveloped **beachside** Tourism Focus Area on the Sunshine Coast. While this description may be true, as noted above, there are also many other Tourism Focus Areas and NONE automatically qualify as a 5 star resort location.

It is also noted that there has been a 5 star resort associated with this site / area. It is no longer operating due to number of factors, including speculation and assumptions as to why. Notwithstanding, it could possibly be resurrected AT ANY TIME through an 'astute' purchase and associated refurbishment and marketing.

The advice in 2015 to Council from Norling Consulting is still very relevant to be noted - **high rise buildings and/or 'ocean views' are not essential for a 5 star location**

- Most of the world's major cities / sites are not near an ocean. The Australian and European 'star' rating criteria do not refer to any views, let alone ocean - it is primarily about the quality offered at the establishment.
- For example, the 5 star Westin Hotel in Sydney is at Martin Place in the heart of Sydney, and does not note any views on its website. Their only other current 5 star Westin is in Melbourne and probably also does not have ocean views.

Norling Consulting also advised the following:-

- ***It is slightly more costly to service rooms that are set out in a low -rise format, than is the case in a high rise format. However the difference is considered relatively minor.***
- ***The provision of ocean views for all or a major proportion of the rooms would be an advantage (commanding higher revenues and providing a competitive advantage), but not a pre-requisite for the proposed development.***
- ***The viability of proposed developments has been deemed by the Planning & Environment Court as involving matters of private economics, which should not form part of a town planning assessment.***

It is also noted that other '5 star hotels' already exist on the Sunshine Coast as listed on *Trip Advisor Australia*, including:-

- Narrows Escape Rainforest Retreat, Montville
- Rumba Beach Resort, Caloundra
- Oceans Mooloolaba, Mooloolaba
- Samara Rainforest Retreat & Day Spa, Buderim and luxury offerings such as;
- Spicers Clovelly Estate, Montville

and at Noosa:-

- RACV Noosa Resort, Noosa
- Peppers Noosa Resort and Villas, Noosa
- Sofitel Noosa Pacific Resort, Noosa

Further, the Sunshine Coast Council is currently actively promoting the new Maroochydore City Centre (SunCentral) to include a premium hotel as well as convention and exhibition facilities (SCC website viewed 28 November 2017)

The Sekisui application contains the following statement / information; (highlighted emphasis added)

The term 'sufficient grounds' has been considered by the Planning and Environment Court and Statutory Guideline 05/09 has been prepared with regard to these decisions of the court about this term. One of the deciding matters to determine if there are sufficient grounds to justify a conflict with a relevant instrument is that there is an urgent need for the proposal. The example given in the Guideline for this particular sufficient ground is as follows:

"A local government has identified that there is an undersupply of residential care accommodation in the local government area and, as a result, there is likely to be a significant shortfall in the amount of accommodation available in the next five years".

The information referred to above does not indicate any URGENT need for ANOTHER 5 star hotel on the Sunshine Coast to warrant a change (particularly to the magnitude proposed) to the Planning Scheme at Yaroomba, despite the claims by Sekisui.

Further, their claims for 'ocean views' and high rise are only related to commercial advantage, and thus, NOT a reason for consideration of a change.

An approval would be detrimental to the other 5 star hotels, as well as the possible resurgence of the Palmer Resort. (50% of customers will be attracted from existing hotels, as claimed by the application. If patronage is 'lost', it is lost, notwithstanding other measures to compensate for such 'losses' as cited in the application.)

It would also be detrimental to attracting a premium hotel to the new City Centre, which is already identified as a suitable location in the Planning Scheme (the need to assess suitable location options was noted in the 2015 Council assessment.) Such negotiations, including convention and exhibition facilities, are well underway (particularly since 2015); albeit with limited details publically released as the CBD development is generally discussed in 'confidential' sessions of Council.

The statements also flag a possible conflict of interest for Council as the instigator /'developer' of the City Centre, with regard to a decision on the application. Council is actively attempting to attract suitable investors to this major regional project. If the proposed resort does attract 50% of potential new visitors, as well as bigger conventions etc as claimed by Sekisui, then the attractiveness / benefit for the Council (as current owners of the City Centre site) will be reduced by the increased competition. (Note: It could also reduce the Sekisui claimed benefits by 50%, and/or becomes a 'transfer' of benefits within the region, and not 'new' due to Sekisui.)

Sunshine Coast Airport Expansion Project (SCAEP)

There are various references in the application to the Sunshine Coast Council investing \$347m in the airport expansion, and a need to get a return by way of a 5 star resort (at Yaroomba). Council will receive payments from Palisade by 2022 to cover this cost to ratepayers, as claimed by Council. The responsibility for the operation of the airport is to be transferred fully to Palisade (effective December 2017) by way of a 99 year lease agreement.

The airport will essentially be a privately operated investment for the next 99 years and probably should not be referred to. While the Council has expressed a need for investment in a new 'premium' hotel, that should be based on an 'anywhere appropriately zoned' basis, because a 'Yaroomba 5 star hotel concept' is yet to be considered, let alone formalised for any deliberations regarding the airport's viability or operations, for example.

Thus, the statements about the inter-reliance of the new runway and a 5 star hotel should NOT be a reason to change the current Planning Scheme because they are both effectively private sector investments.

It is a confected correlation by the proponent which should not be considered as part of the overall 'economic case.'

The statements also flag another possible conflict of interest for Council as the owner of the airport, with regard to a decision on the application. Council will be receiving an annual rental payment based on 5% of gross revenue from the airport. If the proposed hotel does increase air traffic as claimed by Sekisui, then Council will benefit by the increased revenue.

- Furthermore, SCEC can advise that the Project Manager for Sekisui House, Evan Aldridge categorically stated on several occasions that their development was not contingent on the airport expansion and was a "stand alone" project.

Conference facilities

This 'key reason' of 'integrated convention facilities' has been referred to above in '5 star hotel':-

Further, the Sunshine Coast Council is currently actively promoting the new Maroochydore City Centre to include a premium hotel as well as convention and exhibition facilities (SCC website accessed 28 November 2017).

The comments regarding need, suitability and conflict of interest as noted above in 5 star hotel are also applicable to the claims for the 'conference facilities' (which equates to conference space of

Density

This is not noted in the application as a 'key reason' for approval, but is a significant issue for consideration in the assessment /approval process. It is probably the most significant issue because the density of development affects the surrounding local community through increased numbers of people and associated pressure on all facilities and locality amenity. Equally, as well, the economic benefits / impacts are almost in direct proportion to any change in density.

There appears to be a focus on the height issue in the Development Assessment Report and the need for a 5 star hotel, but not much on the increase in density of the development:-

FROM - maximum residential density of 450 dwellings (2 to 4 storeys) [current 2007 preliminary approval]

OR – 291 dwellings (2 storeys) [current 2014 Planning Scheme general height overlay]

TO - 757 apartments and 102 dwellings (2 to 4 storeys – total 859) plus 220 room hotel with additional 148 serviced apartments (5 to 7 storeys) = 1163 equivalent dwellings.

The previous submission in 2015 was based on:-

1,150 residential apartments (including retirement and aged care – 4 to 10 storeys) plus 250 room hotel with additional 200 serviced apartments (up to 10 storeys)

The Council's contemplation of a moderated development concept in 2015 (Option 2) considered a maximum height of generally 4-6 storeys but with potential for up to 8 storeys (hotel), to primarily address visual height issues. Thus, the current application has complied with the Option 2 'contemplation' for some issues, but density related (and other) issues still need to be addressed as also noted by the Council assessment in 2015.

However, the proposed increase in density is still a gross conflict with the current 2014 Planning Scheme provisions (2 storey / 8.5m height overlay), as well as the 2007 preliminary approval. The general town planning requirements are outlined in the Coolool Local Area Plan Code and the Strategic Framework (which describes overall regional intent).

Thus, the significant increase in density is a major issue. As noted above, the economic benefits are almost directly proportional to the proposed densities of development.

Hence, any problem/ concern is not only in the detail of the RPS economic assessments, but in their relevance to the assessment of the planning criteria, in particular "an urgent need" for a 5 star resort, as already referred to above. Most of the relevancy will also relate back to the height and density issues, which will be well documented by others.

It is also noted that higher density dwellings may also be necessary for the viability of developing the hotel.

RPS economic assessments

Dwellings / apartments: 291 (2014 Planning Scheme); 450 (2007 approval); 859 (2017 Sekisui)

'Resort': 220 room hotel plus 148 serviced apartments (2017 Sekisui)

Additional comments by SCEC on the economic assessments are noted below.

- The current Sekisui proposal, in addition to inclusion of a 220 room hotel and 148 serviced apartments, is based on densities of dwellings / apartments of almost **3 times greater** than the Planning Scheme or twice as great for the preliminary approval respectively. Economic benefits, as calculated, could be expected to produce similar results, plus the hotel contribution.
- The results estimate that about 75% of economic benefits to the 'community' will be attributable to the hotel component. In terms of benefit to the community, the residential component is significantly less than the hotel component. This raises a question on whether the community needs to accept the significant increase in residential density, noting that financial viability of the overall proposal should not be a part of the assessment.
- It should also be noted that the 'Sunshine Coast region' in the analyses, includes Noosa Council area because of the proximity to the subject site. 34% of the total economic benefit is attributed to the Sunshine Coast region. It is not unreasonable to assume that 50% of this value could be attributed to Noosa thereby reducing the totals to Sunshine Coast Council area by 17% overall. This application will be assessed against the *Sunshine Coast Council Planning Scheme 2014*, so benefits to other Council areas can be noted, but should not be included in the final assessment.
- The construction period is assumed to be two (2) years for the hotel and a further 7 years for the residential component. The MacroPlan advice in 2015 doubted that the previous proposal could be achieved in twelve (12) years and suggested 24 years as more likely due to a lack of demand to sustain the construction rate. The same doubt / questioning should apply to the current proposal.
- MacroPlan also generally considered economic benefits to be over- estimated as claimed by the previous application. This could also be possible with this application and would need to be checked again by Council to confirm assumptions. It is noted that a standard methodology and data base for multipliers is used (subjectively adjusted for smaller local areas), but basic assumptions and timeframes can be subjective and open to variance. The results probably indicate relative amounts for comparison purposes between development options, but not necessarily the actual quantum for quantitative economic comparison against community and environmental impacts of the actual proposal.
- The assumption of 50% of visitors being 'new' (i.e. would not have come) could be questioned, but the assertions that the other 50%, attracted from other hotels, may have little effect on their overall longer term performance is not necessarily reasonable. As noted above, 'lost' customers are lost; efforts to compensate, generally would add to the customer base anyway, if not lost in the first

place. As also noted above, the proposed premium hotel in the City Centre may also attract 50% of the 'new' visitors (and associated economic benefits).

- The outcome of relatively minor benefits, rather than losses, to the various local shopping precincts is not unreasonable given additional people in the area, and the small nature of the on-site shopping area.

SUMMARY

This review by SCEC has noted the following points of concern with regard to economic impacts associated with the development application by Sekisui for their Yaroomba site:-

- The economic assessments to determine the benefit to the community are likely to have overestimated the value by at least 17% due to inclusion of Noosa Shire and possible other errors. Previous independent advice to Council in 2015 considered the overall benefits (on a bigger proposal) to be 'modest' (i.e. not significant as claimed) on a regional basis. Further independent checking of accuracy needs to be robustly undertaken by Council (as done in 2015) as part of their assessment process.
- The contribution of the residential development is only about 25% of the total economic benefits, so the merit of at least twice (**or up to 3 times**) the density of development, as proposed, should be reconsidered.
- Although there will be additional residential dwellings and apartments created, it will still only be mainly a transfer of opportunity as noted by Council, because there is a limit to buyers coming to the Sunshine Coast region at any time.
- References to the airport extension for community benefit should not be relevant because the airport will be operated as a private investment for the next 99 years.
- Commercial viability aspects of the development proposal should not be considered in the assessment for changes to the Planning Scheme.
- There does not appear to be an urgent need to attract a 5 star resort to the Sunshine Coast because others already exist, including potentially the adjacent Palmer Coolum Resort. In this regard, the Maroochydore City Centre has also now been identified by Council as a desirable location for a new premium hotel as well as convention facilities, and is being actively marketed as such.
- The opening of the City Centre hotel could attract 50% of the potential 'new' visitors claimed by Sekisui, with a similar reduction in the value of economic benefits. Alternatively, such benefits should just be treated as a 'transfer of opportunity' as noted for the residential dwellings.
- Council may have 'conflicts of interest' for the development approval process with regard to the new runway and proposed convention facilities. It is the owner of the airport as well as the Maroochydore City Centre respectively. If the application is approved, Council will benefit by increased patronage of the airport, but will be adversely affected to attract a hotel and convention facilities to the City Centre project (or conversely if not approved).

CONCLUSION

An 'urgent' need for a new 5 star hotel is stated in the application as a primary reason to allow a change to the Planning Scheme. The current existence of several 5 star hotels and the identification of the Maroochydore City Centre site for a premium hotel and conference facilities do not support this claim.

In particular, the application does not refer to the 'game changer' Maroochydore City Centre project. The lack of reference to and assessment of the economic effects of the project is a major omission in the application.

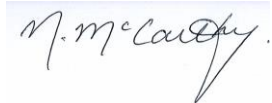
The economic value of the residential development is also likely to be overvalued and generally not relevant to contribute extra to the economy (as previously noted by Council) because there is a limit to new arrivals / demand.

In view of the failure to acknowledge the City Centre project and other 5 star hotels in the region, the economic value for the hotel component is also likely to be significantly overvalued and generally not relevant to contribute extra to the economy because it will also just be a 'transfer of opportunity'.

The merit of beneficial economic impacts to warrant a change to the Planning Scheme as claimed in the Planning Assessment Report for the Sekisui project at Yaroomba is not supported by this review.

David Tunnah
Volunteer Research Assistant
Sunshine Coast Environment Council

Narelle McCarthy
Liaison and Advocacy
Sunshine Coast Environment Council

A handwritten signature in black ink, appearing to read 'N. McCarthy', written over a light blue rectangular background.

16 January 2018

Appendix A – Extracts from the Development Assessment Report

Relevant (economic) extracts from the Report include the following:-

1.0 Executive Summary

- *The ultimate development outcome will achieve a master planned, integrated, tourism/residential development ... comprising a Westin Resort and Spa resort complex with 220 rooming units, service apartments, multiple dwellings and dwelling houses with an approximate total density of 1,225 dwelling/rooming units and a 2,770m² Shopping Centre.*
- *Council has recognised the importance of attracting new premium hotel investment to the Sunshine Coast if the region is to remain competitive to emerging tourism demand (particularly international tourism) ... and to provide a positive dividend to the significant investment by Council in the expansion of the Airport.*
- *The proposed development will result in the delivery of a broad community and social benefit as well as contributing a significant benefit to the local and regional economies. These benefits will be far reaching and include:-*
 - *Direct Economic Benefit into the local economy of \$227 million annually*
 - *Creation of 3900 construction jobs with delivering wages of \$26 million per annum*
 - *The development will create 1379 direct and indirect new jobs delivering wages of \$44 million per annum.*
 - *Creation of an additional 88,000 visitor stay nights on the Sunshine Coast*
 - *Provide conference and event facilities for functions up to 800*
- *The proposed development at Yaroomba Beach will create a precinct of regional and state importance. The development of a 5-star hotel and associated conference facilities will expand the appeal of the Sunshine Coast as a tourist destination and will be an important regional partner for the expanded Sunshine Coast Airport.*
- *The overall character of the buildings has been informed by the design drivers that were established through consultation and dialogue with the discussion groups and with UDAP during the development of the design.*
- *The (visibilty) analysis demonstrates the minimal impact that the proposal will have on the visual amenity of the surrounding area supporting the built form outcomes proposed.*

4.0 Background

4.1 Planning Scheme Amendment Submission

- *At the end of March 2015 Sekisui House lodged with Council a request for a planning scheme amendment to the Sunshine Coast Planning Scheme 2014. The aim of the request was to establish new development criteria in order to deliver a mix of resort (5-star hotel), residential and retirement living with supporting commercial and retail opportunities.*
- *The amendment request also concluded that the existing planning criteria of low density resort style accommodation spread over a large land holding does not, and has not, been commercially viable for a 5-star rated hotel facility in the region for over 30 years for a variety of reasons.*
- *Council's review of the proposed scheme amendment reconfirmed the importance of attracting new premium hotel investment to the Sunshine Coast if the region is to remain competitive to emerging tourism demand (particularly international tourism) and to ensure the region continues to evolve as a high-quality tourism destination. Council recognised that the existing development approval is unlikely to deliver a five-star international hotel.*

- At the time the planning scheme amendment request was lodged the proposed development concept included a 250 room five-star international standard hotel, 200 serviced apartments, 1,150 residential apartments (including retirement and aged care), 3,000m² of retail GFA. Building heights proposed were up to 10 storeys (38.5 metres) for the hotel with a further 16 residential accommodation buildings ranging in height between 4 storeys (14 metres) and 10 storeys (32.05 metres). **Council accepted that this development option was the most capable of delivering a hotel of five-star international standard and acknowledged that the realised project construction budget would be significant by national standards. Although recognising the economic benefits of development proposed to be supported by scheme amendments, Council determine that building height would likely have unacceptable impacts on regionally significant public views.**
- **In consideration of the above Council contemplated a moderated development concept of a theoretical compromise between maximising development yield while retaining regionally significant views through appropriate building height controls.** Council's testing of this option determined that a development with a maximum height of generally 4-6 storeys (14 metres – 21 metres) but with potential for up to 8 storeys (27 metres) in the centre of the site (subject to careful building positioning and design) would protect significant views from Mount Coolum and Point Arkwright. **Council recognised that there was a case to further consider the development parameters applicable to the site subject to careful consideration of the key strategic issues and local area dimensions contained in the planning scheme.**
- This development application refines and builds on the moderated development concept mentioned above while providing detailed assessment and supporting information demonstrating compliance with the strategic outcomes and local area characteristics relevant to the development of the site.

5.1 Site History

- A previous resort landowner sought from Council a preliminary approval pursuant to section 3.1.6 of the Integrated Planning Act which provides for overriding of the Maroochy Plan 2000 planning scheme in favour of the preliminary approval.
- **Council issued a preliminary approval in July 2007 which established the Coolum Hyatt Resort Community – An Integrated Resort and Residential Community in accordance with a Preliminary Approval Document, Coolum Hyatt Resort – Master Planned Document. The preliminary approval took effect in September 2007.**
- By way of background the Coolum Hyatt Resort – Master Plan provides for the development of five precincts including the following 2 relevant precincts:
 - **Resort – encompassing existing resort facilities, centralised car park, new beach club facility for club owners and guests and new resort beach club facility.**
 - **Beachside – a resident precinct bounded on the eastern side of the David Low Way, between Warragah Parade and Tanah Street East, with a maximum residential density of 450 dwellings.**
 -
- The subject site is located within Precinct 3 – Beachside Villages which comprises the following sub-precincts: Sub-Precincts 3A-3E (Resort Residential) Sub-Precinct 3F (Beach Club Mixed Use) Sub-Precinct 1C (Resort Beach Club) Sub-Precinct 1D (Clubs Resort Facilities). **The key development outcomes resulting from the preliminary approval as they relate to the Beachside Villages Precinct site are:**
 - **The development commitment is for a mix of resort, residential and commercial/retail uses.**
 - **The current development commitment is for a maximum of 450 residential dwellings and 500m² of gross floor area.**
 - **The current approved maximum building heights throughout the precinct range from 8.5 metres/2**

storeys to 16 metres/4 storeys.

- Since the time the Preliminary Approval was originally issued there have been a number of operational and ownership changes to the resort which have affected the functionality, coordination and intent of the Preliminary Approval.
 - Significant operational changes in the Resort include:
 - o Resort changed ownership in 2011.
 - o Following the termination of the Hyatt, the resort has continued to operate under a non-hotel brand. The changes have resulted in a severe downgrading of the resort rating from the previous 5-star rating.
 - o The resort restaurants and event spaces that were previously available to the public ceased operation in March 2015 and resort owner closed the resort.
 -
 - Significant Structural Ownership Changes in the Resort include:
 - o In 2014 SH Coolum (Sekisui House) and Coeur De Lion Investments (CDLI – Resort owner) agreed to transact a land ownership swap,
 - o The land swap facilitated an amalgamated land ownership for Sekisui House for the subject site.
 - o The land swap facilitated an amalgamated land ownership for CDLI for the resort.
 -
- These operational and structural ownership changes, as well as other realities, necessitate that the subject site be developed in a different way to that contemplated by the historical preliminary approval
- For clarity the following table provides a comparison of the proposed Yaroomba Beach Master Plan and the historical Hyatt Coolum Master Plan preliminary approval they relate to the subject site.

CRITERIA	HISTORICAL APPROVAL	NEW PROPOSAL
Design	<p>Gated housing lots and apartments</p> <p>Focus on individual residential development</p> <p>No 5 star international resort or conference facilities</p> <p>Sense of privateness / Gated Precincts - Perception that it will be for residents only</p>	<p>A mix of resort, residential and retail uses</p> <p>Focus on village theme & Eco Tourism International Resort</p> <p>5 star Westin Coolum Resort & Spa and conference facilities</p> <p>Public Open Space links Beach Access & Village Heart</p>
Economic Benefits	<p>No significant tourism spend injected into the local economy</p> <p>853 total construction jobs including 253 direct jobs (mainly on-site) and 600 indirect type 1 jobs (mainly supply chain).</p>	<p>\$78.6 million per year tourism spend injected into the local economy</p> <p>3,942 total construction jobs including 1,242 direct jobs (mainly on-site) and 2,691 indirect type 1 jobs (mainly supply chain).</p>

109 Equivalent Full Time (EFT) total ongoing jobs including 93 direct jobs and 16 indirect type 1 jobs (mainly supply chain).

1,379 EFT total ongoing jobs including 1,174 direct jobs on and off site and 205 indirect type 1 jobs (mainly supply chain). The direct onsite jobs include the 266 hotel employees, 88 retail and

The demands and needs generated by the other on-site employees and all other above employees will support an additional 40 jobs throughout the community, 90% of these are estimated to be based on the Sunshine Coast.

employment generated on the Sunshine Coast by tourist and resident expenditure.

The total ongoing employment is estimated at 149 EFT jobs.

The demands and needs generated by these employees will support an additional 465 jobs throughout the community, 90% of these are estimated to be based on the Sunshine Coast.

\$139 m construction budget (average \$34.9m per annum). Gross Value Add (GVA) - \$37.6m per annum for construction period (\$150m in total).

The total ongoing employment is estimated at 1,844 EFT jobs.

\$641 m construction budget (average \$71m per annum). Gross Value Add (GVA) - \$76m per annum for construction period (\$684m in total).

Total annual project GVA (when complete) - \$9.8m. Minimal tourist impact.

Total annual project GVA (when complete) - \$119.6m. \$91m of the annual GVA attributed to tourists and resort.

Minimal tourist expenditure.

\$78.6m per annum – total spend by tourists in the Sunshine Coast region (on site and off site expenditure).

\$7.6m per annum in total retail expenditure (On site and off site expenditure).

\$22.1m per annum in total retail expenditure (On site and off site expenditure).

Some tourist nights will be generated by the accommodation. No new regional visitation is expected.

176,700 total visitor nights per year. Of this, 88,350 visitor nights per year will be new to the region.

Residents are projected to generate \$3.2m of annual retail and food/beverage expenditure for businesses located in the Coolum area. An additional \$4.5m of expenditure will be directed to retailers in other parts of the Sunshine Coast region.

Tourists and residents are projected to generate \$12.2m of annual retail and food/beverage expenditure for businesses located in the Coolum area. An additional \$36.9m of expenditure will be directed to retailers in other parts of the Sunshine Coast region.

Ecotourism opportunity lost

Beach Ecology and Indigenous Education Centre provided to enable ecotourism businesses

Building Height

Range of buildings heights from 2-4 storeys

Transitioning building heights including 8.5m (2 storeys), 12m (3 storeys), 16m (4 storeys) and up to

24.5m (7 storeys) for the Hotel and serviced apartments.

6.0 Site Description

6.1 Subject Site

- Because of its unique location and characteristics, this site is recognised as a valuable tourism focus area and is of considerable strategic significance to the region. The only other comparable greenfield beachfront site of this kind on the Sunshine Coast is at Bokarina Beach which is 29.76 hectares in area and is located approximately 20 kilometres south of the subject site and is currently under development. Therefore, the subject site is the last designated Tourism Focus Area coastal site to be developed.
- One such example of this key infrastructure is the planned Sunshine Coast Airport Expansion which represents major investment managed by the Sunshine Coast Council to duplicate the runway and provide key commercial/industrial development opportunities. The proposed development is located approximately 5 minutes away from the airport expansion project and is intended to support the airport by providing five star standard accommodations and integrated conference facilities for both domestic and international travellers.
- The subject site benefits from the factors listed above as well as being integrated into a community that has previously accepted a major tourism facility proposal over the site.

7.0 Proposed Development

- The overall development proposal for the subject site is a \$900 million coastal village called Yaroomba Beach. The end development outcome will achieve a master planned, integrated, tourism/residential development that will create an iconic destination for the Sunshine Coast with domestic and international appeal.

7.1 Preliminary Approval For Material Change of Use

- Crucial in achieving a commercially viable 5-star hotel is the requirement for the hotel design to integrate the conference facilities, amenities and services expected of a premium provider more efficiently with the accommodation in order to cater for the broad variety of guest (leisure, business, functions, conferences, etc) that the venue would attract. This drives a smaller building footprint with a more vertical integration which ensures the operational and maintenance costs are more manageable and the viability of the hotel business is sustainable in the long term.

10.0 Planning Scheme

10.3.3 Economic Development Theme

- The project represents major international investment on the Sunshine Coast that will provide a major boost to the economy and will provide residents with a variety of new job opportunities. The proposal will provide a new tourism precinct to promote the region whilst supporting the tourism industry which is a major economic sector of the Sunshine Coast.
- The proposal will be co-located with the 'game changer' project of the Sunshine Coast Airport expansion. The project will be able to take advantage of international and domestic tourists entering the Sunshine Coast through the airport.

10.5 Local Plan

- The site is included within the Coolool Local Plan Area. An assessment of outcomes includes:-

Overall Outcomes

Comment

j) The Palmer Coolum Resort and The Coolum Residences continues to be developed as an integrated tourist and residential development focussed around an 18 hole championship golf course and large areas of open space. Development is configured in a series of beachside villages and other precincts that sit lightly in the landscape

Complies – The proposal is for an integrated tourist and residential development.

The proposal respects the scale and character of surrounding areas and vegetation by ensuring the development will not be visible above the tree line from key vantage points outside the site including Yaroomba Beach, Point Arkwright and the David Low Way.

10.8 Planning Scheme Conflicts

DESCRIPTION OF THE CONFLICT WITH THE PLANNING SCHEME:

- The assessment of the proposed development against the Sunshine Coast Planning Scheme 2014 has determined that the proposed development conflicts with performance outcome PO1 of the height of buildings and structures overlay code.
- The site is identified as having an 8.5m height limit by the height of buildings and structures overlay. It is noted that this 8.5m height limit conflicts with the historical preliminary approval (which remains current) over the subject site which allows development up to 4 storeys or 16m in height from the approved finished fill level. The proposed development does not exceed 4 storeys with the exception of the proposed tourism precinct comprising a 5-star international hotel and associated serviced apartments which are proposed to be 5-7 storeys with a maximum building height of 24.5 metres above finished surface level.

THE REASON WHY THE CONFLICTS ARE PROPOSED:

- Increased building height and revised site development criteria are required for the site because the existing planning criteria of low density resort style accommodation spread over a large land holding does not, and has not, been commercially viable for a 5-star rated hotel facility in the region for over 30 years.
- Council have confirmed the importance of attracting new premium hotel investment to the Sunshine Coast if the region is to remain competitive to emerging tourism demand, (particularly international tourism), and to ensure the region continues to evolve as a high-quality tourism destination. Council have also recognised that the existing development approval and its low-density development criteria are unlikely to deliver a five-star international hotel. The significant infrastructure commitment by the Sunshine Coast Council in upgrading the airport require new hotels and attractions to be developed to realise the positive dividend of that investment and deliver on key strategic policies.
- Five star rated hotels can be commercially viable on the Sunshine Coast if developed and operated in the correct manner. This requires the hotel design to integrate the facilities, amenities and services of the hotel more efficiently with the accommodation offering. This design philosophy drives a smaller building footprint and more vertical integration. Operational and maintenance costs are more manageable and the viability of the hotel business is sustainable in the long term.
- Given the above and the conclusions of the attached Economic Report, it is evident that revised planning criteria are required to facilitate Council's development intent for the site as a Tourism Focus area and to deliver a new 5-star international hotel which is vital for the Sunshine Coast tourism industry.

SUFFICIENT GROUNDS TO JUSTIFY THE PROPOSED DESPITE THE CONFLICT:

- Section 326 (b) of the Sustainable Planning Act 2009 ... the Act allows Council to approve the

proposed development despite the conflicts described in section 8.1 and 8.2 of this report if there are sufficient grounds to justify the conflict.

- The term sufficient grounds has been considered by the Planning and Environment Court and Statutory Guideline 05/09 has been prepared with regard to these decisions of the court about this term. One of the deciding matters to determine if there are sufficient grounds to justify a conflict with a relevant instrument is that there is an urgent need for the proposal. The example given in the Guideline for this particular sufficient ground is as follows:

“A local government has identified that there is an undersupply of residential care accommodation in the local government area and, as a result, there is likely to be a significant shortfall in the amount of accommodation available in the next five years”.

- In the case of this proposed development, Council have confirmed the importance of attracting new premium hotel investment to the Sunshine Coast if the region is to remain competitive to emerging tourism demand (particularly international tourism) and to ensure the region continues to evolve as a high-quality tourism destination. The tourism industry is a major economic sector of the Sunshine Coast.
- Given the site’s unique location and characteristics it has been recognised as a tourism focus area and is of considerable strategic significance to the region. ... the subject site is the only remaining oceanside greenfield site on the Sunshine Coast that can support a commercially viable 5-star international hotel.

11.0 Conclusion

- The proposed development will result in the delivery of a broad community and social benefit as well as contributing a significant benefit to the local and regional economies. These benefits will be far reaching include:-
 - Direct Economic Benefit into the local economy of \$227 million annually
 - Creation of 3900 construction jobs with a delivering wages of \$26 million per annum
 - The development will create 1379 new direct and indirect jobs delivering wages of \$44 million per annum
 - Creation of an additional 88,000 visitor stay nights on the Sunshine Coast
 - Provide conference and event facilities for functions up to 800 delegates.
 -

Appendix B – Extracts from Economic Impact Assessment (Attachment 19)

Relevant statements (*in italics*) and any associated comments on various sections of the Assessment include the following:-

SUMMARY

The Yaroomba Beach development is proposed to comprise a 220 room Westin 5 star Resort and Spa including retail uses, restaurants, conference facilities, pools, short term serviced accommodation and permanent residential apartments. Yaroomba Beach is also proposed to include the establishment of a new coastal public park, beach access and other public amenities.

Direct Expenditure and Visitation

Tourists (hotel facility) - \$78.6 million per annum (on and off-site expenditure). It is estimated that 50% of the tourist expenditure (or \$39.3 million) will be new expenditure that is attracted to the region by the project.

Residents - \$22.1 million per annum in total retail expenditure (on and off-site expenditure).

The Westin Resort and Spa is projected to host 176,700 visitor nights annually, of this 88,350 are new to the region.

Economic Output

The total economic output from the Yaroomba Beach project is estimated at \$228.6m per annum with 76% (\$175.3m) of the total derived from the hotel and related services.

Gross Value Added

[Value added: value of output after deducting costs of goods and services used in the production process. Value added is the preferred measure for assessing economic impacts]

The Yaroomba Beach project is estimated to have a Gross Value Added (GVA) of \$119.6m per annum as a contribution to the regional economy. Of this, \$91m is attributed to the hotel and related services.

Employment (Equivalent Full Time - EFT)

Construction Employment

The construction phase will create an average of 438 EFT (equivalent full time jobs) per annum for the 9 year construction period. Of this, 138 are direct jobs (mainly on-site) and 299 are indirect type 1 (typically supply chain) jobs. This equates to 3,942 person years of employment over the 9 year construction period. The wages and salaries are valued to be \$26.2m per annum.

Operational (ongoing) Employment

The operational phase will generate an estimated 1,379 EFT3 jobs. Of this, 1,174 are direct jobs and 205 are indirect type 1 (supply chain) jobs (all can be sourced from within Sunshine Coast region). The direct jobs include the 266 hotel employees, 88 retail and other on-site employees and all other employment generated on the Sunshine Coast by tourist and resident expenditure. The wages and salaries are valued to be \$43.9m per annum and will be mainly directed to the retail and hospitality sectors.

An estimated 77% of all employment generated by the Yaroomba Beach project is attributed to the hotel and related uses.

Yaroomba Beach will host a total of 354 EFT (266 resort employees, 88 retail and other on-site employees).

The demands and needs generated by these employees are expected to support an additional 465 jobs⁵ throughout the community, 90% of these are estimated to be based on the Sunshine Coast. The total employment is estimated at 1,844 EFT.

Relationship with Coolum

The development of Yaroomba Beach will have a beneficial impact on the retailers and service providers located in the local area of Mt Coolum to Coolum. While the resort will provide a small retail footprint and food and beverage facilities, the tourists and residents are projected to generate \$12.2m of annual retail and food/beverage expenditure for businesses located in the Coolum area. An additional \$36.9m of expenditure will be directed to retailers in other parts of the Sunshine Coast region.

Conclusion

The proposed development at Yaroomba Beach has the potential to create a precinct of regional and state importance. The development of a 5 star hotel and associated facilities will expand the appeal of the Sunshine Coast as a tourist destination and will be an important regional partner for the expanded Sunshine Coast Airport. These facilities will also provide the opportunity to cater for the expanding conferences industry, attract major events to the region. The community will also benefit in terms of the new public facilities of the coastal public park.

1.1 Project Description

1.1.1 Resort Precinct

- *Hotel Operator – Westin Coolum Resort and Spa (5 star property)*

Rooms - 220

Meeting rooms - 4

- *Conference Space – 550 Sq M expandable to 850 Sq M (can cater to conferences of up to 500 people)*
- *Serviced Apartments (serviced by Westin Coolum Resort and Spa) – 148 includes 70 dual key (140 individual rooms), 70 apartments and 8 villas*
- *Food and Beverage – the resort will provide an all-day dining restaurant, speciality restaurant, lounge bar and pool bar*
- *Employment – Westin Coolum resort and Spa expects to have a workforce of 266 EFT (some of these may be outsourced)*
- *Retail precinct – 2,195 Sq M that will likely include food/beverage, convenience retail, gifts/art, fashion and services (including tourism operators)*

1.1.2 Residential and Other Precincts

The project will include 757 apartments and 102 dwellings.

Other uses include public open space, lakeside boardwalks and a Beach Ecology and Indigenous education centre.

2.2 Sunshine Coast Airport

Earlier this year, the Sunshine Coast Council announced the lease of the Sunshine Coast Airport to Palisade Investment Partners. The \$347 million upgrade of the airport has been confirmed and will allow more direct international flights. The project is the only Sunshine Coast entry in the Tourism Investment Monitor 2016 published by Tourism Research Australia.

The planned Westin Resort and Spa at Yaroomba Beach will be a significant increase in the tourist infrastructure on the Sunshine Coast. As a true 5 star hotel with meeting/conference facilities, the Westin Resort and Spa will be well positioned to support (and convert) the opportunities provided by an expanded airport. The benefits provided by the major investment in the airport can only be fully realised when projects such as Yaroomba Beach are developed.

Appendix 1 – Economic Impact Tables

The following tables have been derived based on the information described in the previous sections. The input/output model prepared by RPS has been regionalised to reflect the individual nature of the local and regional economies.

Table 2 - Total Economic Impact

All	Output (\$M)	GVA (\$M)	Income (\$M)	Employment (EFT)
Direct Impact	\$100.79	\$53.58	\$32.67	1,174
Indirect Impact (Type I)	\$45.66	\$20.17	\$11.22	205
Sub-Total	\$146.45	\$73.75	\$43.89	1,379
Indirect Impact (Type II)	\$82.13	\$45.82	\$20.96	465
Total Impact	\$228.58	\$119.57	\$64.85	1,844

- The hotel is assumed to have an average occupancy of 2 people per room. This is due to the expected visitor profile that includes families, singles and couples. 50% of the patronage is projected to be new to the Sunshine Coast.
- The expenditure profile (per annum) and the distribution of that expenditure is detailed in the following table.

Table 9 - Expenditure Profile and Distribution [part only for accommodation, food and beverage, & other retail]

Total - All Groups	Hotel	Coolum	SC Region	Hotel	Coolum	SC Region
Sub Total	\$100,767,668	51%	12%	37%	\$51,181,998	\$12,418,676 \$37,166,994

Other assumptions

- On-Site Residents**
 - Apartments and dwellings – 859
 - Occupied 75% of the year (to account for holiday homes and part time residents)
- Construction estimates**
 - Hotel, 2 year construction period (years 1 and 2), total built area of 42,623 Sq M and construction budget of \$98.5m per annum (includes professional fees and other costs).
 - Residential/Remainder, 7 year construction period (years 3 to 9), total built area of 102,700 Sq M and construction budget of \$63.4m per annum (includes professional fees and other costs).
- Timing**
 - Project complete and operational in year 10.
 - Year 10 will form the basis for the economic assessments
 - Hotel is assumed to be trading at the same level in year 10 as in year 5.

Appendix 3 - Glossary and Reference

Types of Impacts Assessed

An input-output framework has been used to identify the direct and flow-on impacts, these direct and flow-on impacts to the economy have been estimated based on four key measures:

- **Output:** *The total gross value of goods and services produced, measured in the price paid to the producer. Output includes any associated taxes or subsidies on its final production. Output values the impacts of all goods and services used in one stage of production as a input into later stages of production.*
- **Gross Value Add:** *the additional value of a good or services over the cost of goods used in producing the good or service.*
- **Incomes:** *the level of wages and salaries paid to employees in each industry as a result of the development.*
- **Employment:** *the number of additional jobs created as a result of the additional expenditure, estimated as the number of jobs, expressed in terms of equivalent full time (EFT) positions.*

Criticisms of Economic Impact Assessments

Economic Impact Assessments based on IO-tables and Economic Multipliers have been criticised by Government and academia. RPS recognises Economic Multipliers are based on limited assumptions that can result in multipliers being a biased estimator of the benefits or costs of a project.

RPS has undertaken a number of steps and made appropriate adjustments to the EIA methodology to address and mitigate these concerns.

Appendix 4 - Westin Coolum Resort and Spa

The Westin Resort and Hotel Group is owned by Marriott International.

Marriott International is the world's largest hotel group operating in over 110 countries with 5,700+ properties, 1.1 million rooms and 30 hotel brands²¹. The group has experience on the Sunshine Coast as they also own and operate Sheraton Hotels. Sheraton previously operated the 176 room hotel in Hastings Street Noosa that is now operated by Sofitel.

The Westin Coolum Resort and Spa is a true 5 star hotel with a strong international customer base.

As a well-established hotel operator Westin has a number of hotels in Australia and South East Asia:

Australia

- *The Westin Sydney*
- *The Westin Melbourne*
- *The Westin Perth (open 2018)*
- *The Westin Brisbane (open 2018)*
- *The Westin Coolum Resort and Spa– Subject to Council approval*

Appendix C – Extracts from Economic Impact Assessment – Response to the Information Request

Relevant statements (*in italics*) and any associated comments on various sections of the Response include the following:-

1.0 Introduction

The purpose of this report is to address some of the issues raised in the Information Request issued by the Sunshine Coast Council.

The report addresses the following issues

(a) Provides an assessment of the economic impact of the proposed 2,770 Sq M Shopping Centre as well as the commercial, retail and restaurant floor areas in the Resort complex in accordance with the Planning Scheme (Schedule 6). The assessment should focus upon any impact on the Coolum District Centre, Coolum Local Centre, Mt Coolum Local Centre and Peregian Beach Local Centre.

(b) Removes residential expenditure from the assessment of total economic impacts (this is considered a transfer of regional demand and not a net benefit); or alternatively, demonstrates how the proposed residential product represents new or induced residential growth above and beyond what could be accommodated within the existing Sunshine Coast market.

(c) Provides the associated input/output tables and multipliers that have informed the modelling and explains the methodology that has been utilised to create those tables.

(d) Provides an assessment of what impact the resort will have on existing hotel operators. Adjust the assessment of total economic output to reflect the net impact on the Sunshine Coast Region.

(e) Explain how the 50% usage factor for Meetings, Incentives, Conferences and Events (22,813 delegates/room nights) was derived and substantiate the 100% allocation of total Meetings, Incentives, Conferences and Events demand to commercial accommodation.

1.1.2 Residential and Other Precincts

The project will include 757 apartments and 102 dwellings.

2.0 Centres

This section provides an assessment of the level of impact/benefit that is likely to be triggered by the Yaroomba Beach project on selected local centres. [Mount Coolum, Peregian Beach (Noosa Shire Council), Coolum]

2.3 Conclusion

The economic and financial performance of the assessed centres will grow over time in line with an increasing local resident population and larger numbers of tourists. Coolum and Coolum Beach will gain the most benefit as they will cater to the needs of the Yaroomba Beach residents in addition to the demand generated by other new residents. The future residents of Yaroomba Beach will patronise other local retailers as the on-site 'resort style' offer will only meet a portion of their needs.

The above noted estimates only consider demand from local residents and tourist expenditure related to the subject site. The turnover performance of these centres will also be shaped by the future performance of the broader tourism market.

Table 1 - Expenditure Profile and Distribution (expanded)

	Hotel	Coolum	Coolum Beach	Mt Coolum	Peregian	SC Region
Sub Total \$100,767,668	51%	3%	9%	1%	2%	34%

3.0 Role of Residential

The information request issued by Council takes the position that the residential expenditure should be removed from the assessment of total economic impacts or it should be demonstrated how the proposed residential product represents new of induced growth.

In conclusion, removing residential expenditure from the assessment of total economic impacts is not considered appropriate as an increased number of new local residents will improve the economic and financial performance of local businesses and retailers. This enhanced economic performance needs to be documented if Council is to make an informed decision.

4.0 Economic Model

The RPS modelling utilised the following dataset produced by the Australian Bureau of Statistics:

- 5215.0.55.001 - Australian National Accounts: Input-Output Tables (Product Details) – 2014-15.

5.0 Hotel and MICE

5.1 Patronage Assumption

The economic analysis assumes that 50% of the occupancy at the Westin Resort would be derived from new visitors to the Sunshine Coast. This assumption is underpinned by the highly mobile nature of tourists staying in 5 star properties. If a holiday or conference on the Sunshine Coast at the Westin Resort were not possible, many (if not most) of the potential patrons would travel to another region or country.

With respect to the 50% new patron assumption, the following is noted:

- *The price associated with a 5 star destination means that for a large portion of potential guests the alternative to a Westin Resort at Yaroomba will not be a serviced apartment elsewhere on the Sunshine Coast but a 5 star property elsewhere in Australia or overseas (eg Gold Coast, Bali etc).*

The scale of the market gap left by the closure of the Hyatt and the rebranding of the Sheraton, the lack of a directly comparable/competitive property, the profile and capacity of Westin Resorts and the price point of the resort all support the assumption contained in the economic report that 50% of the patronage will be from new sources as opposed to a transfer of demand from other properties.

5.2 Impact on other operators

The economic report contains an assumption that 50% of the patronage for the Westin Resort will be generated from new sources. The implication of this is that the remaining 50% will be redirected from other properties. The level of overall impact is therefore directly linked to the capacity of other hotels and accommodation properties to adapt to the new competitive environment and expand the overall patronage base.

The approval of the Westin Resort will have an overall beneficial effect on the tourist market on the Sunshine Coast. At worst, any business 'lost' to the Westin Resort will be made good by overall market growth (assuming a normal competitive response) with a significant overall increase in tourist visitation considered more likely.

5.3 MICE market

The economic report contains a series of assumptions to provide an assessment of the scale of the MICE Market. These assumptions generate an estimate of 22,800 room nights with 83% directed to the Westin Resort and the remainder to other sites.

Appendix D – Extracts from Community Benefit Report

Relevant (economic) extracts from the Report include the following:-

EXECUTIVE SUMMARY

*This report supports an application to the Sunshine Coast Regional Council for preliminary approval of the Yaroomba Beach Master Plan establishing a unique **\$900 million tourism focussed coastal village called Yaroomba Beach**, and for a development permit for Stage 1 of the development (see section 7.2 of this report).*

The ultimate development outcome will achieve a master planned, integrated, tourism/residential development that will create a world class destination for the Sunshine Coast with domestic and international appeal, comprising The Westin Coolum Resort & Spa complex with 220 room 5 star luxury hotel and 1,000m² of integrated conference and meeting space, 148 service apartments, 753 multiple dwellings and 98 dwelling houses with a 2,770m² Shopping Centre. The proposed shopping centre will comprise shops, offices, cafes and restaurants and will form part of a village heart which will also include a 6,000m² public park, 3km of pathways surrounded by retained native vegetation, direct access to the beach with public car parking, surf lifesaving amenities and beach ecology and indigenous education centre. The development will occur across five precincts and multiple stages.

*The Stage 1 centrepiece of the development will be the 220 room 5 Star The Westin Coolum Resort & Spa and integrated conference facilities, **the first 5-star hotel built on the Sunshine Coast in nearly 30 years**, and the Yaroomba Beach coastal village heart (see Figure 1). Council has recognised the importance of attracting new premium hotel investment to the Sunshine Coast if the region is to remain competitive to emerging tourism demand (particularly international tourism) and to ensure the region continues to evolve as a high-quality tourism destination and; to providing a positive dividend to the significant \$360 million investment by Council in the expansion of the Airport, which is only 5 mins away from the project. The integrated conference facilities are a key component of the resort to attract the MICE market conferences and events back to the Sunshine Coast, which generate significant economic benefits to the region outside traditional holiday periods.*

Westin Hotels & Resorts has been an international leader in wellness and hospitality for more than 80 years. Westin manages more than 200 hotels and resorts in nearly 40 countries and territories, and is owned by Marriott International – the world's largest luxury hotel company operating more than 6,500 properties globally. This marketing reach will promote the Sunshine Coast to an international member loyalty base of 110 million members (see Figure 2).

*The proposed development will result in the **delivery of significant community and social benefit** as well as contributing a significant benefit to the local and regional economies. These benefits will be far reaching and include:-*

- *Total Economic Output into the local economy of \$228.6 million annually.*
- *Creation of 3900 construction jobs delivering wages of \$26 million per annum.*
- *Gross Value Added into the local economy of \$120 million annually.*
- *The development will create 1379 Equivalent full time (EFT) direct and indirect new jobs delivering wages of \$44 million per annum across the region.*
- *The development will directly employ 354 EFT people, with 266 EFT jobs within The Westin Coolum Resort & Spa. Yaroomba Beach has also partnered with TAFE QLD East Coast to promote industry sectors of Trade Construction, Retail, Hospitality, Administration, Health & Wellness and Landscaping and Maintenance Services to provide local jobs prospects to local trainees.*
- *Establishment of a Hospitality Traineeship Commitment*
- *The Marriott International, the Westin's owning company, offers global professional career paths supported by high quality in-house training.*

- *The Westin Coolum Resort & Spa will generate 88,350 new visitor nights per annum to the Sunshine Coast and attract MICE conference and events back to the coast. With over 1000m2 of conference and meeting space, the venue can hold up to 800 delegates.*

COMMUNITY BENEFITS CONSIDERATIONS

Community benefits of the Yaroomba Beach Master Plan can be broadly defined into Economic, Social and Environmental sectors. The following tables detail these proposed benefits.

Economic

RPS has prepared an updated Economic Impact Assessment (refer Attachment 2) which further addresses the issues raised by Council in their information request. The Economic Impact Assessment estimates that:

Direct Expenditure and Visitation

Tourists (hotel facility) - \$78.6 million per annum (on and off-site expenditure). It is estimated that 50% of the tourist expenditure (or \$39.3 million) will be new expenditure that is attracted to the region by the project.

Residents - \$22.1 million per annum in total retail expenditure (on and off-site expenditure).

The Westin Coolum Resort & Spa is projected to host 176,700 visitor nights annually, of which 88,350 are new to the region.

The market positioning of The Westin Coolum Resort & Spa in providing a much needed luxury hotel with integrated function facilities that will generate 22,800 room nights attributable to MICE market.

Economic Output

The total economic output from the Yaroomba Beach project is estimated at \$228.6m per annum with 76% (\$175.3m) of the total derived from the hotel and related services.

Gross Value Added

The Yaroomba Beach project is estimated to have a Gross Value Added (GVA) of \$119.6m per annum as a contribution to the regional economy. Of this, \$91m is attributed to the hotel and related services.

Employment (Equivalent Full Time - EFT)

Construction Employment

The construction phase will create an average of 438 EFT (equivalent full time jobs) per annum for the 9 year construction period. Of this, 138 are direct jobs (mainly on-site) and 299 are indirect type 1 (typically supply chain) jobs. This equates to 3,942 person years of employment over the 9 year construction period. The wages and salaries are valued at \$26.2m per annum.

Operational (ongoing) Employment

The operational phase will generate an estimated 1,379 EFT jobs. Of this, 1,174 are direct jobs and 205 are indirect type 1 (supply chain) jobs. The direct jobs include the 266 hotel employees, 88 retail and other on-site employees and all other employment generated on the Sunshine Coast by tourist and resident expenditure. The wages and salaries are valued at \$43.9m per annum and will be mainly directed to the retail and hospitality sectors.

An estimated 77% of all employment generated by the Yaroomba Beach project is attributed to the hotel and related uses.

Yaroomba Beach will host a total of 354 EFT (266 resort employees, 88 retail and other on-site employees).

The demands and needs generated by these employees are expected to support an additional 465 jobs throughout the community, 90% of which are estimated to be based on the Sunshine Coast. The total employment is estimated at 1,844 EFT.

Relationship with Coolum

*The development of Yaroomba Beach will have a **beneficial impact on the retailers and service providers located in the local area** of Mt Coolum to Coolum. While the resort will provide a small retail footprint and food and beverage facilities, the tourists and residents are projected to generate \$12.2m of annual retail and food/beverage expenditure for businesses located in the Coolum area. An additional \$36.9m of expenditure will be directed to retailers in other parts of the Sunshine Coast region. The spending of residents living at Yaroomba Beach will result in an increased turnover to 2016 of 20% at Coolum local centre; 22% to Coolum Beach centre; and 5.8% to Mt Coolum shopping centre.*