

Urban Design Advisory Panel (UDAP) Advice – 2nd April 2015

This advice is provided by a sub-committee of the UDAP, formed at short notice to review the proposal for the development of a site at Yaroomba by Sekisui House.

The involvement of the UDAP, leading to the provision of written advice to Council progressed based on the following meetings:

- 28th March 2014 – visit to local area to inspect the subject site, followed by a background briefing and workshop;
- 20th June 2014 – second briefing and workshop.
- 2nd April 2015 – third briefing and review of additional information supplied by KHA Development Managers, on behalf of Sekisui House.

The following points represent a summary of UDAP's response, based on the concept submitted to council on the 31st March 2015.

Feedback on the Proposal:

The Master Plan

- a) The Master plan proposes 15 residential buildings, 1 Hotel and 1 serviced apartment building ranging from 60m to 120m in length and 4 to 10 stories in height.
- b) The buildings are long, bulky and separated by relatively small gaps. The site planning has buildings arranged in 3 'walls' running north/south through the site with only the eastern-most line of buildings gaining reasonable sea views - and then only where high enough to extend above the vegetation. Sea views from the 2nd and 3rd lines of buildings would be obstructed. Sekisui House justify increased building heights on the grounds that sea views are critical for a 5 star resort to be economically viable although the building heights would appear to deliver density and not sea views beyond the first wall of buildings.
- c) Generally there is a lack of identity and a sense of place: it doesn't appear to have a strong character that makes it relate to the site or reflect the Sunshine Coast.
- d) A single entry through to a roundabout arrival point within the site does not provide the quality destination aspirations or establish any sort of unique arrival experience.
- e) The siting of the buildings has been described, in the proposal, to be orientated to maximize the views and not for solar or thermal efficiencies. This should be tested further to achieve both outcomes and provide a more sustainable development.
- f) The Hotel entrance is lacking a quality 5 star approach and misses the opportunity to integrate the lake.
- g) The retail boardwalk area apparently lacks parking and has an undefined linear layout dominated by adjoining buildings. There is little to suggest a form which will provide a memorable or distinctive public precinct.
- h) Staging should deliver a welcoming public precinct in the early years; it isn't clear how this will be achieved.
- i) It would appear that the concept hasn't utilized the inherent opportunities this site has for a 5 star hotel and high density residential development. The concept seems to struggle in offering a unique destination and it is not clear what would make this an exciting tourism destination worthy of 5 stars or capable of delivering sustainable long-term economic success.

Building Heights

- a) Visually the built form will be seen from sections of the eastern beach and clearly evident from Point Arkwright and the iconic view from Mt. Coolum. This should be understood as a significant impact upon the existing natural character of the region and not in keeping with the Sunshine Coast's identity as a natural destination.
- b) The photomontage from Mt Coolum appears to be incorrect. The renderings do not show the impact of sunlight on wall surfaces or glazing and even painted green the visual impact would be significantly higher than that presented. The vegetation in the montage does not appear to be accurately positioned and there is concern that it is misleading in its ability to screen the buildings. For example, building 4 is shown as hidden with the exception of its roof although there is no space for trees or buffer shown on the master plan due to an internal access road and the access road to the adjoining southern residential development.

Landscape and Public Realm

- a) There is no overall landscape strategy linking remnant dunal landscapes, the lakes, the proposed buffer planting and the building environments into a coherent network.
- b) The public green is poorly integrated with the resort and appears to be token. It is not clear what public benefit the Public Green Area contributes to the community. It does not relate to the retail strip or to the pool and outdoor facilities of the Hotel. Access is provided by foot or bicycle and there is no public car access. There is no public car parking shown near the public green or elsewhere within the development (although this is assumed to be provided in building basements).
- c) There is poor integration of existing community facilities (e.g. the community centre and beach club) to the rest of the development and public spaces.
- d) There is no clear and legible public cycle or pedestrian way through the resort.
- e) The internal pedestrian network is similarly poorly designed and appears to respond to allotment boundaries rather than a desire to connect nodes with desire lines. Again there is no demonstrated intent for an integrated tourism destination.
- f) The boardwalk within the hotel complex is a dead-end and will be an unsuccessful piece of commercial development as it breaks all retail rules; there is far too little retail to provide a vibe required both for tourists and/or residents.

Infrastructure

- a) There appears to be poor provision for emergency/service access or indeed definition of different user types using the hierarchy of movement networks (e.g. service vehicles and hotel visitors all using the same access and circulation routes).
- b) The street network will deliver poor way-finding and confusing internal circulation. It is unlikely to function appropriately in its present suggested form and will not provide a quality journey either for visitors to the site or those moving within the site.
- c) The location of the entries to the retirement and residential precincts directly off the entry road, in proximity to the David Low Way roundabout access, is unlikely to work, and will create the need for a new junction or roundabout immediately within the site. The impact is unlikely to help improve the arrival.
- d) The extent of hard surfacing and land take is likely to be significantly different to that shown, resulting in less landscape and open space.
- e) There is no clear provision within the concept identifying the space required for the proposed sustainable infrastructure such as district heating plant, recycling station, storm water treatment.

Recommendations:

The Master Plan

- a) The concept presents as an enclave generally discouraging public access to the beach where as public beach access should be fundamental to this concept. As well as beach access a minimum of two vehicle entrances to the site should be provided so as to encourage a solution that is permeable and contributes to good circulation.
- b) A better concept would promote a vibrant main street, an approach that provides a beach side community where people can have coffee, go to restaurants, go fashion shopping, a pharmacy etc. that interact and contribute to the site. The concept hasn't embraced this ideal. An important public realm should be a central to the development.
- c) There are many existing examples on the Sunshine Coast of successful beachside retail precincts, which have a distinct arrival/destination, parking, open space and movement structure. These examples promote usage by locals and tourist and create a destination and sense of place.
- d) For the hotel to be successful there is a need to provide a destination that is worthy of people journeying to this location for something special, the current concept does not appear to provide this.
- e) The sustainable building practice statements stand to be questioned as possible additions to the buildings. Sustainable design needs to start from the ground up starting with landscape and building orientation etc. The practicalities of the proposed 'Other Initiatives' is seen as unlikely as the cost of these initiatives compared to this scale of development would most likely render these options unfeasible.

Building Heights

- a) There is a need for detailed cross sections along the full profile of the beach, indicating the cross sections at all the low points through the dunes. This will inform on the actual visual impact of the development to the beach.
- b) In general, building heights should not exceed 8 levels in the middle of the site tapering down either side to between 3 and 4 stories. Buildings should generally consist of smaller modules that do not exceed 30 metres in length with a preference of 20 metres in length. This will enable sight lines through the site.
- c) The height of the dunes and the vegetation will preclude views to the ocean from the hotel for the first 3-4 stories. The hotel's views of the ocean will not benefit by being located closer to the dune. The hotel could be as effective at the centre of the site and could look over other development. This would result in the same ocean views that the current proposal achieves without the buildings visually impacting on the beach.
- d) The principle of ensuring building form is not visible from the beach or breaking the beach line from Mt Coolum needs to be maintained.

Landscape and Public Realm

- a) There appears to be no clear landscape strategy proposed. There is a need for a clear landscape strategy to integrate this site into the sensitive surrounding landscape. The concept has indicated straight lines around the boundary of the site. It would be preferable for there to be bleeding of the various landscape elements into the development, making the boundary between the pristine surrounding environments less identifiable.
- b) The concept indicates separate precincts that would not promote social interaction. The addition of food and entertainment facilities would be better provided as an integrated street facility where the community can gather and interact as compared to those facilities being provided within a hotel development. Public recreation spaces that promote active living should be included in the proposal.

Infrastructure

- a) It would be preferable for there to be at least two vehicle entrances to the development from the David Low Way that would support a through traffic circulation system. The proposed road network is seen as inadequate as the location of the new entry road from the main roundabout is shown to be only as wide as the internal roads thus providing no proper circulation to the development at all. There appears also to be no roundabouts at dead ends or to the entrances of the particular stages. The new entrance roundabout essentially includes through traffic along the David Low Way and due to the scale of the roadway and the nominated traffic volume, this entrance would be impractical.
- b) A fully integrated traffic network system that harmonises with pedestrian and bike pathways as well as public parking should be resolved to promote ease of access to the public, residences, service providers and emergency vehicles.

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.

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DESKTOP PEER REVIEW OF PUBLIC
CONSULTATION/SURVEY MATERIALS RELATING TO
THE YAROOMBA BEACHSIDE SITE

April 2015

- Prepared for -

Sunshine Coast Regional Council

- Prepared by -

Roy Morgan Research

Discover your edge

Roy Morgan Research

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*Roy Morgan Research**April, 2015*

Executive Summary

The Sunshine Coast Council is currently reviewing a proposal from Sekisui House to develop a 20 hectare site in the beachside locality of Yaroomba, just south of Coolumb.

A component of this application is the outcome of a community engagement process that involved a mix of community information session and stakeholder meetings, provision of a project website and community information line designed to provide information and receive comments from the community and an independent market research survey.

The Council, as part of their assessment of the proposal commissioned Roy Morgan Research to undertake a review of the community engagement process. This review, based on documents provided by Council, has been undertaken by Gerry Bardsley, Senior Research Director at Roy Morgan Research.

Independent Market Research

The market research, based on a telephone survey of 400 residents of the Sunshine Coast Council area (aged 18 years and older), was conducted by Footprints Market Research in November 2014 to measure the awareness and overall level of support for the proposed development, as well as the level of support for individual characteristics of the development.

The review of the market research is structured around an examination of several key components of good survey design:

1. Survey Sample

Footprints' Report provides limited information on how respondents were selected for the survey and how representative those participating in the survey are of the adult population residing in the Sunshine Coast Regional Council area.

The sample was designed as a quota sample that ensured that the survey interviewed an equal numbers of men and women, an equal number of residents from each of 10 Council Divisions, and that the proportion of people in the age groups 18-29, 30-49, 50-69 and 70 years and older reflected the actual age distribution for these 4 groups within the Sunshine Coast Regional Council area.

The population's age, gender and location is however not distributed equally and best practice would have been to have used "inter-locking" quotas so that the age of the males and females reflected the true age distribution for each gender and that this was also applied within each Division's sample group.

Of greater concern is that there is no information as to how a respondent was selected to participate in the survey and, therefore, no way knowing if the sample design excluded anyone from participating in the survey. It appears, for example, that mobile phone numbers may have been excluded from the sample as the quota design would have needed a question to determine where the respondent lived, since unlike a landline phone number, mobile phone numbers are not restricted to a specific geographic location. As approximately one in four households and nearly one in two people aged between 25 and 35 do not have a landline telephone, but do have access to a mobile phone, a significant proportion of the adult population may have been excluded from the survey.

There are also no details on how the respondent is chosen once a household is contacted. To be truly representative, everyone aged 18 or older should have an equal chance of participating. Since there is no respondent selection process in the questionnaire it is assumed that whoever answered the phone, or was available/willing to give an interview was asked the survey. Best practise would have been to randomly pick a person to interview and if they were not available, or no one was home, to try and contact them at another time.

Ideally the report should have also identified how many people were excluded from giving an interview because their age quota or gender was already achieved and the number of people who refused to participate should have been provided.

Without such information it is not possible to assess what, if any, sample bias exists and therefore it is not possible to determine if the survey is representative of the Sunshine Coast Regional Council adult's residents.

2. Analysis of the Results and Questionnaire Design

The results for the total population are based on 400 interviews and there are no particular issues in regard to this sample size being used to make estimates about the general population.

Care, should however always be taken with survey findings based on small numbers of respondents. The general industry standard is that no reliance should be placed on results based on 30 or less respondents as they will be subject to high levels of error and be of limited use.

While this is acknowledged by Footprints, the Report provides tables of results and continuous commentary based on small numbers of respondents particularly in regard to results for different Divisions and various age groups. These results should have clearly described them as indicative only.

There are some issues in regard to the interpretation of the survey results:

The first question provides a clear and (subject to the limits of the sample design discussed above) accurate estimate of the level of awareness of the proposed development in the wider community i.e. 15% believed that they knew quite a lot, 39% knew a little, 7% were only aware of the name and 38% knew nothing about it.

The second question aims to measure the level of support for the development by asking everyone if they support the concept— including all those who have just stated that they know nothing about the proposed development or have only heard of the name. The results for this question, as presented in the report are, in our view not a true measure of the level of community support for the development. This should be re-calculated by including only those who believe they have some knowledge about the development.

The rest of the questions are designed to measure if support for the development increases *after hearing more about the proposed development*.

The questionnaire states that the development may deliver a number of benefits and the respondent is then asked about their support for a development that included 6 specific benefits - these are all positive benefits and while not explicitly claiming they are benefits of the proposed development there is a strong inference that they are. Our concern is that the questions could be seen to be leading and an approach that examined the level of support for a broader range of both positive and negative scenarios would have been more balanced.

The analysis claims that once people are informed about the development they are more likely to start supporting the concept. It is not surprising that, once asked a series of questions that implied that the development brought a range of positive benefits to the community, support would increase – particularly amongst those who had said they previously knew nothing about it. If the survey respondent had been asked a series of questions only based on negative aspects of the development we would expect respondents to be less inclined to support it.

Rather than identifying *a movement in support from the start of the survey* the opinion poll has demonstrated that community support can be influenced by the nature and extent of information provided (and hence a need for a balanced presentation of facts and information) and that nearly half (45%) of the community knows nothing about the proposal.

Public Consultation

In our view the public consultation process involving community information sessions (public meetings and information booths in shopping centres), discussions with Stakeholders, a web site where people could leave comments and access information, and the survey are part of the “normal” procedures for undertaking a public consultation process and as such raise no concerns in regard to the broad process.

There are, however, several specific aspects of the reporting of the outcome of the consultation process that warrant comment.

In particular the report claims that the proponent *received feedback from more than 1,000 people with 58% positive or neutral in their view about the project, leaving 42% negative*.

We are concerned that the analysis has exaggerated the extent of support for the concept by combining those who support or are neutral about the concept together and comparing that to those who are opposed to it. It is not appropriate to imply that a person who is neutral is by default a supporter of the development.

It is also inappropriate to assume that anyone who attended a session but did not submit written feedback is neutral, particularly given that there are no details on how the feedback form was distributed to or collected from attendees.

The figure of more than 1,000 people providing feedback is achieved by combining all who participated in any of the four consultation processes. All four are legitimate processes but as they are measuring different attitudes and are such diverse groups they should be assessed independently. In our view it would be more appropriate for commentary on “community consultation” to only cover the views of the 648 people attending the community information sessions.

A more accurate analysis would have been to compare the proportion of different attendee’s opinions separately for the 648 people (ignoring the possibility of any multiple attendances) who attended a community information session i.e. 18% positive, 51% negative, 15% neutral and 15% who did not express an opinion.

Overall we do not have any issue with the Community sessions in as much as they were an opportunity to allow discussion and for the developer to address concerns and present their perspective of the nature and benefits of the proposed development. We do, however, not agree that the survey conducted as part of these session is a legitimate measure of community support or opposition to the development as it is not a representative sample of the community - which is the legitimate role of the independent commissioned market research.

Background

The Sunshine Coast Council is currently reviewing a proposal to develop a 20 hectare site in the beachside locality of Yaroomba, just south of Coolumb. The proposal is for a 251 bed five star hotel and a 1,350 dwelling medium/high density residential development. The project proponent is Sekisui House – a major global development company from Japan.

A component of Sekisui House's application is the outcome of a community engagement process undertaken on their behalf by BBS Communications. This consultation process was conducted in October and November 2014 and consisted of:

- stakeholder meetings with community and business groups, and Council (ongoing),
- a project website and community information line to receive feedback and queries on a daily basis,
- community information sessions (6 locations), and
- an independent market research survey (conducted by Footprints Market Research).

The Sunshine Coast Council, as part of their proposal review has commissioned Roy Morgan Research, on a confidential basis, to undertake a desktop expert peer review of the community engagement process.

The review has been undertaken by Gerry Bardsley, Senior Research Director at Roy Morgan Research and is based on the following project material supplied by the Sunshine Coast Council:

- *Attachment 13 Sekisui House – Yaroomba Community & Stakeholder Feedback Report BBS Communications Group*
This is a document prepared by BBS Communications Group detailing the process and outcomes of the community consultation process and market research. The document also includes a copy of:
 - the engagement information materials
 - a report of the market research finding prepared by Footprints Market Research and a copy of the questionnaire
 - a Shopping Centre Survey form used in the community information "Sessions"
 - a Feedback Form
- *Yaroomba Precinct Submission 6. Engagement*
This consists of page 25 to 27 of the Submission to the Council and summarises the process and outcomes of the Yaroomba Community & Stakeholder Feedback Report and the market research findings
- *Attachment 1 Master and Precinct Plans Hassell*
This is a copy of the Master Plan and the Precinct Plan for the proposed development.

Copies of these documents can be found as Attachment 1, 2 and 3 of this review.

Independent Market Research Survey

BBS Communications undertook the management of a community consultation on behalf of Sekisui House and as part of this process commissioned Footprints Market Research (Footprints) to undertake an independent survey designed *to measure community awareness and support for the proposed (Yaroomba) development*.

The survey was conducted as an interviewer administered telephone survey using the questionnaire found as part of the Footprints Report included in the Attachment 1 documents.

This questionnaire was designed to specifically measure:

- *awareness of the proposed development at Yaroomba (from detailed description),*
- *overall level of support for the development at Yaroomba,*
- *level of support for individual characteristics of the proposed development, and*
- *comments/potential concerns about the proposed development*

Four hundred interviews were conducted with people aged 18 years or older between 10th and 14th of November 2014.

This review is structured around an examination of the sample design, analysis of the results and the questionnaire design. Commentary is broadly based on the *Guidelines on Opinion Polls and Published Surveys* published by ESOMAR and WAPOR¹ and Gerry Bardsley's 40 years experience as a market research practitioner.

In making these comments we have recognised the need to balance the restraints of best (theoretical) practice and what, from a commercial and practical perspective, can be regarded as a fair and reasonable approach to conducting a community survey.

Survey Sample

There is no detailed explanation of the sample design or the sample frame used in the market research except for the statement that

A total sample of n=400 residents were interviewed ... with equal representation across the 10 (Sunshine Coast Regional Council) divisions ... The sample is equally divided into males and females and is representative of the Sunshine Coast's age profile. During the survey, information on household status and occupation was also collected.

¹**ESOMAR** (the World Association for Social, Opinion and Market Research – formally European Society for Opinion and Market Research) and **WAPOR** (the World Association for Public Opinion Research) are generally recognised as the principal international professional bodies for the market research and opinion polling profession. As such they have established a set of guidelines and standards that are generally recognised as best practices for conducting survey research. The *Guidelines on Opinion Polls and Published Surveys* can be found at <https://www.esomar.org/uploads/public/knowledge-and-standards/codes-and-guidelines/ESOMAR-WAPOR-Guideline-on-Opinion-Polls-and-Published-Surveys-August-2014.docx>.

An essential component of good survey practice is to ensure that the survey universe (in this case the adult population of residents within the Sunshine Coast Regional Council area) is fully represented in the sample and everyone has a known and preferably equal chance of selection. In other words a good sample design should ensure that there is no built in bias as to who will and will not be given the opportunity to participate in the survey.

The sample is *representative of the Sunshine Coast's age profile* and broadly gender and geographic location (we understand that each of the 10 Divisions have similar population sizes) because age, gender and Division quotas were applied. i.e. respondents were screened and selected to ensure the proportion of people in each age group reflected the proportion in the population, that half the respondents were male and an equal number interviews was held with residents of each Division.

While this is a widely applied and generally standard industry procedure, best practice would have been to have used "inter-locking" quotas so that the age of the males and females reflected the true age distribution for each gender and that this was also applied within each Division sample group. Further details on how many people were excluded from giving an interview because their age quota or gender was already achieved should have been provided.

Of greater concern is that there is no information as to how a respondent was selected to participate in the survey and, therefore, no way of calculating selection probability or assessing if the sample is representative of the adult population residing in the Sunshine Coast regional Council area.

Were respondents, for example, selected from lists of names or phone numbers and if so what was the basis for inclusion on that list. If a list such as White Pages was used, for example, particular groups of residents such as people with silent phone numbers, recent arrivals to the area, people who have moved since the list was constructed could be excluded.

If mobile phone numbers were called the survey would have needed a question to determine if the person answering the phone lived in one of the 10 council divisions because, unlike a landline phone number, mobile phone numbers are not restricted to a specific geographic location. As the questionnaire has no such screening questions it would appear that mobile phone numbers were not called. Since approximately one in four households and nearly one in two people aged between 25 and 35 do not have a landline telephone but do have access to a mobile phone any sample design based on calling only household landlines would have automatically excluded a quarter of the general population from participating in the survey and the opinion of only half of the 25 to 35 year olds would have been considered.

Similarly it is normally accepted best practice to explain how the respondent is selected once a household is contacted. In order to be truly representative there should be a clearly specified selection process designed to give every adult resident an equal probability of selection. A common way of ensuring equal probability of selection is, for example, to interview the person whose birthday is closest to the date of the interview. Since there is no respondent selection process in the questionnaire

it is assumed that whoever answered the phone, or was available/willing to give an interview was asked to participate in the survey.

Best sample design practice would also normally have a regime of making at least 3 attempts to contact any selected household. This is to ensure that, for example, residents who are away or are shift workers, or simply not at home when the telephone survey is being conducted (generally of a weekday evening and weekend daytime) are included in the survey.

Reporting on the sample should also ideally include details of the response rates. It is to be expected that there will be a proportion of people approached to give an interview who refuse, however the proportion of the sample that refuses should be stated in order to be able to judge if it is sufficiently high enough to be potentially biasing the representativeness of the survey. A refusal rate of 15% to 20% would not be unusual and while not desirable is a realistic outcome for most opinion surveys these days. Since there is no data on response rates it is not possible to assess the impact, if any, on the validity of the sample design.

Without a sample design specification in the report it is therefore not possible to determine who, if anyone, was excluded from participating in the survey and if the probability of selection was equal for all residents. Without such information it is not possible to assess what, if any, sample bias exists and therefore it is not possible to determine if the survey is representative of the Sunshine Coast Regional Council adult residents.

Analysis of the Results and Questionnaire Design

The results for the total population are based on 400 interviews and there are no particular issues in regard to this sample size being used to make estimates about the general population. Results, as stated in the Footprints Report, based on 400 interviews are subject to a margin of error from $\pm 2.9\%$ to $\pm 4.9\%^2$.

Care should however always be taken in analysing tables based on small numbers of respondents. The broad industry convention would be that no reliance should be placed on small number cells (the general industry standard is cells with 30 or less) as they will be subject to high levels of error and be of limited use.

While this is acknowledged by Footprints with their warning that the results for each Council Division are based on a sub sample of 40 and as such should only be regarded as indicative (the margin of error

² All sample surveys are subject to sample variability i.e. they may differ from a survey based on the total population (a Census) or if the survey was repeated with a different sample of respondents. The margin of error shows the extent to which a repeat survey result might vary by chance because only a sample of people were interviewed. The error range quoted by Footprint is at the 95% probability level which is to the highest industry standards and effectively means that if the survey was repeated with a different sample of people using the same the sample frame there is 95% probability that results would fall within the stated + or – range.

for a sample of 40 ranges from +/-9.2% to +/-15.4%) the report provides results for each division throughout the document – including the Summary of Findings.

The issue of small sample sizes and therefore potentially unreliable estimates carries through into other areas of the reported survey findings. There is, for example, discussion of the 18 to 29 year old age cohort throughout the analysis. Since this is based on 60 interviews (15% of the sample) any result based on less than 50% of this cohort should be treated as indicative only.

While we accept that there is interest in examining the results for sub-sections of the area's residents, in our view any such findings presented within a table of results should have included a footnote warning the reader to treat them with caution. Similarly, any commentary based on such small numbers should have clearly described them as indicative only.

The first question (Q1) gives a broad neutral description of the proposed development at Yaroomba and then asks if the respondent was aware of the development before the day of the interview. This question should provide a clear and (subject to the limits of the sample design discussed above) accurate estimate of the level of awareness in the wider community. That is, 15% believed that they knew quite a lot, 39%, knew a little, 7% were only aware of the name and 38% knew nothing about it.

The questionnaire then goes on to ask everyone to what extent do they support or not support the proposal (Q2). We do not accept that it is appropriate to ask someone who has just stated that they know nothing about the proposed development or have only heard of the name if they support the concept. The results for this question, as presented in the report are, in our view, not a true measure of the level of community support for the development. This should be re-calculated by including only those who believe they have some knowledge about the development and ideally analysed by those who claim to know a lot, albeit this would be based on small numbers, and those who only know a little.

The remainder of the questionnaire is primarily concerned with determining if people will change their support for the proposal *after hearing more about the proposed development*.

This is achieved by firstly stating that the development may deliver a number of benefits to the Sunshine Coast. The respondent is then asked about the extent to which they agreed or disagree that they supported a development that included a series of six specific benefits. These are all positive benefits relating to things such as employment opportunities, sustainable building practices, and economic growth for the area and while not explicitly claiming they are benefits of the proposed development there is a strong inference that they are.

By only including very positive benefits the questions could be seen to be leading. A better practice would have been to include a broader mixture of measures. This could be achieved by, for example, including a mixture of questions that alternated between *you support a (specified) benefit* and *you DO NOT support a (specified) benefit* in order to minimise any in-built ordering effect because the respondent was simply always saying they agreed or disagreed.

It could also be argued that a more balanced approach would have been to have included a mixture of statements that reflected the positive and negative aspects of the development identified and/or raised in the Public Consultation sessions – although we do understand that the Developer may not accept that there were any legitimate negative factors.

The analysis claims that once people are informed about the development they are more likely to start supporting the concept. It is not surprising that if someone, and particularly the 45% who knew nothing about the concept, were asked a series of questions that implied there were a range of positive benefits related to employment opportunity, economic growth and sustainable building practices that they would indicate support for the proposal. Similarly if they had been asked a series of questions only based on negative aspects of the development we would expect respondents to be less inclined to support it.

Rather than identifying *a movement in support from the start of the survey* the opinion poll has demonstrated that community support can be influenced by the nature and extent of information it is provided with (and hence a need for a balanced presentation of facts and information) and that nearly half (45%) of the community knows nothing about the proposal.

Public Consultations

A series of public consultation exercises were also carried out. They consisted of both public meetings and information booths in shopping centres as well as discussions with stakeholders and a web site where residents could obtain information and leave comments.

In our view these activities cover the “normal” procedures for undertaking a public consultation process and as such raise no concerns in regard to the broad process. There are, however, several specific aspects of the reporting of the outcome of the consultation process that warrant comment.

In particular the report claims that they *received feedback from more than 1,000 people with 58% positive or neutral in their view about the project, leaving 42% negative.*

This is achieved by combining the numbers of people who attended the community information sessions with the attendees of the stakeholder’s briefings, people who contacted the information phone line email, or website and the survey participants. In our view it would be more appropriate to exclude the results of the survey from this analysis as the measure of support for the development was different to the measure obtained in the information sessions and the research was conducted as an independent measure of total community knowledge and opinion.

Similarly stakeholders are not necessarily reflective of the broader community and their support or opposition should not be combined with the results of all aspect of the process.

Those participating in the information sessions have a particular interest in the development and presumably were motivated to either attend the Coolum Community Centre meetings or were interested in visiting or attracted by the display at the shopping centre information booths.

All four are legitimate processes but are measuring different attitudes and are such diverse groups that they should be assessed independently.

It is also worth noting that the report acknowledges that people may have attended the information session on more than one occasion (and we assume therefore potentially completed more than one questionnaire) however the scale of this and the impact on the reported 1,000 people is unknown.

We are also concerned that the analysis has exaggerated the extent of support for the concept by combining those who support or are neutral about the concept together and comparing that to those who are opposed to it. It is not appropriate to imply that a person who is neutral is by default a supporter of the development.

It is also inappropriate to assume that anyone who attended a session but did not submit written feedback is neutral, particularly given that there are no details on how the feedback form was distributed to attendees. There are many reasons why someone may not have completed the form including not being aware of it, not having time or not being able to access it. Some attendees may have also felt that the response form questions were not neutral (see comments on the market research questionnaire and the discussion below) and hence did not complete the form.

A more accurate analysis would have been to compare the proportion of different attendees opinions separately for the 648 people (ignoring any multiple attendances) who attended a community information session (i.e. 18% positive, 51% negative, 15% neutral and 15% did not express an opinion).

We assume that the Sekisui House Yaroomba Proposal Survey form was used to measure support for the development proposal at the Community sessions. The comments previously made in regard to the leading nature of Q3 in the market research survey are also applicable here and in particular apply to the last question (Q6) which asks for preference for one of two contrasting scenarios (one arguably very negative in comparison to the alternative).

Overall we do not have any issue with the Community sessions in as much as they were an opportunity to allow discussion and for the developer to address concerns and present their perspective of the nature and benefits of the proposed development i.e. essentially an information/education session. We do, however, not agree that the survey conducted as part of the session is a legitimate measure of community support or opposition to the development as it is neither a representative sample of the community - that is the legitimate role of the independent commissioned market research.

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Appendices

Roy Morgan Research

April, 2015

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Appendices 1: Attachment 13 Sekisui House – Yaroomba Community & Stakeholder Feedback Report BBS Communications Group

For the appended document, refer to Attachment 6 - Information from Sekisui House of this Council Agenda Report, which contains an internal attachment 'Attachment 13 - Sekisui House - Yaroomba Community and Stakeholder Feedback Report, BBS Communications Group'.

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Appendices 2: Yaroomba Precinct Submission 6. Engagement

For the appended document, refer to Attachment 6 - Information from Sekisui House of this Council Agenda Report, which contains an introduction document referred to as 'Sekisui House Submission - Yaroomba Investigation Area'. Section 6 'Engagement' of this document is located on page 25 (as listed on the document page).

Roy Morgan Research

April, 2015

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Appendices 3: Attachment 1 Master and Precinct Plans Hassell

For the appended document, refer to Attachment 6 - Information from Sekisui House, which contains an internal 'Attachment 1 - Master and Precinct Plans (Hassell)'.

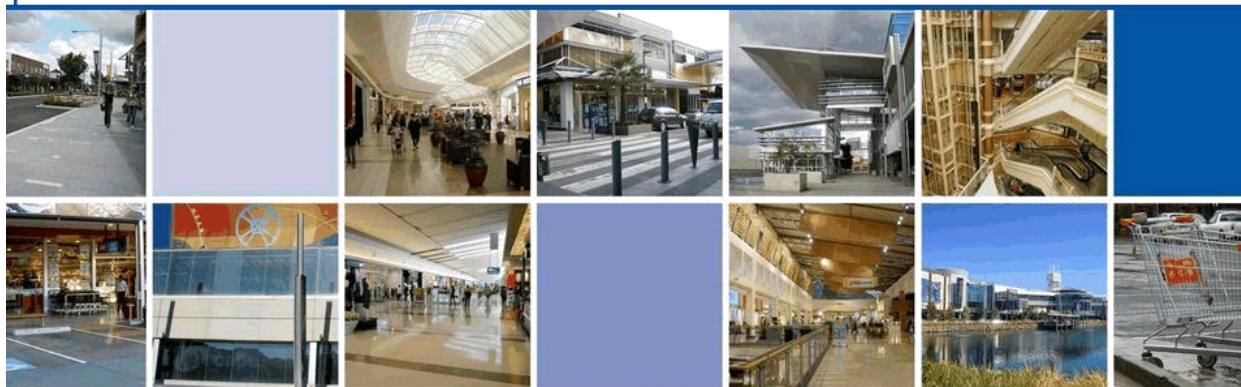
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April, 2015

THE COOLUM RESIDENCES

Peer Review – RPS Economic Impact Summary

October 2014



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Section 1: Previous Advice

Initial Economic Response: Coolum Residences (23/9/14)

1. Is the project as contemplated only likely to proceed in the proposed development format (i.e. height/size/concept)?

The project proponent has provided insufficient information in relation to hotel operators and target markets. Examples of low scale/high quality beach resorts include:

- Mirvac/Bunker Bay (WA)
- Mornington Peninsula (Vic) several golf resorts

From an economic perspective, post GFC the Sunshine Coast confronts a highly competitive tourism market with medium to low quality tourism product. Early timing of major new (premium) quality tourism investment could be a catalyst in the short term for tourism with sufficient scale. From an economic perspective however, we note that the RPS economic impact matrix does not indicate how the project might align with local product. For example, does the project grow the market with (say) international tourists (e.g. Chinese) or does it cannibalize local markets by diverting domestic tourists?

From an economic perspective investor appetite needs to be balanced against tourism and urban planning objectives. We note that much of regional Australian tourism (Cairns, Townsville, Gold Coast, and Broome) is performing poorly and requires significant investment. Cairns and Gold Coast have been offered casino licences as part of the Integrated Resort offer. The requirement for additional height for example could be considered an economic measure to compensate for political economic subsidies provided by casinos.

2. Does the proposed development format provide significant wider community economic benefits in the short and long run?

From an economic perspective the proposed project will provide short term economic benefits. MacroPlan will review the PRS impact assessment. The key questions to consider are these:

- In the long term will the project affect existing tourism potential branding or stimulate more high rise developments?
- Does high rise really have any negative economic impacts?
- What is the long term tourism objective for the area in terms of branding amenity, activity and capacity for the development?

3. Are the economic benefits identified by the proponents in 2012 and 2014 consistent and reasonable given the significant headline differences?

MacroPlan will review the scale of economic benefits and potential economic costs of the project having regard for Quarter 1 and Quarter 2. We note that the proposed total size of the tourism component (250 hotel rooms and 150 serviced apartments) needs to be confirmed given the significant reduction in size from 2012.

4. Is the proposed project viable only in the current development format? What is the relative significance of the hotel and the high rise residential components?

Subject to hotel operators indicating a propensity to proceed in the short term, we do not believe that overall viability is a key project issue. We note that the economic impact analysis assumes the hotel is not built until year six of the project. Certainty of the hotel proceeding is critical to economic assessment because the hotel component (with the 12 storey requirement) is critical in achieving the economic benefits described by RPS.

5. Are there short term economic imperatives (e.g. unemployment) that could be addressed with significant long term impact on investors in the area?

From an economic perspective, there are short term economic issues in relation to unemployment on the Sunshine Coast which need to be addressed. The subject proposal assumes levels of investment and local jobs generated with no timing. If the answer to this question is to be a critical determining factor, the proponents should more carefully specify how local issues will be addressed and how the project will be staged.

I have tracked the changes in development concept from the original approval through 2013 and 2014 from an economic perspective and note two key aspects affecting the project viability.

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This dwelling increase will significantly improve development feasibility. The second significant change appears to be from 2013 to 2014 where hotel rooms appear to reduce to 250 plus 150 serviced apartments.

The economic analysis provided by the proponents suggest that this creates a significant reduction in economic benefit.

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The overall intensity of the project as it relates to the greater tourism sub region is important to consider as is the focus of the tourism offer, (i.e. how much it adds to the target market segments). The information provided by the proponents is insufficient to gauge the relative benefits to the tourism sector.

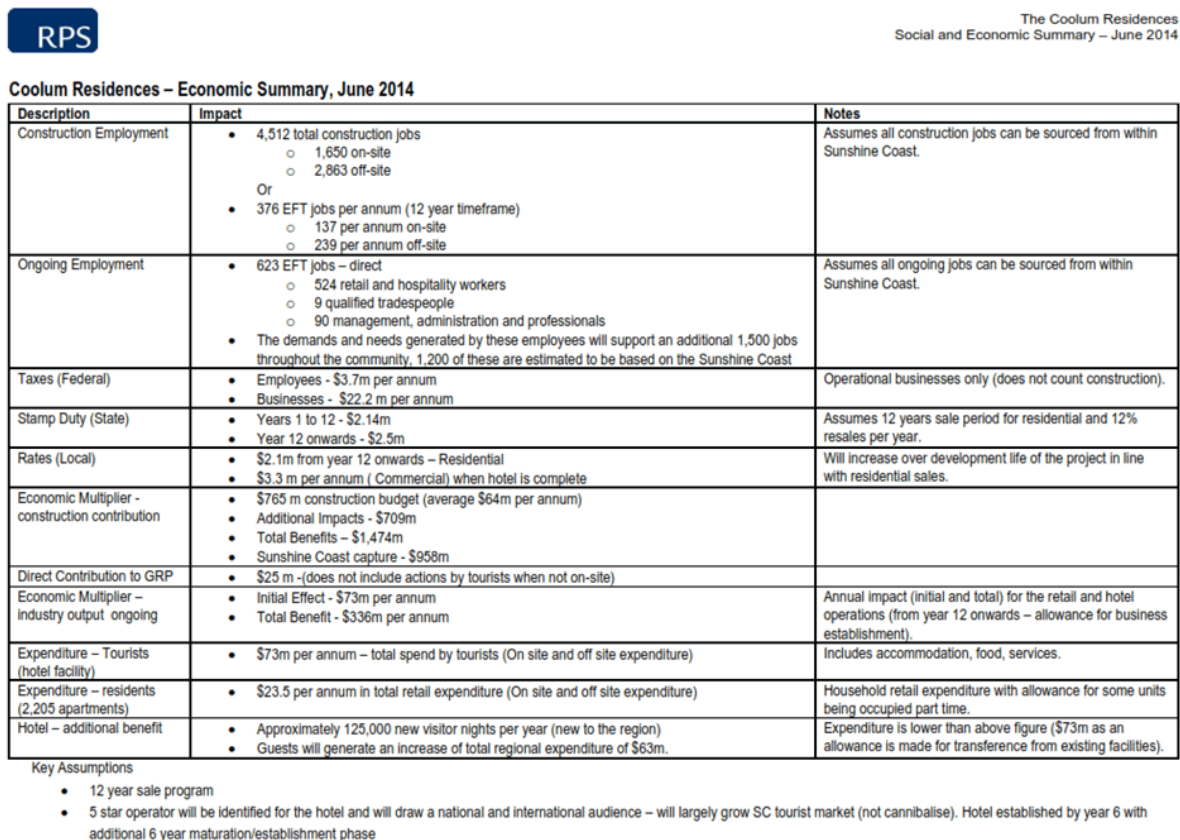
From an economic perspective if the project provides only 250 hotel rooms / 150 serviced apartments in a 12 storey configuration, this offer could be relatively insignificant economically.

MacroPlan are peer reviewing the relative impact of the hotel component as part of the overall project to test this hypothesis. Given the relatively modest tourism offer and the site development intensity it is possible that a lower scale resort type hotel facility would not render the overall project unviable.

In this respect, both further proponent information and sensitivity analysis would be necessary to confirm this proposition.

While the scale of tourism economic benefits could be relatively modest, it should be noted that it is extremely difficult to attract investment in five star hotels in Australia.

Figure 1: RPS Social and Economic Summary - June 2014



Initial Review – RPS Economic Summary (29/9/14)

Please find below our review of the RPS Economic Summary, June 2014 (Figure 1). Key points of note:

1. The RPS summary report appears to relate to the development of 2,205 dwellings, 250 hotel rooms plus 150 apartments.
2. The summary report contains no assumptions, sources, and contains no explanation of the derivation of key data.
3. The summary report does not provide any information regarding the need for 2,205 dwellings to make the project viable.
4. The summary report does not assess the size of the economic impact on the region i.e. in terms of tourism, for example. Is the identified economic impact large, small or moderate?

Our review of the RPS economic summary is as follows based on unsubstantiated information from the 2013 Coolum Beachside Residences Presentation, that the construction cost of the project is \$1bn.

- Construction employment total estimates (4,512 jobs) or 376 EFT (effective full time equivalent) per annum over a 12 year timeframe appears reasonable. We note the 12 year project time frame has not been validated.
- Ongoing annual employment estimates of 623 EFT jobs direct and 1,500 jobs indirect with 1,200 based on the Sunshine Coast appear reasonable.
- Taxes (Federal). Inadequate information to assess.
- Stamp Duty (State). Inadequate information to assess.
- Rates (Local). Inadequate information to assess.

- Economic Multiplier (construction contribution) total benefits of \$1,474m appears reasonable.
- Direct contribution to GRP. Inadequate information to assess.
- Economic Multiplier (industry output ongoing). Inadequate information to assess.
- Expenditure – Tourists (hotel facility). We note that \$73m per annum appears high but this is based on MacroPlan assumptions in relation to:
 - Occupancy rates
 - The actual performance of the serviced apartments and potential contract conditions for owners to occupy.
- Expenditure – Residents (2,205 apartments) we note that \$23.5m per annum appears low.
- Hotel (additional benefit) based on 250 hotel rooms and 150 serviced apartments. The forecast 125,000 new visitor nights is high. This would require occupancy rates around 85% across the hotel and serviced apartments and assumes that no visitors are diverted from the existing tourist establishments.

In conclusion, MacroPlan make the following observations:

1. Our analysis is based on a \$1bn construction budget. While we note this is not verified, it is a very significant project by Australian standards and the project will provide significant economic benefits.
2. Overall the RPS estimates reviewed are credible.

3. The hotel/serviced apartments (400) to residential (2,205 apartments), means that the hotel/serviced apartments comprise 15% of the total (2,605 rooms and apartments). This is a low ratio.

Section 2: Further Advice Regarding Economic Significance

Further to the initial advice outlined above, and given the unavailability of the full RPS economic report outlining their key input assumptions, MacroPlan Dimasi has undertaken further detailed economic modelling in order to:

- review the RPS assumptions and outputs
- review the approach to quantification of the economic contribution of the project and more specifically the economic benefit of the hotel component to the Sunshine Coast economy.

Assessment Approach

For this assessment, MacroPlan Dimasi have adopted an approach which isolates the key catalysts of economic impact and provides an overview of the assumptions, method of measurement and impact assessment for each.

Our analysis has considered the forecast levels of activity resulting from the project, while both local and regional drivers have been reviewed in terms of scale, timing and property markets.

Background information on this project, including relevant data to assist in the consideration of the scenarios, has been collected from a range of sources, in particular the key costings and project specification for the projects components have been provided by the proponent.

The economic impacts include:

- The annual ongoing outputs that are enabled by new property assets (on-site) and by additional output to service tourists off-site.

- The employment outcomes from this output as well as initial multiplier impacts.
- An estimate of the proportion of the employment that is likely to be retained within the local region and beyond.

The proposed development will generate significant employment opportunities, and are generally classified into two categories:

- Direct employment: the initial amount of on-going jobs directly created by the proposed development; and
- Indirect employment: additional on-going jobs indirectly created by the proposed development.

MacroPlan Dimasi note that the RPS assessment methodology focuses on the economic impacts associated with the construction and operation of the project as proposed and does not address the comparable benefit or opportunity costs of alternative uses of the subject site.

For the purpose of assessing the employment impacts of the project, an Input-Output (I-O) or Multiplier Analysis has been applied to assess the regional impacts of the project. In the simplest form of input-output analysis, input-output multipliers are applied to measures of direct impact to determine estimates of flow-on impacts in terms of employment.

These multipliers express a ratio of average employment supported per \$1 million of output, and are based on detailed information on the structure of industries and the inter-relationships between industries, commodities, final users and suppliers of factor inputs (labour, capital and land) in the economy

In order to evaluate these project specific impacts, and in the absence of Sunshine Coast level I-O tables, Australia level I-O data have been utilised. This data has been sourced from Australian Bureau of Statistics¹.

In MacroPlan Dimasi's opinion, caution should be exercised when evaluating the outputs generated by using Australian level I-O data, given varying productions methods and the risk when using National data to potentially overstate the employment impact locally.

Review of Project Components and Staging

As previously mentioned, the project component specifications have been provided by the proponent. Specifically the development summary provided outlined the following proposed development staging:

- Stage 1 to include development of a 250 room 5 star hotel and conference facilities and 150 serviced apartments and boutique retail.

Note that no information around the quantum and mix of the retailing has been provided.

- Stage 2 - 9 includes the development of the apartment precincts (Inc. retirement, aged care and retail uses), which as outlined in Figure 1 provided by the RPS equate to a total stock of 2,205 apartments².

Again we note that no information around the quantum and mix of the retailing has been provided, nor for the health and retirement living concepts.

- From a timing perspective, the assessment undertaken by RPS indicates that the hotel will be established by year 6 with an additional 6 year establishment phase.

¹ ABS - Australian National Accounts: Input-Output Tables, 2008-09

² We note that subsequent to the RPS analysis, the total quantum of apartments proposed by the proponent during consultation period has been reduced to 1,320.

- In terms of the residential, a 12 year sale program has been utilised.

In regards to the staging of the hotel, both from a construction and operational timing perspective the assumption utilised by RPS are reasonable and as such have been adopted in our analysis.

In regards to the assumption relating to apartment take up however, we would note that the Sunshine Coast's unit market has struggled over the recent years, characterised by low sales volume and flat to negative price growth and relatively few new high density residential developments occurring within the wider region.

While we note that the number of apartment and town house sales have increased over the year, the long-term per annum average number of lot registrations³ (townhouse and apartments) across the wider Sunshine Coast Regional Council (SCRC) area has only been 673 per annum⁴.

Based on the suggested 12 year sales period, this equates to an annual rate of sales of 185 (approx. 15 per month) and a market share based on the long-term average of approximately 27%.

In our view, this is an unrealistic assumption based on rates of sales achieved at other apartment projects across SEQ, where successful projects typically average 6 – 8 sales per calendar month in a competitive market.

Based on the above and given the total quantum of residential stock, we have implemented a 24 year analysis period. From an impact perspective, while this will not affect the overall headline construction/investment quantum, it does impact significantly the timing of benefits and specifically the rate of effective full time equivalent (EFT) jobs achieved on a per annum basis.

³ Lots on a building format plan or standard format plan that represent attached dwellings within a community title scheme

⁴ Residential land development activity profile, Sunshine Coast Regional Council, March quarter 2006 – March quarter 2014.

Review of Construction Investment

As mentioned previously, the key costings for the main project components have been provided by the proponent and specifically outline the following in relation to the project:

- Investment of \$100m for the development of the 250 room 5 star hotel and conference facilities; and
- \$665M for the development of the proposed 2,205 residential apartments and the 150 serviced apartment components.
- A total construction budget of \$765M.

In regards to the hotel component, we have tested the proposed budget against current industry construction costs⁵, assuming a 1,625sqm floor plate across 12 levels at a rate of \$3,850/sqm, the cost equates to approximately \$75M. Including project contingency and associated costs, an allocated budget of \$100M appears reasonable and has been adopted in our analysis.

In regards to the residential component, the allocated budget of \$665M utilised in the RPS modelling, equates to a rate of \$282,378 per unit. This is within current market parameters, and has also been adopted in our modelling.⁶

Note though that from an annual construction benefit perspective, adopting the longer sales period for the residential apartment, at 24 years, equates to an annual average construction output of \$31.9M as opposed to the \$64M presented in the RPS analysis.

⁵ Rawlinson's Australian Construction Handbook, 2014

⁶ MacroPlan Dimasi note that we are not quantity surveyors and that any commentary on the appropriateness or otherwise of costs is preliminary and subject to further survey.

Whilst this is still significant in scale in nominal terms, from a net present value (NPV) perspective, this is a significant reduction in the benefits compared to the RPS analysis presented.

For example the total headline budget of \$765M equates to an NPV of \$534M across the 12 year period outlined by RPS, however reduces to an NPV of \$400M when assessed across a more realistic 24 year timeframe.⁷

Review of Taxes, Duties and Rates

The RPS analysis outlines a range of outputs in relation to taxes, specifically:

- \$3.7M generated by operational business employees (assumedly income tax) to be collected by the Federal Government on an annual basis;
- \$22.2M per annum generated by the operation of the businesses on-site (assumedly company tax) to be collected by the Federal Government on an annual basis;
- \$2.14M per annum to be generated by stamp duty payable on the sale of dwellings to be collected by the State;
- \$2.1M in residential rates on development completion and \$3.3M in commercial rates attributable to completion of the hotel in Year 6.

In regards to the Federal Government taxes, we are unable to test the quantum outlined by the proponent as there are no supporting operation data regarding the number of employees associated with the hotel and retail, their wages and business turnover.

Similarly with the State Government stamp duty revenue, there is no information regarding price points / sales prices to test the RPS outputs. That said, working back from the current Queensland tax schedule and applying a 12% per annum

⁷ Utilising a 6% discount rate

resale rate the average sales price equates to approximately \$470,000. This appears reasonable when compared to median house and unit prices in the area.

In any case from the perspective of regional significance, these benefits are not collected regionally and hence are not directly significant for the Sunshine Coast.

Further, while from a council rates perspective the benefit is collected regionally, MacroPlan Dimasi do not consider the residential rates in particular to be an economic benefit attributable to the project itself, as it simply relates to a transferral of regional residential demand for product that would otherwise be likely absorbed elsewhere.

Review of Residential Expenditure

The magnitude of residential retail expenditure provided by RPS appears to be conservative at \$23.5 million per annum, however it is not clear if this figure represents annual expenditure at year 12 or an annualised expenditure figure over the 12-year period. The latter case would appear to be consistent with our estimate of annual resident retail expenditure at \$46.9 million (at project completion).

Our calculation below has assumed 85% occupancy rate with an annual retail spend per capita of \$12,500 and a household size of 2.0 persons per household. These assumptions reflect average household behaviour and are based on ABS census and survey data.

In line with our commentary above, this expenditure reflects a transfer of within the region only.

Comparison of Residential Retail Expenditure

Residential Retail Expenditure, \$m (RPS)	\$23.5
Residential Retail Expenditure (MPD)	
Apartments	2,205
Occupancy rate	85%
Household Size	2.0
Retail Spend Per Capita	\$12,500
Resident Retail Spend, \$m	\$46.9

Source: ABS Household Expenditure Survey, Census 2011, Market Data Systems, RPS, MacroPlan Dimasi

Review of Tourism Visitation

The magnitude of tourism visitation projected by RPS appears initially to be high at 125,000 visitor nights per annum (once the hotel and serviced apartment are at full operation). We note that the RPS visitation figure is termed as 'new' visitor nights, however total visitor nights has not been fully stated.

Using RPS tourism expenditure figures of \$73 million, with the 'new' visitation component representing \$63 million of this expenditure (86%), implies a total visitation of around 145,000 visitor nights (i.e. 125,000 new visitor nights representing 86% of tourism).

Our assessment of RPS total visitation at approximately 145,000 visitor nights above appears reasonable and is consistent with to our estimate of 146,000 visitor nights.

Our calculation has assumed 50% room occupancy rate with a room size of 2.0 persons per room. These assumptions reflect average tourism behaviour and are based on ABS tourist survey data and regional Tourism Research Australia survey data.

Estimate of Visitor Nights

Rooms Available			
Hotel	250 rooms		
Serviced Apartments	150 rooms		
	<u>400 rooms</u>		
Rooms Nights Available			
Hotel	91,250 per annum	365	Days p.a.
Serviced Apartments	54,750 per annum		
	<u>146,000 per annum</u>		
Rooms Nights Occupied			
Hotel	45,625 per annum	50%	Avg Occ. Rate
Serviced Apartments	27,375 per annum		
	<u>73,000 per annum</u>		
Visitor Nights			
Hotel	91,250 per annum	2.0	Persons Per Room
Serviced Apartments	54,750 per annum		
	<u>146,000 per annum</u>		

Source: MacroPlan Dimasi

What is not clear within the RPS analysis, is the method utilised to apportion 'new' visitation (RPS: 86%) from the total visitation figure.

To provide context, we have reviewed visitor night forecast for regional Queensland. Current state projections include annual growth rates of 0.7% and 3.3% for domestic and international visitor nights, respectively. We have applied these growth rates to the current visitor night estimate of 13.3 million nights for the Sunshine Coast (TR).

This is a hypothetical/applied forecast, however under this scenario an additional 812,000 visitor nights would be available to the Sunshine Coast (TR) by year 6 of the project (2019-20), with approximately half of these originating from overseas. Comparing this to our estimate of 146,000 visitor nights on-site implies an 18% capture of growth in the Sunshine Coast market, or 1.0% of the overall tourism market in 2019-20.

While the proportion of 'new' visitation at 86% seems high, given the relatively small additional critical mass added by the project, the scale of capture from a regional perspective could be argued to be a reasonable outcome facilitated by

delivery of the hotel and serviced apartments, and could be considered entirely 'new' as it is facilitating growth in the market.

Visitor Nights, Sunshine Coast (TR), Applied Growth, ('000s)

Period Year	0 2013-14	1 2014-15	2 2015-16	3 2016-17	4 2017-18	5 2018-19	6 2019-20
Domestic Visitor Nights	10,919	10,995	11,072	11,150	11,228	11,307	11,386
International Visitor Nights	2,408	2,487	2,570	2,654	2,742	2,832	2,926
	13,327	13,483	13,642	13,804	13,970	14,139	14,312
	Growth to 2019-20	AAG% Reg. QLD	Share %				
Domestic Visitor Nights	388	0.7%	48%				
International Visitor Nights	424	3.3%	52%				
	812		100%				

Source: TEQ, MacroPlan Dimasi

Review of Tourism Expenditure

The magnitude of tourism expenditure (once the hotel is fully operational) appears to be optimistic at \$73 million per annum. We compare this to our calculation of \$29.2 million, as set out below.

We have assumed a tourist expenditure profile of \$200 per visitor per night based on regional tourism survey data from Tourism Research Australia (2012-13).

Estimate of Visitor Expenditure

Tourist Expenditure, \$m (RPS)	\$73
Tourist Expenditure (MPD)	
Nights	146,000
Spend / Night	\$200
Output (\$m)	\$29.2

Source: RPS, MacroPlan Dimasi

Review of Employment Impacts

It is not clear what multiplier tables RPS has used in their analysis of employment. Our analysis as outlined previously, has utilised Input-Output data sourced from the Australian Bureau of Statistics 2008-09 tables.

We note that the composition and magnitude of our findings is generally consistent with RPS, with the following exceptions:

- Annual employment for construction is projected to be significantly less, in light of a more realistic timeframe (i.e. 24 years).
- On review, on-going employment has been calculated only for tourists on-site, as residential expenditure in our opinion represents a transfer of regional demand rather than an economic contribution to GRP. For this expenditure we have calculated employments based on accommodation and food service industry only. We note that RPS has calculated jobs in the trade and management/professional service industries, however their methodology is not outlined.
- On-going indirect jobs provided by RPS appear to include consumption-based multiplier impacts, which may be appropriate if calculated from a Sunshine Coast-specific multiplier table. In the absence of a regional multiplier table we have calculated the simple employment multiplier for tourists only. The outcome is a more conservative estimate of regional employment impacts resulting from the project than that provided by RPS.

Employment Outcomes

<u>Construction Employment (RPS)</u>	<i>Jobs</i>	<i>12 Year EFT</i>
On-Site	1,650	138
Off-Site	2,863	239
	4,513	376

<u>Construction Employment (MPD)</u>	<i>Job Years</i>	<i>24 Year EFT</i>
Direct	2,238	93
Indirect	3,570	149
	5,808	242

<u>On-Going Employment, FTE (RPS)</u>	<i>Direct</i>	<i>Indirect</i>	<i>Total</i>
Retail and Hospitality Workers	524		
Qualified Tradespeople	9		
Management, Administration and Professionals	90		
	623	1,500	2,123

<u>On-Going Employment, FTE (MPD)</u>	<i>Direct</i>	<i>Indirect</i>	<i>Total</i>
Accommodation and Food Service workers	145	264	409
	145	264	409

Source: RPS, MacroPlan Dimasi

Figure 2: Economic Impact Comparison

Description	RPS Impact	MacroPlan Dimasi Impact
Construction Employment	<ul style="list-style-type: none"> 4,512 total construction jobs. <ul style="list-style-type: none"> 1,650 on-site. 2,863 off-site. Or 376 EFT jobs per annum (12 year timeframe). <ul style="list-style-type: none"> 137 per annum on-site. 239 per annum off-site. 	<ul style="list-style-type: none"> 5,808 total construction jobs. <ul style="list-style-type: none"> 2,238 direct. 2,863 indirect. Or 242 EFT jobs per annum (24 year timeframe). <ul style="list-style-type: none"> 93 per annum direct. 149 per annum indirect.
Ongoing Employment	<ul style="list-style-type: none"> 623 EFT jobs – direct. <ul style="list-style-type: none"> 524 retail and hospitality workers. 9 qualified tradespeople. 90 management, administration and professionals. The demands and needs generated by these employees will support an additional 1,500 jobs throughout the community, 1,200 of these are estimated to be based on the Sunshine Coast. 	<ul style="list-style-type: none"> 145 EFT jobs – direct. <ul style="list-style-type: none"> 145 accommodation and food service workers. 264 EFT jobs – indirect.
Taxes (Federal)	<ul style="list-style-type: none"> Employees - \$3.7m per annum. Businesses - \$22.2m per annum. 	<ul style="list-style-type: none"> Inadequate information to assess
Stamp Duty (State)	<ul style="list-style-type: none"> Years 1 to 12 - \$2.14m. Year 12 onwards - \$2.5m. 	<ul style="list-style-type: none"> Inadequate information to assess
Rates (Local)	<ul style="list-style-type: none"> \$2.1m from year 12 onwards – Residential. \$3.3m per annum (Commercial) when hotel is complete. 	<ul style="list-style-type: none"> Inadequate information to assess
Economic Multiplier – Construction Contribution	<ul style="list-style-type: none"> \$765m construction budget (average \$64m per annum). Additional Impacts - \$709m. Total Benefits - \$1,474m. Sunshine Coast capture - \$958m. 	<ul style="list-style-type: none"> \$765m construction budget (average \$32m per annum). Additional Impacts - \$1,283m. Total Benefits - \$2,048m. Sunshine Coast capture – 65%
Direct Contribution to GRP	<ul style="list-style-type: none"> \$25m (does not include actions by tourists when not on-site). 	<ul style="list-style-type: none"> \$23.4m (80% local capture of tourist expenditure)
Economic Multiplier – Industry Output On-going	<ul style="list-style-type: none"> Initial Effect - \$73m per annum. Total Benefit - \$336m per annum. 	<ul style="list-style-type: none"> Direct Impact - \$29.2m per annum. Indirect Impact - \$37.9m per annum. Total Impact - \$67.1m per annum.
Expenditure – Tourists (Hotel Facility)	<ul style="list-style-type: none"> \$73m per annum – total spend by tourists (on-site and off-site expenditure). 	<ul style="list-style-type: none"> \$29.2m per annum – total spend by tourists (on-site and off-site expenditure).
Expenditure – Residents (2,205 Apartments)	<ul style="list-style-type: none"> \$23.5 per annum in total retail expenditure (on-site and off-site expenditure). 	<ul style="list-style-type: none"> \$46.9m per annum in total retail expenditure (on-site and off-site expenditure).
Hotel – Additional Benefit	<ul style="list-style-type: none"> Approximately 125,000 new visitor nights per year (new to the region). Guests will generate an increase of total regional expenditure of \$63m. 	<ul style="list-style-type: none"> Approximately 146,000 new visitor nights per year (new to the region). Guests will generate an increase of total regional expenditure of \$29.2m.

Key Assumptions

- 12 year sale program (RPS); 24 year sale program (MacroPlan Dimasi).
- 5 star operator will be identified for the hotel and will draw a national and international audience – will largely grow SC tourist market (not cannibalise). Hotel established by year 6 with additional 6 year maturation/establishment phase.

Economic Significance Conclusions

As outlined in Figure 2, MacroPlan Dimasi have undertaken a detailed review of the RPS Economic Summary and an independent assessment of economic impacts to be derived from the project.

In regards to the question of economic significance, we make the following observations:

- From an overall project perspective, the direct construction budget of \$765M in nominal terms is large by national standards and significant regionally, driving direct local economic benefits to the Sunshine Coast in the form of 242 EFT jobs per annum and \$1.28bn dollars of additional impacts.

We note that our analysis and the associated development budget is based on 2,205 apartments. It is our understanding that the quantum proposed has been subsequently reduced (1,320) after completion of the RPS analysis. From an overall benefit perspective this would result in a decrease in both the number of jobs and economic benefits to the Sunshine Coast, when compared to those outlined by both RPS and MacroPlan Dimasi.

- We note that from a take-up perspective, the RPS analysis significantly overestimates take-up. As a result, from an NPV perspective the overall construction benefit is softened considerably as the impacts are distributed over a longer period.
- It could also be argued from an impact perspective that the residential product in particular simply relates to a transferral of regional residential demand, given a suitable existing supply of comparable sites, for product that would otherwise be absorbed elsewhere and hence is not a net benefit to the region.

- This is acknowledged by RPS who outline the direct contribution to GRP of \$25M per annum, which excludes both construction benefits and residential retail expenditure.
- Based on our economic impact analysis, we have calculated the direct contribution to GRP, based on the hotel component and new tourism related expenditure captured locally, to be \$23.4M pa.
- Based on an estimated GRP of \$13.8bn⁸, the hotel induced contribution represents 0.17% of GRP.
- In terms of employment growth the additional 145 EFT direct ongoing jobs from the hotel component represents 0.13% of the total workforce.

On its own, the economic impact of the hotel component is relatively modest from a purely economic benefit perspective.

In addition to our purely quantitative conclusions outlined above, we also make the following qualitative comments:

- Analysis of future tourism growth, indicates underlying demand for new tourism products in the region;
- Historically, it has been extremely difficult to attract investment in five star hotels in Australia; and
- The Sunshine Coast Economy is characterised by both a large construction and tourism industry, of which the overall project would cater to.
- Projects of a similar nature have taken extended timeframes to realise economic benefit.

⁸ RDA, Sunshine Coast State of the Region 2012-31 Report - June 2011.

In conclusion, whilst the overall project from a construction perspective 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.



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Business & Property Economics

Our Ref: 14038/090914.JN

9 September 2014

Mr Stephen Patey
Manager of Strategic Planning
Sunshine Coast Regional Council
Locked Bag 72
Sunshine Coast Mail Centre Qld 4560

Email:

Dear Stephen,

RE: PROPOSED RESORT DEVELOPMENT AT YAROOMBA

Following yesterday's telephone call and receipt of your email also sent yesterday, I provide this brief letter of advice concerning economic and related aspects of a proposed tourist resort development at Yaroomba.

It is understood that Sekisui House Australia Pty Ltd (or one of its subsidiaries) has presented to Council a confidential development concept for an integrated hotel resort/high density residential development on a beachfront site at Yaroomba, located close to the existing Palmer Coolum Resort. The hotel resort component is proposed to be world class (five-star international standard) and include 250 hotel rooms, conference/function rooms, club, restaurants, outdoor footpath dining, recreation and related facilities in a main hotel building. An adjacent building forming part of the hotel resort component is to incorporate 150 serviced apartments and boutique retail on the ground floor. The Council is currently considering this proposal, with a major consideration being the inclusion of the hotel resort building at a height of 12-storeys. It is further understood that the applicant has made a number of representations to Council.

This letter serves to address economic aspects of the hotel resort component of the proposal, including the representations made. This has been set out in the dot points below:

- The proposed scale and standard of development would result in significant economic benefits to the community and diversify the tourism mix of the Sunshine Coast. The proposed scale, operator (although not yet announced), hotel rooms (rather than serviced apartments), conference/function rooms and supporting facilities are all considered elements that can diversify the tourism product on the Sunshine Coast.
- The Sunshine Coast has a surfeit of strata-titled accommodation establishments managed by small businesses with modest marketing budgets and a dearth of international hotel operators capable of marketing the Sunshine Coast as an international tourist destination. Consequently, the proposed operator and the way in which the resort would be operated and marketed would significantly influence the extent of economic benefits to the community.

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- The fact that the Hyatt group is no longer the operator of the Palmer Coolum Resort and that Resort appears to be operating with low tourist numbers, provides a greater imperative for the Sunshine Coast to attract an international resort operator with significant marketing clout.
- A 12-storey complex is not a prerequisite to achieve a five-star international resort rating. There are a number of low-rise five star resorts operating in Queensland, including Palazzo Versace, Sheraton Mirage Resort & Spa, InterContinental Sanctuary Cove Resort and Sheraton Mirage Port Douglas Resort.
- It is slightly more costly to service rooms that are set out in a low rise format having large average distances from the rooms to the central facilities than is the case where the rooms are located close to the central facilities (such as in a high-rise format). However, this difference is considered relatively minor.
- The provision of ocean views for all or a major proportion of rooms would be an advantage (commanding higher revenues and providing a competitive advantage), but not a prerequisite for the proposed development. For example, the InterContinental Sanctuary Cove Resort provides no ocean views and the Palazzo Versace, Sheraton Mirage Resort & Spa and Sheraton Mirage Port Douglas Resort provide limited ocean views. However, it is relevant to note that many serviced apartment complexes located at Coolum Beach, Mooloolaba and Caloundra (for example) provide excellent ocean views and potential tourists could weigh up the relative advantages of the proposed development in comparison to this competition. It is also relevant to note that many resorts located in competing tourist destinations (such as the Gold Coast, Fiji and Hawaii) offer ocean views from many of their rooms.
- The viability of proposed developments (or elements of them) has been deemed by the Planning & Environment Court as involving matters of private economics, which should not form part of a town planning assessment. However, claims about viability (in circumstances where an approval with conditions may not be implemented) may well form a legitimate Council consideration in negotiations with an applicant in circumstances where a Council wishes to achieve community benefits emanating from a development, but wishes to impose certain conditions to minimise perceived negative impacts.
- 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. It is important that major new facilities (such as that proposed at Yaroomba) should be consistent with the established brand, even capitalising upon it and/or extending that brand into new markets. 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). Different urban design techniques can lead to one 8-storey building blending quite well with its surrounding environment whereas another 8-storey building could look completely out of place and not be attractive to tourists.

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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 ratepayers.

I trust that these comments sufficiently cover the particular matters raised. If I can be of further assistance, please do not hesitate to contact me.

Yours faithfully
Norling Consulting Pty Ltd

THE INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
DATE 04/01/2014 BY 60322 UCBAW/ML



Jon Norling
Director

5 CONFIDENTIAL SESSION

6 NEXT MEETING

Nil

7 MEETING CLOSURE