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Mail: PO Box 105
Coolum Beach QLD 4573

Email: mail@oscar.org.au

Agenda Item 8.8: Accommodation Hotel Incentive

SCRC OM to be held on 29 August 2024

Reports (and Appendices): Accommodation Hotel Incentive (AHI) Package (officers report); App A AHI Strategic Policy; and App B AHI Temporary Local Planning Instrument (TLPI) Incentive Measures, incl Schedule 1 – Map.

1. **No Community Consultation** has been proposed even though it is optional, but not mandated as required. ¹
2. **The Strategic Policy provides guidance only**; it does not override the TLPI and (aptly) has NO references to Building Height incentives nor car park rate incentives.
3. **The TLPI** has NO references to Financial incentives and the **DA assessment process only** references the TLPI.
4. **The TLPI height allowances are cumulative, up to 12 metres above the PS prescribed heights**, made up of maximum height, plus height allowance (3 or 7 extra metres), plus rooftop use (3 or 5 extra metres) ².
5. **The TLPI minimum on-site car park rates** are identified for accommodation hotels ³ in the Purpose statement, then openly applied to land within the SCPS 2014 in the Application statement, without the same restriction to accommodation hotels ⁴ thus increasing further risk of subjective interpretation.
6. **The TLPI height allowances** apply to the land included in the zones identified on the Schedule 1 ⁵; the impacted **zones** are coloured on the map, plus 1 single lot in a High Density Residential zone. Including that 1 lot contradicts the HDR zoning in the PS. Inclusion of the HDR zone on the map legend is skewed.
7. **The TLPI zones qualifying for the height allowances** on Schedule 1 vary to zones in the other documents.
8. **The TLPI height allowances apply to both Impact and Code assessment** ⁶ which conflicts with the Policy document and the Report which refer to incentives intended to apply to code assessable DAs only ⁷.
9. **The Strategic Policy** provides financial incentives, for “lodgements” and “approvals” between 1 July 2024 and 30 Sept 2026, with **retrospective** 50% infrastructure fees on DAs in-progress prior to 1 July 2024 which extends the financial impact beyond the policy 27 months and the maximum 2 years of the TLPI gazette date.
10. **No cap has been applied in ANY of the documents** to cease the TLPI when “room targets” are reached, e.g. 2,150 new hotel rooms plus 300 boutique hotel rooms ⁸; consider governance and financial management.
11. **No environmental considerations** (SPP Biodiversity) are incorporated into the TLPI (fails s23(1)(c) of P Act).

¹ Agenda 8.8 AHI Package page 264

² TLPI page 6 and page 8

³ TLPI page 1 Purpose of the TLPI

⁴ TLPI page 2 Application of the TLPI

⁵ TLPI page 5

⁶ TLPI page 6

⁷ Agenda 8.8 AHI Package page 267

⁸ Agenda 8.8 AHI Package page 261

12. **No projected Financial Impact Statement** has been provided. Good fiscal management is not achieved by the suggestion that “reduced infrastructure charges are potentially significant”, where and what is the measure? ⁹
13. **The Strategic Policy is ‘silent’** on financial risks and **lacks recovery provisions** of incentives for (a) non-commencement of construction by 30 June 2028; and (b) non-payment of the deferred fees by the due dates.
14. **The single measure of success** appears to be a symbolic, a token increase ¹⁰; use a quantified, measurable KPI.
15. **The Strategic Policy notes a mixed use restriction** ¹¹, then provides for removal of that restriction.
16. **The Strategic Policy** does NOT restrict application to zoned locations nominated in both the Officers Report and the TLPI. The policy applies to ALL land in ALL zones listed in the Policy and thus provides for ALL land within a High Density Residential zone potentially being subject to an AHI in the future.
17. **High Density Residential zoning** ought to be excluded from both the Policy and the TLPI map legend. Resolve the single HDR lot ‘coloured’ on the TLPI map by rezoning of that contained section to Tourism zone.
18. **Section 23 of the Planning Act 2016** identifies making a TLPI; this proposal does not appear to align with s23 (1) which identifies 3 inclusive elements, ALL of which must be satisfied. The conditions (a), (b), (c) are joined by “AND” rather than “OR”, so it’s not either/or. As upheld in previous Court decisions, AND means AND.

OSCAR RECOMMENDATION relating to Item 8.8 being Accommodation Hotel Incentive (AHI) Package (officers report); App A AHI Strategic Policy; and App B AHI Temporary Local Planning Instrument (TLPI) Incentive Measures, incl Schedule 1 – Map.

That consideration of item 8.8 in the Agenda for OM 29 August 2024, be refused and deferred until such time as an Options analysis and transparent community consultation has been undertaken to allow Councillors to make an informed decision.

Such new reports and associated papers should include:-

- 1) options that could meet the desired outcome (with KPIs identified) i.e. TPSI vs Limited amendment to plan based on specific sites now.
- 2) financial analysis of costs to budget if policy successful (this should be an absolute requirement in any policy paper).
- 3) evidence of real consultation with Stakeholder, Industry and the community. This should identify feedback given and response by council on how issues identified are mitigated (e.g. Turtle lighting).
- 4) clear sunset mechanisms for policy and no grandfathering of existing approved projects.
- 5) clarity of actual areas impacted and not an all-region initiative (as it could be with fees and infrastructure).
- 6) remedial action to be taken by Council on not performing i.e. captured in development deeds and claw back of incentives with penalty.

⁹ Agenda 8.8 AHI Package page 263

¹⁰ AHI Strategic Policy page 8

¹¹ AHI Strategic Policy page 2

EXPANDED COMMENTRY of Selected Key Points**1. No Community Consultation**

Council Officers are recommending that Council does NOT undertake community consultation which is optional, but not required. Council's consultation process can and should include community consultation and not bypass transparency, irrespective of the vehicle used to achieve an appropriate incentive package for hotel development.

Council Officers recommendation disregards some of the election commitments made by Councillors including the Mayor's Ten Point Plan. These commitments include (1) transparency and accountable decisions made with integrity, (2) considering community focus (impacts on local residents), (3) the provision of infrastructure before development (such as public transport to support the proposed reduction car parking spaces), (4) controlling the costs of council (intentional loss of revenue and intentional additional costs with the net revenue foregone subsidised through recent resident rate increases and (5) no environmental considerations, to name a few.

A likely consequence of this TLPI (with the Council Officers recommendation of NO community consultation) maybe perceived as taking advantage of this vehicle as a deliberate tactic to bypass legitimate feedback from the community.

6., 7., 16., 17. The TLPI zones qualifying for height allowances

The TLPI specifies "land within the SCPS 2014 area included in the zones" are identified in Schedule 1. The wording does not support specific selection of a single lot from within a zone that is not intended in totality for the TLPI. On the map, coloured areas do not necessarily include all land within the legend specified zone. This subjectivity is open to interpretation; it is too wide and Council's intention needs to be specific to avoid risk of legal challenge.

For example, name the zone at a specific location and apply the TLPI.

However, if a specific lot is to be considered within a zone that is not intended in totality for the TLPI, then rezone adjoining specific lots to the Tourist Accommodation Zone, i.e. don't select a single lot within a High Density Residential zone for a hotel and omit all the other adjoining lots within the HDR zone location, noting that without rezoning, hotel accommodation is an inconsistent use in HDR zone and contradictory to the intentions of the SCPS.

The Agenda 8.8 Report references application of the TLPI in specific zones/locations. Nominated zones are specifically identified on page 268. There is also a reference to the "nominated key sites" in the local plan areas of Caloundra and Mooloolaba/Alexandra Headland which is ambiguous. There are no nominated key sites mapped at Caloundra other the Major Centre which is the nominated zone.

That leaves only potential "nominated key sites at Mooloolaba/Alexandra Headland" that are not specified within any of the zones nominated in the Officers report. Given the High Density Residential (HDR) zone is included in the legend of Schedule 1 map, these "nominated key sites" are expected to be within the HDR zone to the exclusion (supposedly) of other land within the same zone. This subjectivity is open to interpretation; it is too broad and Council's intention needs to be specific to avoid risks, including legal challenge.

The wording suggests more than 1 "key site", however, Schedule 1 of the TLPI indicates only 1 nominated 'coloured' key site within all of the HDR zones. This single site is 'coloured' on the map at Alexandra Headland, specifically 8 Mari Street.

Schedule 1 ZONE Legend	Schedule 1 ZONE Coloured	Strategic Policy ZONE Reference	Agenda 8.8 Report Reference
High Density Residential	only 1 lot within the zone	High Density Residential	Alexandra Headland
Tourist Accommodation	All	Tourist Accommodation	Maroochydore, Mooloolaba, Alexandra Headland
Principal Centre	All	Principal Centre	Maroochydore
Major Centre	All at Caloundra, Beerwah, Nambour and Sippy Downs	Major Centre	Caloundra, Beerwah, Nambour Not Sippy Downs

District Centre	All	District Centre	Mooloolaba, Alexandra Headland
Local Centre	only lots on King St	Local Centre Kings St, Cotton Tree	Cotton Tree
Tourism	All	Tourism	Mooloolaba
?	?	Emerging Community	?

9., 15. The Strategic Policy applies AHI to both DA lodgements and approvals, allowing retrospective credits.

The Policy document references Financial incentives, inconsistently referring to “lodgements” and “approvals” between 1 July 2024 and 30 September 2026. This affords reductions in infrastructure fees retrospectively on DAs in progress prior to 1 July 2024, thus extending the financial impact on Council’s cash flow for a period much greater than the 27 months in the policy and the 24 months of the TLPI.

When the financial incentives are provided to developers upfront and construction has not commenced by 30 June 2028, how will Council recover the debt and have the risks of non-recovery been considered, including when an approval is “sold” before 30 June 2028? The proposed Financial incentives are substantial and the costings and cash flow impacts have not been disclosed. The upfront financial incentives are potentially greater than \$1b - have Council’s additional costs of delayed cash flow (for deferred infrastructure fees) over 5 years been assessed? The financial impacts and financial risks do not appear to have been identified, quantified or considered for budget purposes?

The 1st Note, on page 2 of the Policy, limits financial incentives for mixed use development then the 2nd Note appears to contradict the first, allowing modifications at the discretion of Council. Without a timeframe limiting modifications, subjective interpretation might extend these to Minor Change proposals during construction, beyond the commencement date of 1 September up any point in time prior to completion.

11. No environmental considerations nor consultation

It is also noted that Council Officers’ consultation process excluded Environment Operations branch and its Conservation Officers who would have likely raised the importance of including Turtle (and other wildlife) lighting conditions to mitigate the impacts of Artificial Light at night and alignment to the SPP Biodiversity Policy and DES mapping of the MSES (endangered species).

12. No projected Financial Impact Statement

Quantifying the net financial costs and risks to Council are critical in assessing the TLPI impact. Good governance predicates that a financial budget ought to be prepared and approved, reflecting the Financial Statement elements, including cash flow impacts.

Revenue foregone includes fees waived (DA fees, OW fees, Temp works fees and rental fees), discounted infrastructure costs (50%), and impacts of deferred infrastructure charges (up to 5 years) on cash flow and risks and costs of debt recovery. Additional costs include staff assigned to free case management pre-lodgement services and the dedicated development assessment team.

14. The single measure of success

This appears to be a symbolic, a token increase, potentially satisfied by just 1 or 2 DAs for *accommodation hotels*. This measure ought to be modified to reflect the hotel standard and targeted number of hotel rooms aligned to elements within the proposal, based on the KPI principle of “*You can’t manage what you can’t measure*”.

Table 3: Measures of success

Measure Outcome sought	Outcome sought
<p>Increase in the number of Development Applications for <i>accommodation hotels</i>.</p> <p>ADD</p> <p>and boutique hotels.</p> <p>Each DA must be at least a 4.0 star rating.</p> <p>Each accommodation hotel must have a minimum of 140 hotel rooms and each boutique hotel must have a minimum of 25 hotel rooms.</p>	<p>Development of more accommodation hotels on the Sunshine Coast.</p> <p>ADD</p> <p>providing at least</p> <p>(i) 2,150 new hotel rooms, and</p> <p>(ii) 300 new boutique hotel rooms</p>

18. Section 23 of the Planning Act 2016

In making a TLPI, this proposal does not appear to align with s23 (1) which requires that

- (a) there is significant risk of serious adverse cultural, economic, environmental or social conditions, AND
- (b) the delay involved in amending the PS would increase the risk, AND
- (c) would not adversely affect State interests.

(a) The need for additional hotel accommodation is not new; this was obvious when the 2032 Olympics were awarded in 2021 and again flagged publicly in October 2022 by the former Mayor (MJ in SCD 22/10/22). 3 years of inaction creates multiple risks, but not an event of such magnitude that it results in significant risk as defined in s23 (1) (a). The incentive program could have been included with other amendments to the 2014 PS or incorporated within the new PS, rather than delayed further to justify making a TLPI and intentionally avoid community consultation and any constructive improvements from the public on the proposed changes.

The 'new' Council may well argue they are rectifying the inaction of the 'former' Council and may demonstrate that economic risks have increased. Consulting only with industry and some departments within Council appears selectively non-inclusive which also increases various other risks.

A TLPI, as an option, may be a legitimate approach for enacting a proposed change, if s23 can be satisfied. However, this matter is unlikely to be so pressingly urgent that public consultation is intentionally avoided by this 'new' Council who stood on election platforms which included commitments to Community Consultation and Transparency, etc.

(b) Any suggestion that delays involved in amending the PS would increase the risk is limited, given no hotel incentive package action was undertaken during the last 2 amendment processes which have been implemented.

(c) State Interests include SPP Biodiversity Policy which requires mitigation of lighting impacts on Turtles and other wildlife and these must be incorporated into the new PS. Refer to the State Agency Comments - State Interest Review - Table 2.pdf (a public document on the Gov't Dashboard). Therefore, these ought to be included in this TLPI, otherwise the TLPI would adversely affect State interests and not be compliant with S 23 (1) (c).