

REDLAND CITY COUNCIL
UDIA QLD REDLANDS ADVISORY PANEL

JOINT WORKING GROUP

*Cleveland Administration Building,
North and South Stradbroke rooms
Cnr Bloomfield & Middle Streets, Cleveland
10.00 am to 11.30 am
24 September 2020*

Attendees:

Cr Wendy Boglary, Cr Peter Mitchell, Louise Rusan, David Jeanes, Kim Kerwin,
Rob Tily, Philip Mann, Tom Barker.

Apologies:

Mayor Williams, Warren Harris, Vaughn Bowden.

Minute taking:

Jill Driscoll.

Chair:

Chair delegate – David Jeanes

MINUTES

No.	Item	Action Item/Outcome
	Chair opened the meeting at 10.00 am	
1.	Welcome and apologies Chair welcomed the attendees and noted the apologies: Mayor Williams, Warren Harris, Vaughn Bowden.	
2.	Minutes from previous meeting	Minutes of the previous meeting endorsed.
3.	Action items from previous meeting.	Action Items discussed and updated.
4.	Planning Scheme Amendments update RCC to provide an update on current and future planning scheme amendments. Victoria Point Structure Plan – Council has responded to state interest review. We have been advised by the State that they completed their review and it is now with Minister seeking approval for public consultation to commence. Southern Thornlands Potential Future Growth Area – Ongoing issue for 20 years. Council is required to investigate the area for future use. Council adopted its preferred land use intent in September and committed to commencing public consultation which will inform a potential amendment to City Plan. Consultation commences on Monday for 6 weeks. Minor Amendment - Council recently resolved to commence a minor amendment for City Plan. This will commence on 21 October. Medium Density Residential Review – review of the code to ensure we are delivering according to reasonable community expectations. If Council resolves	

	<p>to commence an amendment, then state review and once approved by the minister it will then go to consultation. Some time next year.</p> <ul style="list-style-type: none"> - Discussion over design codes and achieving better design for the Redlands - Request that this group meet again during the time of consultation. - Discussion over whether anyone has noticed any changes in house/lot design which has come from impact of COVID-19. E.g. home businesses/working from home. <p>Next general amendment package - will go to Council in November. Ensuring planning scheme remains contemporary.</p> <p>Heritage amendment – Council is considering whether to add privately owned properties. Ministerial approval to commence community consultaion and will go before Council in November.</p> <p>Temporary Local Planning Instrument (TLPI) on North Stradbroke Island – Council has received a ministerial direction to give effect to the state Indigenous Land Use Agreement (ILUA) with QYAC for transfer of land to aboriginal ownership now in effect. A proposed ministerial direction notice has been received to amend the City Plan.</p> <p>State Koala Mapping</p> <p>UDIA QLD asked about the status of the RCC proposed Koala TLPI in relation to the new mapping. Council’s view through a resolution was that they were not happy over amount of habitat removed from the original State mapping. A Pause notice has been received on the TLPI and the State has now provided new locally refined mapping. RCC is reviewing the mapping and looking a comparison in the TLPI mapping to make a submission to the State by 23 October. It is anticipated that Council would like to make a decision of whiether to continue to pursue the TLPI.</p>	
5.	Approved DAs in Cleveland. What are the barriers to implementation.	Action Item - Kim Kerwin to progress discussions with UDIA and others on productive precincts.

	<p>Cr Mitchell introduced this item. Cleveland is a great place to live however Covid-19 has accelerated impacts of the lack of implementation of DAs. What can we be doing to realise some of the opportunities to benefit the community? Why is this happening? What does the industry think? Can we do further research? There are various land holders but no great urgency to progress anything. How do we move forward with cooperation between Chamber of Commerce, Council and private industry?</p> <p>It is noted that is a common issue amongst other regional centres.</p> <p>UDIA say there is an appetite to work with RCC and the Chamber of Commerce to come up with ideas to get things moving and encourage spending in the community and working with an Industry collective to achieve best practice.</p> <p>The RCC Community and Economic Development team managed by Kim Kerwin advised that the group is finalising recruitment for a principal advisor strategic partnerships and a manager for centres to improve the community connections.</p> <p>The incentive package done a few years ago was reviewed by an external consultant and advice was that it was one of the better incentive packages seen. It brought forward applications but it is a matter of time and opportunity as to when they are implemented.</p>	<p>Action Item - Kim Kerwin to provide the Incentive Package consultant review and place on the agenda for the next meeting in December.</p> <p>- RPS Report.</p>  <p>RPS Report - Redland City Council</p>
<p>6.</p>	<p>Resigning the MOU between UDIA and RCC</p> <p>The current MOU expires next month. RCC is required to renew annually. There is a new policy framework developed this year. The new actual policy is in place and a corporate guideline is being developed. Once drafted we will know what is required to continue with the MOU.</p> <p>Discussion on whether there is still merit in meeting with the group. UDIA very keen to continue as the Redland group works very well.</p> <p>RCC very pleased to hear that feedback.</p>	<p>Action Item – RCC and UDIA to work together on new MOU.</p>

	The structure and framework of these meetings is open and transparent and round the table talking opens up a lot of avenues.	
7.	<p>General Business</p> <p>TMR have not come back to UDIA QLD regarding the Victoria Point Bypass Study. RCC has similar frustrations. RCC is happy to proceed with structure plan amendment but wanted to see the bypass commitment prior.</p> <p>UDIA QLD chair – currently working on a candidate appointment from the board.</p> <p>Cr Boglary asked if UDIA have a charity of choice so they can give back to the neighbourhoods.</p>	
8.	<p>Future meetings and items foreshadowed for discussion</p> <p>Next meeting - December.</p> <p>Incentives packages and Design codes</p>	

REDLAND CITY COUNCIL INCENTIVES PACKAGES
ASSESSMENT

Cleveland CBD and Tourism Accommodation Incentives Packages

*Prepared for **Redland City Council***

30 MAY 2017



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Report Number: 136138-1
Version / Date: FINAL | 30/05/2017

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Document Status

Version	Purpose of Document	Orig	Review	Review Date
Draft A	Draft for client review	DBH	MW	16/05/2017
FINAL	Final for client review	DBH	MW	30/05/2017

Approval for Issue

Name	Signature	Date
Mark Wallace		30/05/2017

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Summary

RPS was engaged by Redland City Council to undertake an assessment of the Cleveland CBD Incentives and Tourist Accommodation Incentives Packages. To undertake this assessment RPS provided an overview of both incentives packages program, conducted an environmental scan of other local government incentives packages and then undertook an economic assessment of the incentives packages using a Cost Benefit Methodology. Following a workshop with the Redland City Council Economic Development Advisory Board, RPS has provided recommendations on future options for Council.

E.1 Incentives Packages Overview

The Cleveland CBD Development Incentives Program consisted of a number of measures. The detailed measures are contained in the report. In summary, the incentives included:

- A defined geographical area within the Cleveland CBD consisting of a Primary and Secondary Incentives Area (see attached map);
- Infrastructure contribution concessions across the Primary and Secondary Incentives Area for certain eligible uses;
- Development Application fee concessions within the Primary and Secondary Incentives Area;
- Ratings and utility charge concessions within the Primary and Secondary Incentives Area;
- Regulatory and facilitative concessions within the Primary and Secondary Incentives Area;
- A defined operational life of the program that was designed to conclude in June 2017.

The Tourism Accommodation Incentives Package was endorsed through a resolution of Council on the 30 July 2014, terminating on 30 June 2017. The Tourism Accommodation Incentives Package was designed to stimulate investment and construction in tourist accommodation in the city, outside of the Toondah and Weinam Creek PDA sites and the Cleveland CBD Development Incentives Program Area.

The following elements of the Cleveland CBD Development Incentives Program were applied to the Tourism Accommodation Incentives Package:

- Concession on infrastructure charges;
- Concession on development application fees;
- Rating and utility charge exemption during construction;
- Fast tracking of development applications.

E.2 Investment Attraction and Incentives

The Cleveland CBD and Tourist Accommodation Incentives Packages should represent one aspect of the overall approach to economic development in Redland City which requires long-term investment, in addition to any short and medium term approaches that may be used to attract initial development opportunities. The decision by an industry or business to locate to a particular location is driven by numerous interrelated and interdependent factors that may run into the hundreds and that normally require some degree of compromise by a business in that decision-making process. There are however a number of standard locational factors that will influence this decision-making process. These factors include (but are not limited to):

- Markets
- Industry Site
- Labour
- Utilities
- Raw Materials
- Financial Capital

- Transportation
- Intangible factors

There is no one correct way for local governments to approach the issue of developer incentives and bonuses. In addition to this, it is not possible for local governments to influence the wider aspects of the economy that impact development decisions. Instead the approach taken by local governments in attracting development to a region or specific area needs to be multi-faceted and undertaken in conjunction with state and possibly federal counterparts and industry themselves. For local governments these factors include (but are not limited to):

- Current economic conditions, including access to finance;
- Utilise existing business in development opportunities, rather than attempting to immediately attract new business;
- Development plans for a particular area and their attractiveness to investors;
- Willingness of local governments to assist with the development process i.e. through incentives and bonuses;
- A proactive, rather than reactive approach to development that promotes development incentives in return for public and environmental benefits;
- Understanding the competitive advantages of your region, or locality;
- Access to transport and infrastructure; and
- Supply of labour.

There are a variety of options available to local governments when pursuing investment opportunities. The table below provides a brief overview of incentives offered in Queensland, with one example included from South Australia as a way of comparing these approaches from an interstate perspective. Section 3.4 provides further detail on the incentives and the investment attraction strategies they are attached to.

Table 1 Overview of Other Local Government Area Incentives Packages

LGA	Incentives
Brisbane City Council	<ul style="list-style-type: none"> • Targeted at student accommodation, aged care development and not-for profit organisations • Financial and non-financial
Sunshine Coast Council	<ul style="list-style-type: none"> • Financial and non-financial incentives • Development investment incentives. Targeted at specific industry sectors: <ul style="list-style-type: none"> ➢ Rural ➢ Tourism ➢ Aged Care • Investment attraction incentives. Targeted at specific industry sectors: <ul style="list-style-type: none"> ➢ Health and Wellbeing ➢ Education and Research ➢ Tourism, Sport and Leisure ➢ Clean Technologies ➢ Aviation and Aerospace ➢ Food and Agribusiness ➢ Knowledge and Professional Services • The developer must demonstrate profitability • Investment capital of >\$10m, or at least 10 jobs
Logan City Council	<ul style="list-style-type: none"> • Financial and non-financial • Infrastructure charges deferrals • Targeting non-residential development, 4-5 star hotel accommodation and not-for-profit organisations

LGA	Incentives
	<ul style="list-style-type: none"> • Late May a new Springwood Economic Development Zone will be announced in addition to the existing incentives. This will offer: <ul style="list-style-type: none"> ➢ Infrastructure concessions ➢ Relaxation of car parking requirements ➢ Increased building heights
Gold Coast City Council	<p>Targeted, sector specific incentives programs. Incentives are both financial and non-financial. Incentives are aimed at the following areas:</p> <ul style="list-style-type: none"> • Film attraction • Export Assistance • International Trade Delegations • Southport CBD • Dedicated team to target industries that offer: <ul style="list-style-type: none"> ➢ pre-development meetings; ➢ strategic advice and research; ➢ business support and capacity building; ➢ investment and relocation; ➢ partnership opportunities; ➢ international delegation assistance; ➢ marketing and promotion; ➢ financial assistance; and ➢ event management
Rockhampton Regional Council	<p>Focused on Rockhampton CBD only. Incentives are financial and non-financial covering two precinct areas within the CBD. Incentives aims are to:</p> <ul style="list-style-type: none"> • Create new employment and investment ; • Value-add through enhanced service delivery or supply chains; • Generate growth within identified strategic industrial and commercial locations, including high density residential areas; • Diversify and make the local economy more sustainable; and • Activate the Rockhampton Central Business District <p>The incentives offered include:</p> <p>Precinct 1</p> <ul style="list-style-type: none"> • 100% discount on infrastructure charges for commercial and industrial development; • 50% discount on infrastructure charges for specified residential development in the Special Use Precinct - Inner City North; • Refunded planning fees; and • Refunded connection fees for water and sewerage. <p>Precinct 2</p> <ul style="list-style-type: none"> • If the use is in the same building - 100% discount; and • If the use is an extension or a new development - 50% discount. • Development application fee refunds <p>Council also offers a facilitation service that includes</p> <ul style="list-style-type: none"> • Access to Council's Economic Development Officer to provide advice on eligibility and incentives that may be available under this policy; • Access to Council Planning Officers through the Duty Planner arrangements to provide advice in preparing development applications; • Pre-lodgment meetings with all relevant Council Officers free of any charges; and • Assistance with identifying and facilitating contact with the State Government agencies with a view to facilitating the development.

LGA	Incentives
Townsville City Council	<p>A jobs and investment package limited to the Townsville CBD, PDA and Waterfront Project Areas. It is aimed at specific uses including:</p> <ul style="list-style-type: none"> • Multiple Dwellings • Shopping Centre • Shop • Food and Drink Outlet • Short-term Accommodation • Hotel or Motel • Projects must have construction costs that exceed \$3,000,000 <p>A dedicated Development Advocate is assigned to the project to work with the developers.</p> <p>The types of incentives offered include:</p> <ul style="list-style-type: none"> • Sundry Fee and Application Charge Waiver • Rate and Utility Charge Exemptions • Infrastructure Charge Concessions
Whyalla City Council (South Australia)	<p>A targeted investment attraction strategy to entice new businesses that is offering financial and non-financial incentives. Eligible businesses must meet the following criteria:</p> <ul style="list-style-type: none"> • A successful and proven track record and technical capability to carry out the proposed activity • Operating profitably for at least the last two years • Provide significant economic benefits for the city that will create sustainable jobs for the city • Have an ABN • Not be a Whyalla registered business, unless the business is developing a new stream that will provide significant economic impact • Must be financially viable • The business must not have detrimental impacts on an existing Whyalla City Council based business • Demonstrate the % or \$ value of local contractors to be used • The activity must not compromise national and international obligations for South Australia and Australia • The proposal must adhere to the implementation strategy of the Council and RDA Whyalla Eyre Peninsula strategic objectives and economic strategy. <p>A Case Manager is appointed to the project from Council and works through the entire process. Other incentives offered include:</p> <ul style="list-style-type: none"> • Waiver of Development Approval Rebate • Council Rates rebate • Infrastructure Charges Deferrals and Waivers • Leasing city owned buildings and land

E.3 Economic Assessment

A Cost Benefit Analysis (CBA) is the most commonly used and most comprehensive of the economic evaluation techniques. Essentially, a CBA compares the monetised benefits and costs of a project to evaluate the desirability of a project.

RPS uses an incremental CBA approach which analyses only the incremental, or additional, benefits/costs (i.e. the net impact of the development options compared to status quo). This approach is considered to be the most appropriate to quantify the net economic benefits that accrue from the incentives packages as it recognises the opportunity costs of each of the incentives packages.

This cost benefit analysis complies with the *Queensland Government Guidelines for Economic Appraisal*. RPS has used a discount rate of 10% for this assessment with an assessment timeframe of 15 years. Assessed benefits are detailed in the following table.

Table 2 Redland City Incentives Packages Benefits

Benefit	Description
Induced Tourist Expenditure	The induced tourist expenditures are expenditures linked with real GDP (GRP) that varies with GDP movements i.e. as GDP increases so does Induced tourism expenditure and vice versa. The expenditure takes the form of both total expenditure and non-local expenditure commencing in 2018, which is the assumed development completion date.
Induced Local Retail Expenditure	As with induced tourist expenditure this expenditure is associated with real GDP and models the Cleveland CBD Incentives Packages benefits. It is a conservative assumption that only 20% of expenditure for retail is captured locally.
Gross Value Add of New Commercial Business	This captures the benefits associated with new commercial business from development induced by the Cleveland CBD Incentives Package. The modelling depicts the present value generated by commercial office and retail space from the base date of 2018.

The NPV of the benefits associated with the incentives packages over the 15 year assessment timeframe using a 10% discount rate yields benefits to the city of \$42,448,550. In contrast the expended costs associated with the incentives packages using the 10.0% discount rate, yields a NPV of \$277,398, which is a relatively minor outlay given the benefits associated with the incentives packages. The BCR of 153 indicates that the benefits associated with the incentives packages have outweighed the costs associated with its delivery, as shown in the following table.

Table 3 Cost Benefits Analysis Results

NPV (10%)	Value
2033 assessment timeframe	
Costs	\$277,398
Benefits	\$42,488,550
BCR	153

E.3 Findings and Recommendations

The assessment undertaken by RPS found that the Cleveland CBD and Tourist Accommodation Incentives Packages have been overwhelming successes due to following factors:

- The aim to stimulate investment and development during a downturn in construction in the Cleveland CBD has been achieved.
- The aim to stimulate investment and development in tourist accommodation offerings across Redland City has occurred.

- The incentives packages have generated forward construction activity in the Cleveland CBD and the wider City.
- The NPV of the Benefits associated with incentives packages has generated additional construction sector GVA for the City.
- No opportunity cost can be attributable to the delivery of the Incentives Packages for Council.

Based on the assessment of the Incentives Packages which conclude that they have been successful, RPS recommends that the consideration for Redland City in determining the future incentives offerings involve accepting that the current Redland City Council Incentives Packages are in the next step of an evolutionary process that will need to include:

- Adopting a more targeted and strategic approach to investment attraction and the types of development incentives being offered, through the development of an Investment Attraction Strategy;
- The targeted industries should be focussed around the Industry Sector Action Plans that have been, or are in the process of being developed for the following industry sectors;
 - > Tourism
 - > Healthcare and Social Assistance
 - > Education and Training
 - > Advanced Manufacturing
- Determine what outcomes the City requires from an incentives program;
- Offer both financial and non-financial incentives and assistance;
- Providing Case Managers or Development Advocates to oversee and guide developments;
- Adopting more rigorous requirements around eligibility;
- Requiring the development of a business case for eligible developments;
- Work with other levels of government and the private sector in the development and delivery of future incentives;
- Continue to invest in the amenity of the City through Master Planning and investment and upgrades in public infrastructure.

1.0 Introduction

This section provides a background, context and overview of the project and the tasks undertaken by RPS in support of the Cleveland CBD Incentives Package and Tourism Accommodation Incentive Package (Incentives Packages) assessment and recommend future options for Council consideration.

1.1 Background

The Cleveland CBD Development Incentives Program was accepted by a resolution of Council in February 2013), as a way of stimulating economic activity within the Cleveland CBD and providing catalyst projects that would assist in the activation of the Cleveland Centre Master Plan.

The Tourist Accommodation Incentives Package was endorsed through a resolution of Council on the 30th of July 2014 and was designed to stimulate investment and construction in tourist accommodation in the city, outside of the Toondah and Weinam Creek PDA sites and the Cleveland CBD Development Incentives Package area.

The Incentives Packages were both extended in July 2015 through a Council resolution, with a final end date of June 2017.

1.2 Study Purpose

RPS were engaged by Redland City Council to undertake an assessment of two development incentives packages running concurrently in the city known as the *Cleveland CBD Incentives Package and Tourism Accommodation Incentive Package (Incentives Packages)*.

This Study **does not** represent an endorsement of a replacement for the current incentives packages for the city and instead includes an assessment of the current Incentives Packages and recommendations for consideration by the Redland City Economic Development Advisory Board (Advisory Board) in their advice to Council on the way forward for the Incentives Packages, following their conclusion in June, 2017.

1.3 Project Scope and Structure

The revised scope to assess the effectiveness of the Cleveland Incentives Package and Tourism Accommodation Incentive Package that considers how effective the Incentives Packages have been will incorporate the following components:

- Step 1 Incentives Packages Overview: RPS will provide an overview of both the Cleveland CBD Incentives Package and Tourism Accommodation Incentives Package. This can be supplied by Redland City Council; however it will be required internally by RPS to inform the economic modelling. It will incorporate an environmental scan of incentives packages offered by other local government municipalities to determine other options for the consideration of the Advisory Board.
- Step 2 Economic Modelling: RPS will model the level and value of development induced by the Incentives Packages. In addition, RPS will quantify the benefits/costs/opportunity foregone to Council associated with the program.
- Step 3 Workshop with Redland City Council Economic Development Advisory Board: RPS will facilitate a workshop with the Advisory Board to present the findings and incorporate input for a final report.
- Step 4 Final Report: Following feedback and input from the Advisory Board RPS will draft the final report, with recommendations on the future of the Incentives Packages for Council consideration.

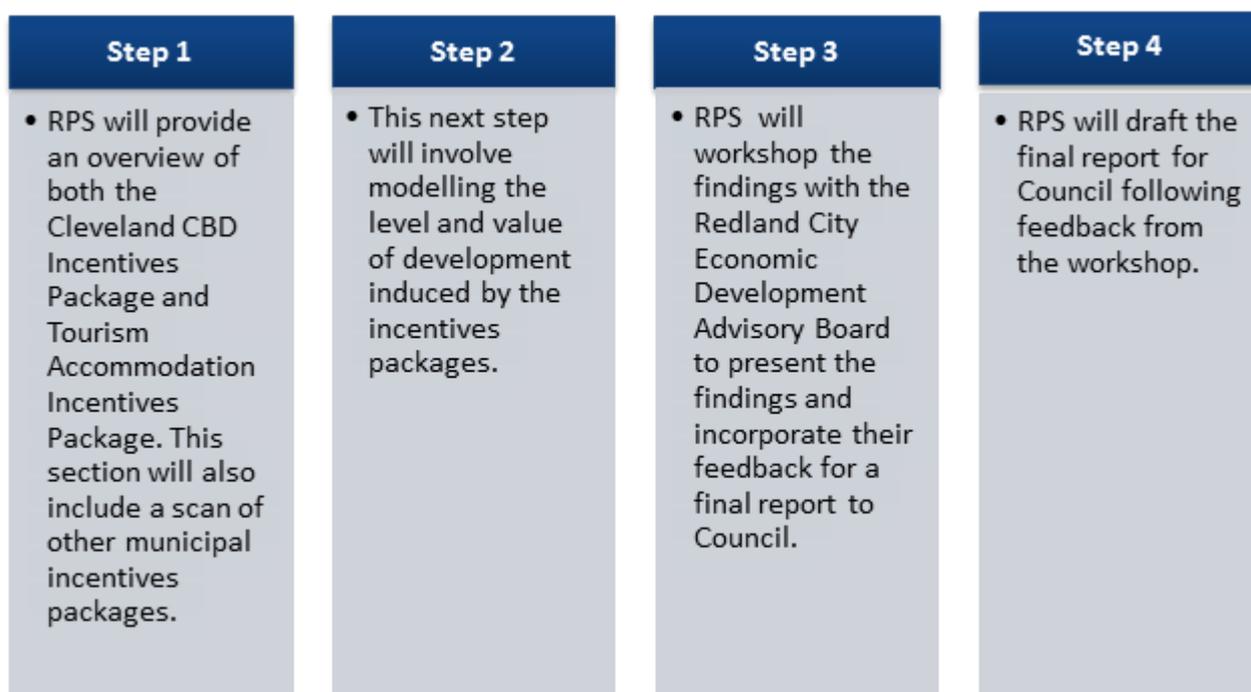


Figure 1 Project Scope and Structure Overview

1.4 Document Review

A range of reports previously prepared by Redland City Council on both the Cleveland CBD Incentives Package and Tourism Accommodation Incentives Packages, along with local and regional reports. Information and statistical information have formed critical inputs into the assessment of the Incentives Packages. The documents provided to and referred to by RPS include:

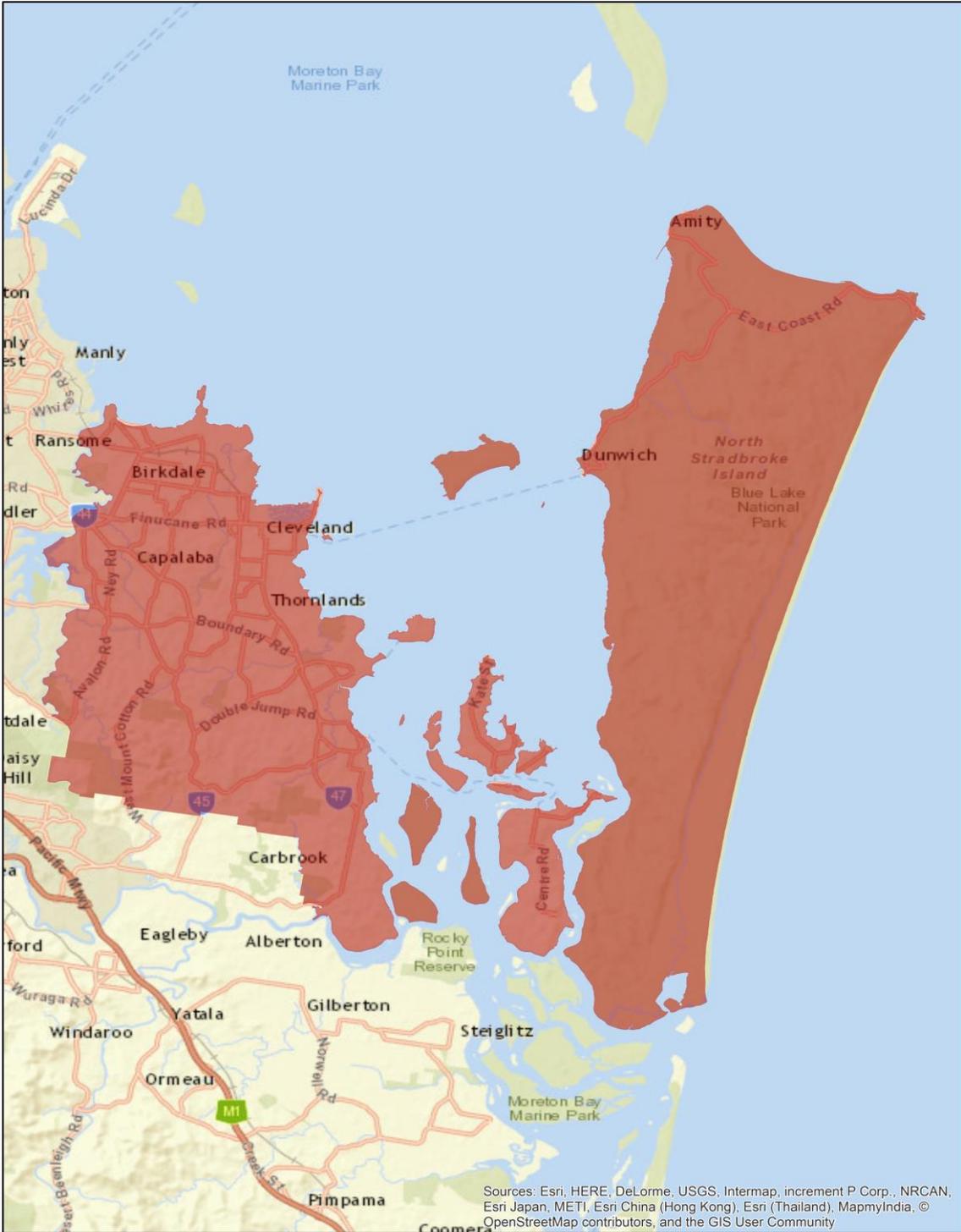
- Cleveland CBD and Tourism Accommodation Incentives Additional Funding, Redland City Council General Meeting Report, 27th January, 2016
- Cleveland CBD Development Incentives Program, Redland City Council General Meeting Report, 15th July, 2015
- Tourism Accommodation Incentives Packages Extension, Redland City Council General Meeting Report, 22nd June, 2015
- Proposed Tourism Accommodation Incentives Package, Redland City Council General Meeting Report, 30th July, 2014
- Cleveland CBD Development Incentives Program, Redland City Council General Meeting Report, February 1, 2013.
- Regional Statistics by LGA, 2010-2014, Redland City 36250, Australian Bureau of Statistics
- 3218, Regional Population Growth, Australia, 2014-15, Australian Bureau of Statistics

1.5 Geography

For the purpose of this study the Redland City Council region is as defined by the Local Government area boundaries as per the ABS' 2011 Australian Statistical Geography Standard (ASGS). The Redland City LGA is governed by Redland City Council. The city's geography is defined by its location on the southern shores of Moreton Bay, with the main offshore areas including North Stradbroke Island, Coochiemudlo, Lamb, Russell, Macleay and Karragarra Islands. The main centres on the mainland are in the City are:

- Alexandra Hills
- Birkdale
- Capalaba
- Cleveland
- Mount Cotton
- Ormiston
- Redland Bay
- Sheldon
- Thorneside
- Thornlands
- Victoria Point
- Wellington Point

The geography of the city is illustrated in the following figure.



Legend

Redland LGA



Scale: 1 : 225,000 @ A3 | Date: 10/05/2017 | Project No: 136138-1

Figure 2 Context Map

1.6 Glossary and Abbreviations

The following terms and abbreviations have been used within the Assessment.

ABS	Australian Bureau of Statistics
ABN	Australian Business Number
ASGS	Australian Statistical Geography Standard
AUD	Australian Dollar
BCR	Benefit Cost Ratio
CBA	Cost Benefit Analysis
CBD	Central Business District
DET	Department of Education and Training
FTE	Full Time Equivalent
GFC	Global Financial Crisis
GRP	Gross Regional Product
GVA	Gross Value Add
GSP	Gross State Product
IT	Information Technology
km	Kilometre
LGA	Local Government Area
MBRC	Moreton Bay Regional Council
MRA	Metropolitan Redevelopment Authority
NFP	Not for Profit
NPV	Net Present Value
PDA	Priority Development Area
QGSO	Queensland Government Statisticians Office
RDA	Regional Development Australia Logan and Redlands
REDAB	Redland City Economic Development Advisory Board (Advisory Board)
SA2	Statistical Area Level 2
SEIFA	Socio-Economic Indexes for Areas
SEQ	South East Queensland
TAFE	Technical and Further Education
TOD	Transit Oriented Development

2.0 Incentives Packages Overview

This section provides an overview of the Cleveland CBD Development Incentives Package and Tourism Accommodation Incentives Package (Incentives Packages). It provides context to the historical background to each of the respective Incentives Packages and an overview of what incentives are offered, including eligibility criteria. The Incentives Packages consist of funding of \$650,000 for Development Application Fee Concessions and \$1.5m in Infrastructure Charges Concessions. The majority of the wording for this section of the report has been adopted from a range of Council reports on the Incentives Packages and reworded where required for the purposes of this report.

2.1 Cleveland CBD Development Incentives Package History

The Cleveland CBD Development Incentives Program was accepted by a resolution of Council in February 2013, as a way of stimulating economic activity within the Cleveland CBD and providing catalyst projects that would assist in the activation of the Cleveland Centre Master Plan. The Cleveland Centre Master Plan (adopted by Council in 2010) aims to build upon the CBD's strategic assets, providing a vision to guide growth, development and investment in the Cleveland CBD. The adoption of the Cleveland CBD Development Incentives was preceded by the establishment of the Cleveland CBD Revitalisation Committee (an internal Council Committee) which operated from February to December of 2013.

The initial justification for the adoption of an incentives package for the Cleveland CBD was to stimulate development in the Cleveland CBD. The Cleveland CBD is recognised as a key regional activity centre playing a vital role in the history, lifestyle and culture, administrative and economic development of Redland City. Cleveland's importance as one of two key activity centres in the city (the other being Capalaba) has been recognised across a range of documents, including, but not limited to the Redlands Planning Scheme, Redlands 2030 Community Plan, the Corporate Plan 2015-2020, the Economic Development Framework 2014-2041 and the current SEQ Regional Plan 2009-2031.

A range of factors had negatively impacted on business activity and development within the Cleveland CBD, before the establishment of the Cleveland CBD Development Incentives Program. These factors prompted the introduction of the program, resulting in ongoing subdued market conditions in the Cleveland CBD during the life of the CBD Development Incentives Program.

The factors included; difficulty accessing finance associated with tightened credit conditions related to borrowing to fund commercial and residential development post Global Financial Crisis (GFC), subdued investor and consumer confidence across the city (and more broadly Australia) and lower levels of population growth comparative to historical averages across Redland City and South East Queensland more broadly, resulting in a fall in construction activity¹.

The Cleveland CBD Development Incentives Package were initially to cease operation in June, 2015, however continued subdued market conditions in the Cleveland CBD, which contrasted to what was occurring in the construction sector in other parts of Redland City and more broadly in across South East Queensland prompted Council to extend the Cleveland CBD Development Incentives Package to June 2017. Council was hopeful that an extension of the Cleveland CBD Development Incentives Package would allow Cleveland to benefit from an increase in investor confidence occurring across South East Queensland and also to capture the economic benefits associated with an increase in economic activity from the redevelopment of the Toondah harbour Priority Development Area (PDA) precinct².

¹ Cleveland CBD Development Incentives Program, General Meeting Minutes, Redland City Council, 15 July, 2015

² Cleveland CBD Development Incentives Program, General Meeting Minutes, Redland City Council, 15 July, 2015

2.2 Cleveland CBD Development Incentives Package Eligibility Criteria

This section will detail the content of the Cleveland CBD Development Incentives Program. The Cleveland CBD Development Incentives Package was only available in a primary and secondary area of the Cleveland CBD in order to restrict development to a core area of the CBD. The defined areas are shown on the map below provided by Council³.

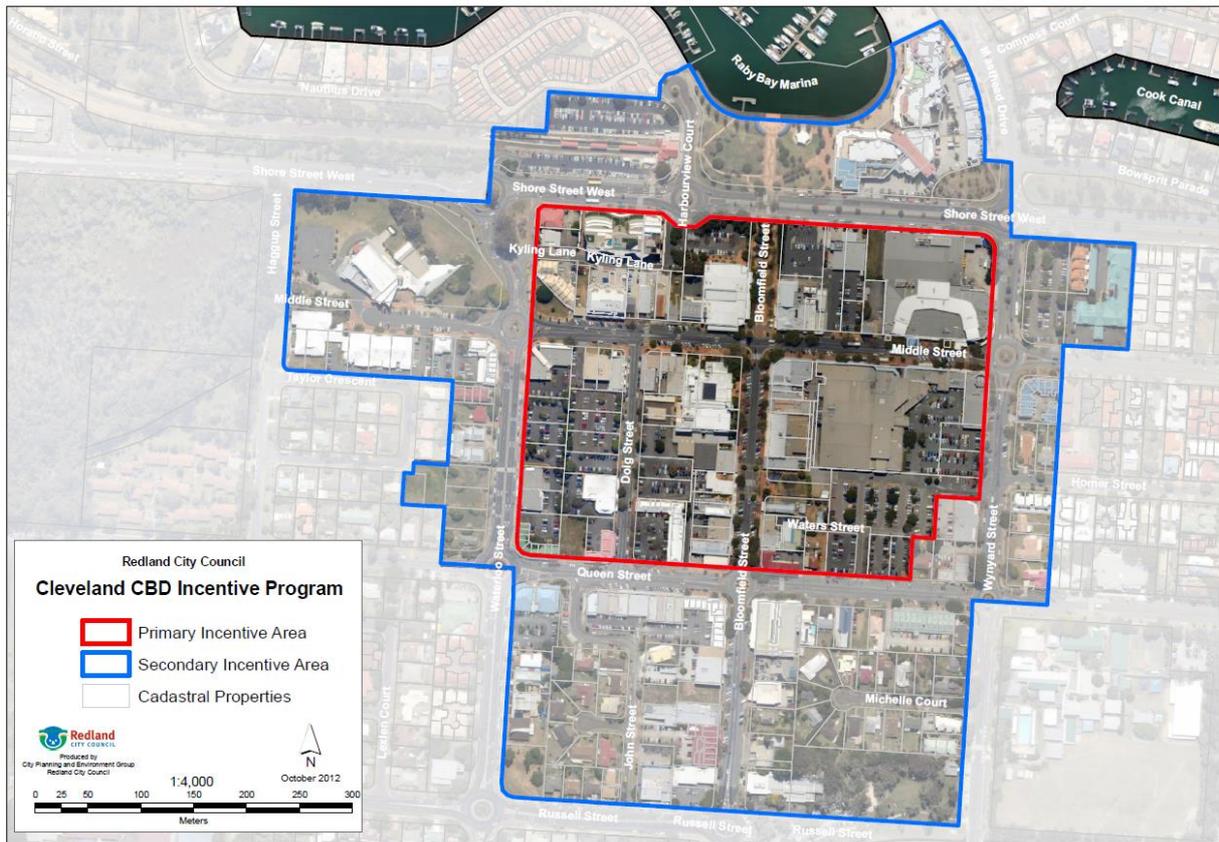


Figure 1 Cleveland CBD primary and secondary incentives area

The Cleveland CBD Development Incentives Program consisted of both financial and non-financial incentives. The criteria for eligibility in relation to the Cleveland CBD Development Incentives Package are as follows⁴:

- The incentives shall only be available within the Primary and Secondary Incentives Areas;
- The Cleveland CBD Development Incentives Program shall operate until 30 June 2017;
- Council will provide infrastructure contributions concessions on a first come first served basis for new approved material change of use development (involving building works) which:
 - is identified as eligible for the Incentives Program as defined below;
 - is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master

³ Redland City Council, 2017, *Cleveland CBD Incentives Package - Eligibility criteria*, retrieved from https://www.redland.qld.gov.au/info/20165/opportunities_and_investment_in_redlands/284/cleveland_cbd_incentives_package

⁴ Cleveland CBD Development Incentives Program, Cleveland CBD Revitalisation Special Committee Report, Redland City Council 1 February, 2013

Plan; and

- involves building works which can demonstrate substantial completion by 30 June 2018.

The infrastructure contributions concession is available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses; 100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
- 75% concession - Secondary Incentives Area for remaining eligible uses as follows:

- I. Aged Care and Special Needs Housing where part of mixed use;
- II. Apartment Buildings where part of a mixed use ;
- III. Commercial Offices;
- IV. Community Facility;
- V. Hotel;
- VI. Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);
- VII. Refreshment Establishment; and
- VIII. Shop.

- a) Provide development application fee concessions, on a first come first served basis, for well-made applications for new material change of use development (involving building works), and operational works for new approved Material Change of use development (involving building works) which:

- Is identified as eligible for the Incentives Program as defined below;
- Is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan; and
- Involves building works which can demonstrate substantial completion by 30 June 2018.

The development application fee concessions are available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses;
- 100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
- 75% concession - Secondary Incentives Area for remaining eligible uses as follows:

- I. Aged Care and Special Needs Housing where part of a mixed use;
- II. Apartment Buildings where part of a mixed use;
- III. Commercial Offices;
- IV. Community Facility;
- V. Hotel;

- VI. Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);
- VII. Refreshment Establishment; and
- VIII. Shop.

a) Pursuant to Part 10 of Chapter 4 of the Local Government Regulation 2012 Council will provide rating and utility charge concession during the construction phase for approved new development on the following basis:

- is identified as eligible for the Incentives Program as defined below;
- is consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master Plan; and
- involves building works which can demonstrate substantial completion by 30 June 2018.

The rating and utility charge concessions are available for eligible developments as follows:

- 100% concession - Primary Incentives Area for all eligible uses;
- 100% concession - Secondary Incentives Area for Educational Facilities, Health Care Centre and Tourist Accommodation;
- 75% concession - Secondary Incentives Area for remaining eligible uses as follows:

- I. Aged Care and Special Needs Housing where part of a mixed use;
- II. Apartment Buildings where part of a mixed use;
- III. Commercial Offices;
- IV. Community Facility
- V. Hotel;
- VI. Indoor Recreation Facility (includes cinemas, convention centre and fitness centre);
- VII. Refreshment Establishment; and
- VIII. Shop.

- a) Regulatory and facilitative incentives will be available within the Primary and Secondary Incentives Area - Cleveland CBD;
- b) Fast track eligible new material change of use and operational works development applications (involving building works) which are well-made and which are consistent with the Redlands Planning Scheme and Cleveland Master Plan within twenty (20) business days (Regulatory Incentives);
- c) Utilise the Base Maximum Car parking rates for Activity Centres as identified in the "Transit Orientated Development – Guide for Practitioners in Queensland" released by the Queensland State Government for new material change of use development applications (involving building works) (Regulatory Incentives) which:

- are consistent with the Redlands Planning Scheme and outcomes envisaged by the Cleveland Master

Plan;

- are for a land use identified as eligible for the Incentives Program;
 - are lodged with Council prior to the 30 June 2017; and
 - involve building works which can demonstrate substantial completion by 30 June 2018.
- d) Where Council is satisfied that a material change of use application (involving building works) for an eligible use is capable of providing on site car parking in accordance with the base maximum rates of the TOD guideline for Activity Centres it will be deemed to satisfy the relevant Specific Outcome of the Access and Parking Code of the Redlands Planning Scheme;

2.3 Tourist Accommodation Incentives Package History

The Tourist Accommodation Incentives Package was endorsed through a resolution of Council on the 30th of July 2014 and was originally to cease by June 2016. The Tourist Accommodation Incentives Package was designed to stimulate investment and construction in tourist accommodation in the city, outside of the Toondah and Weinam Creek PDA sites and the Cleveland CBD Development Incentives Package area. The Tourism Accommodation Incentives Package operated from the Cleveland CBD Development Incentives budget and was designed to operate in conjunction with the Cleveland CBD Development Incentives Program. An extension to the Tourism Accommodation Incentives and Cleveland CBD Development Incentives Packages was endorsed by a resolution of Council in June 2016, with a Council resolution nominating to cease operation of both incentives packages in June 2017.

The original report to Council noted the importance of Tourism to the Queensland economy and its identification through the then draft Redland City Economic Development Framework as one of the city's key growth sectors. The report went on to note research conducted by the Australian Workforce and Productivity Agency (2013), Deloitte (2014) and Queensland Treasury and Trade (2014) all of which forecast strong economic growth for the sector, particularly for the Queensland economy. The report also noted the contribution of tourism to Gross Regional Product (GRP) within Queensland's regions as further justification for focusing on the adoption of Tourism Accommodation Incentives, noting tourism's contribution to GRP in the Brisbane region (which Redland City is classified as part of), where in level terms, the total value of tourism is 35%, which is higher than the Gold Coast (21%), Tropical North Queensland (14%) and the Sunshine Coast (11%)⁵.

The report to Council outlining the case for a Tourist Accommodation Incentives package also cited other economic indicators to build a case for the incentives to boost tourist accommodation in the city. These indicators included the Newman Government's Four Pillars of growth strategy of which Tourism was identified as one of the pillars. The report went on to note that the sector contributed \$22 billion per year to the state's Gross State Product (GSP), accounting for 6% of the state's employment, earning \$5.7 billion in export income, and accounting for 13% of all registered businesses in the state⁶.

It was outlined in the report to Council that the tourism sector in Redland City (as measured by the Tourism Satellite Account) represented a small portion of the city's gross regional product, however the Food and Accommodation Sector in the city accounted for 8.7% of the city's workforce, making it one of the city's key industry employment sectors. The lack of four and five star tourist accommodation offerings in Redland City, along with research indicating growth potential in the city for this type of accommodation were cited in the report as further justification to extend the Cleveland CBD Development Incentive program to include tourism accommodation across the whole city. It was identified in the report that there was potential for growth in the sector in the Redlands particularly in boutique accommodation and facilities associated with the city's rural

⁵ Tourism Research Australia, 2013, Tourist Accommodation Small Area Data, Queensland

⁶ ibid

areas, the growth of which was being encouraged in the SEQ Regional Plan and from which the city could leverage due to its proximity to both the Brisbane and Gold Coast markets⁷.

2.3.1 Tourist Accommodation Incentives Package Eligibility Criteria

This section of the report will detail the content of the Tourist Accommodation Incentives Package. The budget for the Incentives Package was sourced from the Cleveland CBD Development Incentives Package and also included both financial and non-financial incentives; however it applied to all areas in the city (with the exception of the Toondah Harbour and Weinam Creek PDA's). The types of accommodation encouraged as part of the incentives package, were adopted from the Redlands Planning Scheme and included the following:

- Bed and Breakfast; use of premises for the provision of short-term accommodation on a commercial basis within a dwelling house, where such accommodation is not self-contained.
- Tourist Accommodation: use of premises for short-term accommodation for tourists. The term includes self-contained motel, serviced apartments, guesthouse, backpacker's hostel and resort.
- Tourist Park: use of premises for holiday and recreational purposes, involving the setting up of short-term and easily removable accommodation for travelers or holiday cabin. The term includes ancillary communal, management and recreational facilities⁸.

The criteria for eligibility in relation to the Tourist Accommodation Incentives Package were as follows⁹:

- 100% infrastructure charges concession (\$1.5 million currently allocated) provided on a first come first served basis for material change of use development (involving building works).
- 100% development application fee concession provided on a first come first served basis for material change of use development (involving building works).
- Twenty business day priority assessment of development applications that are well made.
- Rating and utility charge concession during the construction phase for material change of use development (involving building work), pursuant to Part 10 of Chapter 4 of the Local Government Regulation 2012.

The Tourist Accommodation Incentives Program will be subject to the following:

- Operation from 1 August 2014 until 30 June 2017.
- Applicable outside the Cleveland CBD Incentives Area Map and the Toondah Harbour and Weinam Creek Priority Development Areas.
- Development must be assessed and determined to be compliant with the Redlands Planning Scheme and other relevant planning instruments.
- Building work associated with material change of use development must be substantially complete by 30 June 2016.
- Infrastructure charges concessions (combined with the CBD Incentives Program) capped at \$1.5M.
- Development application fee concessions (combined with the CBD Incentives Program) capped at \$650,000.

⁷ Proposed Tourist Accommodation Incentives Package, Redland City Council General Meeting Report, 30 July, 2014

⁸ Proposed Tourist Accommodation Incentives Package, Redland City Council General Meeting Report, 30 July, 2014

⁹ ibid

1. Authorise the Chief Executive Officer to finalise all business rules for the implementation and administration of the Tourist Accommodation Incentives Program;
2. Delegate power to the Chief Executive Officer to determine eligibility for the infrastructure charges and development application fee concessions and the rating and utility charge exemptions, pursuant to Part 3 of the Local Government Regulation 2012; and

Identify and remove any unnecessary regulatory impediments to the development of Tourist Accommodation through the City Plan 2015.

3.0 Investment Attraction and Incentives

This section of the report will detail what makes an area an attractive investment location and why investors may choose to locate in a particular region. The section will also provide some examples of other incentives programs being used by other local government authorities to attract investment.

3.1 Competitive Advantage

A community's competitive advantage may be in one or more areas of production. Potential advantages may include for example water supplies, access to reliable electricity supply, transportation opportunities, location, natural resources, labour skills, and educational facilities, to provide some examples. It is important for Councillors to be aware of situations giving their area its competitive advantage.

The Redland City area is fortunate in having comparative advantage over its competitors in many if not all of these areas. As such it is the role of a local government to recognise its competitive advantages and work in partnership with state and federal counterparts and the private sector to pursue these opportunities. The role of Council is normally to facilitate development.

The Cleveland CBD and Tourist Accommodation Incentives Packages should represent one aspect of the overall approach to economic development in Redland City which requires long-term investment, in addition to any short and medium term approaches that may be used to attract initial development opportunities. The decision by an industry or business to locate to a particular location is driven by numerous interrelated and interdependent factors that may run into the hundreds and that normally require some degree of compromise by a business in that decision-making process. There are however a number of standard locational factors that will influence this decision-making process. These factors include (but are not limited to):¹⁰

- Markets
- Industry Site
- Labour
- Utilities
- Raw Materials
- Financial Capital
- Transportation
- Intangible factors

Each will be examined briefly to provide insight into their role in the decision-making process.

- Markets – Consumer goods markets (which the Cleveland CBD is comprised of) location factors include population concentration, income levels and demographic factors such as age and sex composition of the population.
- Industry Site – A site or sites must be available within a community to attract potential investors. It can be an advantage if the site is owned by the local community, or the local council. In addition it is if advantage if the site has access to utilities, transport, and infrastructure such as telecommunications.
- Labour – Businesses will use a number of factors in relation to labour to determine investment opportunities. These include but are not limited to: age, sex structure, education and skill levels, current

¹⁰ Oklahoma State University, *Critical Factors in attracting new business and industry in Oklahoma*, retrieved from <http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-1794/AGEC-862web.pdf>

unemployment rates in an area, median salary levels. Also included in this will be access to education facilities such as schools and post-secondary education and training providers such as TAFE and University institutions.

- Utilities – Access to affordable energy, water and waste treatment, is a basic component of attracting investment to a location. The rates charged for access to these utilities will also play a part in the investment decision being made by an organisation.
- Raw Materials – This will not play a major factor in investment decisions for the Cleveland CBD; however, it may play a role in any new construction development, notably in access to construction materials.
- Financial Capital – Post GFC access to financial capital has been constrained due to tightened lending criteria that now often requires pre-commitment from tenants for commercial and residential construction projects before any capital will be lent. This has somewhat constrained development activity across the globe and made the issue of comparative advantage and investment attraction more critical than ever for governments at all levels. Funding for projects can come from sources other than traditional lending institutions, including state and federal governments, private investors and less commonly local investment pools.

There are some alternatives to finance access from traditional lenders; however they are aimed primarily at consumer product development, rather than commercial investment decisions. This funding platform is known as ‘crowd-funding’ and it involves the general public investing in projects, by pledging contributions to them. It is not used to fund investment projects however, it is being used successfully by start-ups and small to medium firms to attract investment in projects that may have otherwise had limited access to capital.

This type of funding would not attract large investors to the Cleveland CBD for example; however it is an option for micro and small businesses to use as a capital investment source in the development of their business using the CBD as the shopfront. It is not applicable to all industry sectors; however substantial funding is being generated by this method in the creative industries and in IT, and is driving entrepreneurial activity particularly in the United States¹¹.

- Transport – Access to reliable public transport and the ability of employees to access a workplace by private vehicles play a critical role in an investment decision by an organisation. The issue of transport also includes access to markets by suppliers and producers and hence the issue of road transport infrastructure is an important component of any investment decision. The other industry sector where this is important is for tourists and their ability to visit a location using a variety of transport options. Cleveland has a competitive advantage in this instance in its proximity to Brisbane and the Gold Coast and the provision of a rail line.
- Personal and Intangible Factors – The above factors are key components of investment decision-making, however they are by no means the only factors and they represent only a fraction of the many facets involved in the decision making process.

The personal and intangible attributes of communities also play a role in investment decision making. These attributes can be described best in terms of community leadership and attitudes, housing, schools, recreation, shopping, and overall community image. Most large companies are also concerned about their corporate image, and they want to be a good corporate neighbour. Their impressions of a potential location can be greatly enhanced if community leaders create an image of acceptance, cooperation, and fairness¹². This is a much easier task if community leaders can exhibit a history of creating a favourable

¹¹ Management Today, August 2012, The Money Mosh Pit, Australian Institute of Management, Brisbane

¹² Oklahoma State University, *Critical Factors in attracting new business and industry in Oklahoma*, retrieved from <http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-1794/AGEC-862web.pdf>

environment for existing businesses. This is one factor in the investment process in which a community has a great deal of control.

- Other factors – Other influences that will impact on investment decision making include: local and state taxes, laws that may affect the industry being recruited and any special inducements for industry that may choose to locate in a particular community.

The modern decision-making framework of investment decision making tends to increase the influence of desirable characteristics of a location as a place to live and work. Worker productivity is always affected by these personal factors and can lead to attracting quality labour and management investments decisions to a particular geographic area. Making a community more attractive to industry also creates a better place to live for existing residents. Thus, even if a new development does not eventuate, the community benefits from the effort.

3.2 Development Authorities

In addition to the above factors local governments working in conjunction with state and/or federal governments and private industry can establish Development Authorities as a means of attracting and driving investment strategies for a particular location. There are a number of notable successful Authorities that have been established both in Australia and overseas that have developed often run-down areas of a city or region and redeveloped them into successful residential and commercial hubs. Successful examples of these include:

- London Docklands Development Corporation – was a non-departmental public body responsible for the redevelopment of the London Docklands area. The government established the body with a grant, with funding then being based on the proceeds of land sales. The corporation was in existence from 1981-1998 and although it had the power to compulsorily acquire land, the planning for public purposes resided in the hands of the Boroughs¹³.
- Metropolitan Redevelopment Authority – the MRA is a body corporate established in 2011 to take responsibility for a number of urban renewal projects in the Perth Metropolitan area. These areas were previously undertaken by separate bodies in each of the renewal areas; however the MRA was formed to take overall responsibility for all of these projects. The authority is a body of the state and as such have all of the immunities associated with that. The authority has total planning authority in urban renewal areas, however it does work in conjunction with local governments, but it is the lead planning agency. Funding is obtained from the government and the proceeds of land sales¹⁴.
- Melbourne Docklands - the Melbourne Docklands redevelopment a former working waterfront area of Melbourne that fell into disuse when the container shipping was moved to the west of Melbourne. The initial development of the area was undertaken with the 1996 development of the Docklands Stadium being catalyst project for the area. The residential and commercial component of the redevelopment was overseen by Places Victoria (previously VicUrban) a Victorian State Government Agency tasked with overseeing land sales and acting as a land developer in the Docklands precinct. The area is now headquarters to organisations such as NAB, Myer, Bureau of Meteorology, ANZ, Medibank Private, Ericsson and Bendigo Bank and supports a residential population of nearly 10,000¹⁵.

These development authorities are only a few examples of the types of governance options available to governments in the pursuit of investment attraction. They are normally undertaken as part of a broad master

¹³ London Docklands Development Corporation, 2009, *About LDDC; a brief overview*, retrieved from <http://www.lddc-history.org.uk/lddcachievements/index.html>

¹⁴ Western Australian Government, 2017, Metropolitan Redevelopment Authority Act 2011, retrieved from http://www.austlii.edu.au/au/legis/wa/consol_act/mraa2011436/s7.html

¹⁵ Places Victoria, 2012, *Our Projects: Docklands*, retrieved from <http://www.places.vic.gov.au/precincts-and-development/docklands/about/docklands-history>

planning process, such as that provided by the Cleveland CBD Master Plan, or through the conferring of Priority and State Development Areas.

3.3 The Role of Local Government in Attracting Development

The approach taken by local governments in attracting development to a region or specific area needs to be multi-faceted and undertaken in conjunction with state and possibly federal counterparts and industry themselves. The facets that need consideration in attracting development to a region have been noted above and they additionally include¹⁶:

- Current economic conditions, including access to finance;
- Assist existing businesses in the development of growth opportunities, rather than attempting to immediately attract new business;
- Development plans for a particular area and their attractiveness to investors;
- Willingness of local governments to assist with the development process i.e. through incentives and bonuses;
- A proactive, rather than reactive approach to development that promotes development incentives in return for public and environmental benefits;
- Understanding the competitive advantages of your region, or locality;
- Access to transport and infrastructure; and
- Supply of labour.

Intangible factors include the attractiveness of a location, access to education facilities, cultural and recreational facilities, shopping and housing affordability including rental costs. In developing the Cleveland CBD and Redland City as a whole, it is important to understand the impact of the wider economy on attracting development to the city, the built environment and the amenity of the city as a whole as part of the city's appeal.

3.4 Other Local Government Initiatives

There are a variety of options available to local governments when pursuing investment opportunities. The following is a brief review of incentives offered in Queensland, with one example included from South Australia as a way of comparing these approaches from an interstate perspective. The following examples are by no means a comprehensive list of examples and each example has a number of unique individual factors that could not be repeated in Redland City. What they represent collectively however, are examples that are being used to attract investment, elements of which could be replicated in the overall development of Redland City and its activity centres.

3.4.1 Brisbane

The LGA of Brisbane has a resident population of 1,041,839, covering an area of 1,367km² and is the largest local government area in the country. The unemployment rate of 5.3% is below the State's rate, with a median weekly household income of \$1547, higher than the state average¹⁷. The city has suffered an increase in the office vacancy rate, to 15.3% due to the slowdown in the state's economy and a reduction in

¹⁶ McKinsey, (1994), *Lead Local, Compete Global: unlocking the growth potential of Australia's Regions*, Regional Development, Canberra: Australian Government

¹⁷ Australian Bureau of Statistics, 2017, *2011 Census QuickStats, Brisbane (C)*, code LGA 31000, retrieved from http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/LGA31000?opendocument&navpos=220

commercial activity¹⁸. Brisbane City Council has introduced a number of incentives to stimulate activity within the Brisbane LGA boundaries. The table below highlights the key features of the incentives programs¹⁹;

Table 4 Brisbane City Council Incentives

Incentive Category	Incentive Type	Description
Retirement and Aged Care incentive	Infrastructure charges concession	A reduction in infrastructure concessions of 33% for eligible development approvals given between December 2016 and December 2019. Building works must be substantially commenced by December 2020.
Student Accommodation Charges Reduction	Infrastructure charges concession	A reduction in infrastructure charges for eligible student accommodation developments for developments that take effect between July 2014 and June 2017. Some of the criteria for eligibility include: <ul style="list-style-type: none"> • The development must provide accommodation for students enrolled at a tertiary or higher education campus within the Brisbane Local Government Area, including university and TAFE colleges and private educational establishments providing nationally accredited courses • The development must contain a minimum of 20 bedrooms • be operated and actively managed by a bona fide and experienced tertiary or higher education student accommodation provider • Up to a maximum total of \$12,000 (in reductions) for suites with six or more bedrooms.
Charges Reductions for Eligible Community Organisations	Infrastructure Charges Reductions	A reduction is available for 75% of the infrastructure charges levied by Council on an associated development approval, up to a maximum amount of \$45,000 for development approvals given between July 2016 and June 2020. The types of organisations include: <ul style="list-style-type: none"> • Charitable organisations • NFP community based organisations • Sporting or recreation organisations • Religious organisations • Schools (DET accredited)

3.4.2 Sunshine Coast Council

The Sunshine Coast Council region is the third largest urban area in Queensland, with a population of 306,909 covering an area of 2,251km² and a lower than state average household income and higher unemployment²⁰ than the state average. The Council has established a dedicated business facilitation service that offers an Industry Investment Facilitator to bring investments to market. In addition to this it has

¹⁸ Property Council of Australia, 2017, Demand boosts Queensland Office Markets, retrieved from http://www.propertycouncil.com.au/Web/Content/Media_Release/QLD/2017/Demand_boosts_Queensland_office_markets.aspx

¹⁹ Brisbane City Council, 2017, Grants and Incentives for Business, retrieved from http://www.choosebrisbane.com.au/invest/how-we-can-help/grants-and-incentives?sc_lang=en-au

²⁰ Australian Bureau of Statistics, 2012, 2011 Quick Stats, Sunshine Coast, retrieved from http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/LGA36710?opendocument&navpos=220

established a number of initiatives aimed at encouraging investment and generating development across the entire LGA. The Council incentives are targeted in their aims and objectives. The initiatives include²¹:

Table 5 Sunshine Coast Council Incentives

Incentive Category	Incentive Type	Description
Development Incentives	Rebate	<p>A rebate of 25% of the fees paid at the lodgment of a development application can be sought if the work commences within two years from the date of approval and is for one of the following uses under the region's planning scheme:</p> <ul style="list-style-type: none"> Rural – agriculture, environment facility, roadside stall, winery Tourism – nature-based, short-term accommodation (5-star or better facility), art and craft centre shop in a rural zone, tourist attraction in a rural zone Health Care Services - residential care facility (high care).
Fee Reductions	Assessment Fee Discount	A 20% discount offered on all assessment fees that apply to all operational works applications made by an approved consultant and decision ready.
Investment Incentives Scheme	Offset Relocation and Establishment Costs	<p>The aim of the Scheme is to diversify the Sunshine Coast economy increase employment opportunities and increase capital expenditure. Council will offset certain costs associated with relocation and establishment. Eligibility criteria include:</p> <ul style="list-style-type: none"> it is already established and has a history of at least three years profitable trading and a positive balance sheet it will be investing capital of at least \$2 million and/or creating 10 new jobs (by FTE) in the region it will generate significant economic benefit for the Sunshine Coast region <p>Industry sectors that the Incentives Scheme is targeting include:</p> <ul style="list-style-type: none"> Health and Wellbeing Education and Research Tourism, Sport and Leisure Clean Technologies Aviation and Aerospace Food and Agribusiness Knowledge and Professional Services

3.4.3 Logan City Council

Logan City has a population of 278,050 however the population is projected to grow to 490,522 by 2036, making it one of the fastest growing regions in the state, covering an area of 323km²²². The city, however has a higher than state average unemployment rate and an average household income that is broadly equal

²¹ Sunshine Coast Council, 2017, Invest Sunshine Coast Australia – Financial Incentives, retrieved from <https://invest.sunshinecoast.qld.gov.au/Investment-Support/Government-Incentives-and-Assistance/Financial-Incentives>

²² Queensland Government Statisticians Office, 2017, Queensland Regional Profile, Logan Local Government Area, retrieved from <http://statistics.qgso.qld.gov.au/profiles/qrp/resident/pdf/YB45CG1VWJXJVORV81K64PYHV/MGPQSJXP1K6NIY47D51ZBD32YAZE6 TYLU28KSMKHPI7P0GEP730CLYLRP43PRNNE8W3RQSUUJ71DKHOH3EMRRJCK7CAJ97WYEAHR89/qld-regional-profiles-resident#view=fit&pagemode=bookmarks>

to the state average, however there are pockets of severe disadvantage in parts of the LGA²³. The city has a range of incentives aimed at generating development that are applied across the city, most notable for non-residential development, 4 and 5 star hotel accommodation and development that involves not-for-profit organisations²⁴. In addition to these, the city has recently declared Springwood as an Economic Development Zone offering a range of incentives to generate development, the program details will be formally announced in late May. These include²⁵:

Table 6 Logan City Council Incentives

Incentive Category	Incentive Type	Description
Infrastructure Charges	Infrastructure Charges Deferral	<ul style="list-style-type: none"> Council will not levy a charge if a non-residential development simply replaces an existing non-residential development without adding floor space. In the event of the new non-residential use having a higher charge rate than the existing, Council will exempt the charge up to a difference of \$50k. Deferring the payment of infrastructure charges for new high quality 4-5 star hotel developments within the City of Logan. Not-for-profit and charitable organisations infrastructure charges deferrals.
Administrative Streamlining	Development Assessment Valuation Simplification	<ul style="list-style-type: none"> Applicants can submit valuations upfront as part of the Development Assessment process if they are entitled to infrastructure charges offsets or refunds.
Infrastructure Charges (Springwood ED zone)	Infrastructure Fee Discount	Developers are being offered \$1m in discounts on infrastructure fees to encourage development in the centre.
Car Parking (Springwood ED Zone)	Car Parking Requirements Relaxation	Relaxation of Car parking requirements for new developments in Springwood.
Building Heights (Springwood ED Zone)	Allowing for increased building heights	The City will support increased building heights for new developments in Springwood Centre.

3.4.4 Gold Coast City Council

The Gold Coast City region is the sixth largest urban area in Australia, with a population of 494,501 over an area of 1,358km². The City has a lower than state average household income and higher unemployment²⁶ than the state average. The Gold Coast did have an extensive incentives program based around enticing investment and construction, however this has since been wound back as the sector has shown strong growth since 2010 with the focus now on incentives more targeted in areas such as film making, export

²³ Australian Bureau of Statistics, 2017, 2033.0.55.001 - Census of Population and Housing: Socio-Economic Indexes for Areas (SEIFA), retrieved from <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/2033.0.55.0012011?OpenDocument>

²⁴ Logan City Council, 2017, Infrastructure Planning and Charges, retrieved from <http://www.logan.qld.gov.au/planning-and-building/planning-and-development/infrastructure-planning-and-charging>

²⁵ Logan City Council, 2017, Media Releases, retrieved from <http://www.logan.qld.gov.au/about-council/news-and-publications/media-releases/media-releases/one-million-reasons-to-invest-in-springwood>

²⁶ Australian Bureau of Statistics, 2017, 2011 Quick Stats, Gold Coast, retrieved from http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/309?opendocument&navpos=220

assistance, international trade and investment and business assistance programs²⁷. A brief overview is provided below:

Table 7 Gold Coast City Council Incentives

Incentive Category	Incentive Type	Description
Film Attraction	Film assistance incentives	<p>The city assists film and production companies looking to film in the city, with incentives available for films meeting the following requirements:</p> <ul style="list-style-type: none"> the approximate value of the production (minimum AU\$1.5 million spend on the Gold Coast) duration of the production and approximate percentage conducted on the Gold Coast approximate number of jobs and economic impact created on the Gold Coast during these periods <p>The city offers incentives between \$30,000 and \$100,000 depending on the film's production value.</p>
Export Assistance Scheme	Export assistance	<p>The city has developed a scheme to assist existing and emerging exporters both develop and grow export markets. The types of assistance available in two categories that include:</p> <ul style="list-style-type: none"> Category A: companies exporting to North East Asia, South East Asia, South Asia, New Zealand and Pacific Islands, will be funded \$1500. Category B; companies exporting to Europe, Middle East, Africa and the Americas, will be funded \$3000. <p>The funding is available for three consecutive years.</p> <p>Eligibility criteria are quite rigorous and state that the company must:</p> <ul style="list-style-type: none"> be a registered Gold Coast based business, established for more than two years, with an active Australian Business Number (ABN) be participating in either a City of Gold Coast mission, an Austrade or Trade Queensland supported event or undertaking their own market visit be registered with TradeStart Gold Coast have a turnover of between \$250,000 and not more than \$15 million (AUD) be export ready, with a clearly defined export strategy and the ability to assign export budget own the product/service/intellectual property that is being promoted manufacture or produce their products and services in Australia on the Gold Coast or, if manufactured or produced outside Australia, must provide a significant benefit to the Gold Coast from overseas sales complete a short outcomes summary following your trip, listing your meetings and export outcomes achieved or in process.

²⁷ Gold Coast City Council, 2017, Gold Coast Business, retrieved from <http://www.goldcoast.qld.gov.au/business/default.html>

Incentive Category	Incentive Type	Description
International Trade and Investment	International Trade Missions	The City offers opportunities for companies to participate in activities including trade missions for both international and inbound trade.
Gold Coast CBD	Non-financial	<p>Gold Coast has provided a dedicated team to assist specifically in the development of Southport (Gold Coast CBD). The team provides support and advice for investors and developers.</p> <ul style="list-style-type: none"> • pre-development meetings; • strategic advice and research; • business support and capacity building; • investment and relocation; • partnership opportunities; • international delegation assistance; • marketing and promotion; • financial assistance (programs listed above); and • event management. <p>The team is also overseeing projects in the CBD including:</p> <ul style="list-style-type: none"> • Light rail • Gold Coast Chinatown • Broadwater Parklands Stage 3 • Gold Coast Aquatic Centre • Southport Mall improvements

3.4.5 Rockhampton Regional Council

Rockhampton Regional Council is the fourth largest regional city in Queensland with a population of 109,336 over an area of 18,361km². It is the major administrative, business, government and community centre on the Central Coastal region of the state. The city has a lower than state average unemployment and lower household average income²⁸. The LGA has been affected by the downturn in the mining sector and the regional economy more broadly which has impacted on development in the city. Council is offering a range of incentives for the CBD area (that are due to cease by the end of June 2017) of the city aimed at revitalising the CBD, including²⁹:

Table 8 Rockhampton Regional Council Incentives

Incentive Category	Incentive Type	Description
Infrastructure	Infrastructure Charge Concessions	Council offer a range of incentives for development within the CBD. The policy applies to developments making a material change of use or carrying out building works that are consistent with the Rockhampton Region Planning Scheme for an eligible

²⁸ Australian Bureau of Statistics, 2017, 2011 Quick Stats, Rockhampton LGA, retrieved from http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/LGA36360?opendocument&navpos=220

²⁹ Rockhampton Regional Council, 2017, Rockhampton CBD Development Initiatives, retrieved from <http://www.google.com.au/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=0ahUKEwizm9XpjOTTAhVCvbwKHYPABvEQFggmMAE&url=http%3A%2F%2Fwww.rockhamptonregion.qld.gov.au%2Ffiles%2Fassets%2Fpublic%2Fregional-services%2Fplanning-building-plumbing%2Fmarketing%2Fdevelopment-incentives%2Fdevelopment-incentives-cbd-final-january-2017.pdf&usg=AFQjCNFuo3GPQGeK0W1CgpAOoGzSjzbUrQ>

Incentive Category	Incentive Type	Description
		<p>use. The aim of the incentives has been to:</p> <ul style="list-style-type: none"> • Create new employment and investment ; • Value-add through enhanced service delivery or supply chains; • Generate growth within identified strategic industrial and commercial locations, including high density residential areas; • Diversify and make the local economy more sustainable; and • Activate the Rockhampton Central Business District <p>It is broken down into two precinct areas, with the following incentives offered :</p> <p>Precinct 1</p> <ul style="list-style-type: none"> • 100% discount on infrastructure charges for commercial and industrial development; • 50% discount on infrastructure charges for specified residential development in the Special Use Precinct - Inner City North; • Refunded planning fees; and • Refunded connection fees for water and sewerage. <p>Precinct 2</p> <ul style="list-style-type: none"> • If the use is in the same building - 100% discount; and • If the use is an extension or a new development - 50% discount. <p>The incentives apply to applications made between December 2013 and June 2017 and need to be completed within three of approval.</p>
Development Application Fees	Development Application Fee Refund	Development application fees associated with developments approved by Council and which have been paid to Council, will be refunded on completion of the development.
Facilitation	Non-Financial Incentives	<p>Council offers a facilitation service that assist with the approval process for developments through Council. This includes:</p> <ul style="list-style-type: none"> • Access to Council's Economic Development Officer to provide advice on eligibility and incentives that may be available under this policy; • Access to Council Planning Officers through the Duty Planner arrangements to provide advice in preparing development applications; • Pre-lodgment meetings with all relevant Council Officers free of any charges; and • Assistance with identifying and facilitating contact with the State Government agencies with a view to facilitating the development.

3.4.6 Townsville City Council

Townsville is the largest urban area outside South East Queensland, with a resident population of 174,462, covering an area of 3,736 km². The city has an unemployment rate higher than the state average; however its median income is higher than the state average, which is consistent with the diversity of the local

economy³⁰. As with Rockhampton the city has experienced a downturn associated with the mining industry and the broader economy, however it is a diverse regional economy and the downturn has been less pronounced than experienced in regional areas where mining was the main industry.

The city embarked on a CBD development incentives program in 2011 to stimulate economic activity in the core activity centre of the CBD. This project was aimed as an immediate stimulus to the local economy; however it was part of a broader long-term approach to the development of the CBD that focused on a number of initiatives including community infrastructure, public spaces, and consolidation of government premises. In 2015 Townsville introduced a revised Townsville Jobs and Investment Package that is set to cease in 2018. The key features of this package are outlined below³¹:

Table 9 Townsville Jobs and Investment Package

Incentive Category	Incentive Type	Description
Eligibility		<p>Eligible projects for this package need to conform to the following use types:</p> <ul style="list-style-type: none"> • Multiple Dwellings • Shopping Centre • Shop • Food and Drink Outlet • Short-term Accommodation • Hotel or Motel • Projects must have construction costs that exceed \$3,000,000 <p>The incentives are limited to an area within the Townsville CBD that includes the PDA and Townsville Waterfront Project Area.</p>
Development Advocate	Facilitation	The Development Advocate will be the main point of contact for proposed CBD developments, and will work with developers to assess the eligibility of projects, apply the relevant concessions, and provide a streamlined process for obtaining approvals and processes.
Site and Service Advocacy	Facilitation	Council will assist developers where required to obtain road and footpath closure approvals and provide access to Council services.
Fees and Application Waivers	Sundry Fee and Application Charge Waiver	<p>Council will waive a number of fees and charges associated with a development including:</p> <ul style="list-style-type: none"> • Operational Works • Compliance Assessment • Miscellaneous Infrastructure • Hydraulic Services • Water meter and service connection fees
Rates and Utility Charges	Rate and Utility Charge Exemptions	100% concessions on rates and utility charges during periods of construction. A signed construction contract must be provided to be eligible.
Infrastructure Charges	Infrastructure Charge Concessions	100% concessions on infrastructure charges

³⁰ Australian Bureau of Statistics, 2017, 2011 Quick Stats, Townsville LGA, retrieved from http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/LGA37010?opendocument&navpos=220

³¹ Townsville City Council, 2015, Townsville Jobs and Investment Package 2015-2018, retrieved from https://www.townsville.qld.gov.au/__data/assets/pdf_file/0006/5100/TCC10401_JOBS-AND-INVESTMENT-PACKAGE_A4_APR16.pdf

3.4.7 Whyalla City Council (South Australia)

Whyalla City is located in the north-east corner of South Australia on the Eyre Peninsula and is the fourth largest urban area in the State. The city has a population of 22,088, covering an area of 1,033km² and is the major regional centre for the Eyre Peninsula³². The city has an unemployment rate that is higher than the State average and lower household income and is heavily dependent on industries associated with the Steelworks (OneSteel) plant located in the city³³. The city has developed a business incentives program that is aimed that offers both financial and non-financial incentives to locate and expand their businesses in the city. An overview is provided in the table below³⁴:

Table 10 Whyalla City Council Incentives

Incentive Category	Incentive Type	Description
Eligibility		<p>Eligible projects for this package need to conform to the following criteria:</p> <ul style="list-style-type: none"> • A successful and proven track record and technical capability to carry out the proposed activity • Operating profitably for at least the last two years • Provide significant economic benefits for the city that will create sustainable jobs for the city • Have an ABN • Not be a Whyalla registered business, unless the business is developing a new stream that will provide significant economic impact • Must be financially viable • The business must not have detrimental impacts on an existing Whyalla City Council based business • Demonstrate the % or \$ value of local contractors to be used • The activity must not compromise national and international obligations for South Australia and Australia • The proposal must adhere to the implementation strategy of the Council and RDA Whyalla Eyre Peninsula strategic objectives and economic strategy.
Facilitation and Advocacy	Facilitation	<p>Council provides a range of facilitation services to assist businesses in locating in the city. These include:</p> <ul style="list-style-type: none"> • Appointment of a case manger • Itinerary development • Site selection • State and Federal government facilitation (where required) • Local industry facilitation (where required)
Development Approval Fee	Waiver of Development Approval Rebate	Providing a rebate to reduce or offset planning and building fees and charges
Council Rates	Council Rates rebate	This is only available to developments that will have a large workforce requirement

³² Australian Bureau of Statistics, 2017, 2011 Quick Stats, Whyalla LGA, retrieved from http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/LGA48540?opendocument&navpos=220

³³ Unearth Whyalla, 2017, The Story of Whyalla, retrieved from <http://www.whyalla.com/story-of-whyalla>

³⁴ Whyalla City Council, 2015, Unearth opportunity in Whyalla – Business support and investment incentives, retrieved from http://www.whyalla.sa.gov.au/webdata/resources/files/WHYALLA_BusinessIncentiveSupport_Flyer.pdf

Incentive Category	Incentive Type	Description
Infrastructure costs	Infrastructure Charges Deferrals and Waivers	Deferral, or waiver on local government Infrastructure charges
City Property Leasing	Leasing city owned buildings and land	Council offers to assist with leasing of Council owned property to support with business establishment.

3.4.8 Cairns Regional Council

Cairns is the major administrative area for Far North Queensland and the fifth largest urban area in Queensland. The city has a population of 156,159 covering an area of 1691 km². The city has a higher unemployment rate than the state average and a lower household income than the state average³⁵. The city along with Townsville has experienced soft economic conditions following the contraction of mining investment across the state and slower economic growth following a series of natural disasters and a slowdown in the tourism industry upon which the city is heavily dependent. The city historically however has always been subject to fluctuations in its economy in part due to its dependence on trade and exchange exposed industries. The city has embarked upon business incentives program that is designed to generate with series of specific outcomes that focus on specific areas of growth within the local economy. The table below provides an overview of the incentives offered by the Council³⁶.

Table 11 Cairns Regional Council Incentives

Incentive Category	Incentive Type	Description
Eligibility		<p>The incentives offered by the Council are targeted at specific areas within the local economy. The following areas are listed as focus areas for the program:</p> <ul style="list-style-type: none"> • Create new jobs • Create direct value-add • Catalyse additional investment • Generate growth in a key strategic area • Support growth of other companies <p>The following criteria need to be met for eligibility to access the package:</p> <ul style="list-style-type: none"> • Demonstrated experience and the development of a comprehensive business plan • Demonstrated ongoing financial viability and sustainability • Demonstrated evidence that the project is viable without the incentives • Demonstrated economic and community outcomes • Meets legislation, policy and environmental outcomes
Infrastructure costs	Infrastructure cost fee waivers/reductions	Council may provide waivers and reductions in infrastructure costs associated with eligible projects

³⁵ Australian Bureau of Statistics, 2017, 2011 Quick Stats – Cairns Local Government Area, retrieved from http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/LGA32070?opendocument&navpos=220

³⁶ Cairns Regional Council, 2016, Cairns Regional Council Investment Incentives, retrieved from http://www.cairns.qld.gov.au/__data/assets/pdf_file/0009/48978/InvestIncentives.pdf

Incentive Category	Incentive Type	Description
Establishment costs	Financial grants for establishment costs	Council may provide grants for establishment costs associated with eligible projects
Facilitation	Advisory Service	Council will provide an advisory service for eligible projects, the provision of which includes: <ul style="list-style-type: none"> • Identify investment opportunities • Arrange site visits • Facilitate discussions with State and Federal Government agencies where required • Facilitate introductions with local businesses where required • Assist with finding site locations
Facilitation	Approvals Facilitation	Pre-lodgement meetings to facilitate the approvals process
Facilitation	Business Case Assistance	Assist with business case development, inclusive of research provision and data analysis

4.0 Economic Assessment

This section of the report will undertake an assessment of the Incentives Packages using a Cost Benefit Analysis to assess the benefits and costs associated with the Incentives Packages. An overview of the Cost Benefit Analysis methodology as used by RPS is provided below.

4.1 Cost Benefit Analysis Methodology

A Cost Benefit Analysis (CBA) is the most commonly used and most comprehensive of the economic evaluation techniques. Essentially, a CBA compares the monetised benefits and costs of a project to evaluate the desirability of a project.

RPS uses an incremental CBA approach which analyses only the incremental, or additional, benefits/costs (i.e. the net impact of the development options compared to status quo). This approach is considered to be the most appropriate to quantify the net economic benefits that accrue from the incentives packages as it recognises the opportunity costs of each of the incentives packages.

The CBA appraises the net economic value of each development option to the City, as the majority of benefits will accrue locally. This approach enables Redland City to assess the dollar losses that would accrue to the economy as a result of both incentives packages.

The CBA steps include:

1. Identify the quantifiable benefits that are able to be monetised;
2. Calculate the value (in monetary terms) of the quantified incremental benefits in net present value (NPV) terms using the discount rates;
3. Calculate the benefit cost ratio (BCR) – the total present value of all net benefits compared to the present value of costs to determine the ratio to which incremental net benefits exceed (or undershoot) incremental costs related with the option.

The methodology and assumptions utilised in this assessment complies with guidance from Queensland Treasury and other relevant State Government agencies. This includes the *QLD Government Guidelines for Economic Appraisal*.

All assumptions and inputs made in the preparation of the cost benefit analysis are conservative and therefore defensible and reliable in nature. This is an important feature of the analysis, as it ensures that all decisions made based on the results of the assessment have a low risk profile and therefore are regarded as highly appropriate.

4.2 Discount Rates

Discounting is the reverse of adding (or compounding) interest. It reduces the monetary value of future costs and benefits back to a common time dimension – the base date (i.e. July, 2014). Discounting satisfies the view that people prefer immediate benefits over future benefits (social time preference) and it also enables the opportunity cost to be reflected (opportunity cost of capital). RPS typically used real discount rates of 5%, 7.5% and 10%. This complies with the Queensland Government preference for a 7.5% real discount rate plus risk measures (i.e. 5% and 10%). In this scenario RPS has used a slightly higher discount rate of 10% to factor in slightly higher risk associated with commercial ventures compared to government.

4.3 Assessment Period

Modelling of quantifiable benefits and costs were developed over a 15 year timeframe, with economic values illustrated in current (2017) prices. This is in line with timeframes to evaluate the economic costs and benefits

of a project, which can range from between 10 and 20 years. This period commences in the 2017/18 financial year, as the current operating year for the project.

4.4 Redland City Council Incentives Packages Expenditure to Date

The endorsement for the extension of the Cleveland CBD Incentives Program (and Tourism Accommodation Incentives Package) in 2015 was designed to take advantage of the upturn that was occurring across other parts of South East Queensland in the construction sector. The financial incentives were designed to act as a potential stimulus to generate construction activity and benefit from the associated multiplier effects that construction generates within an economy.

During the latter half of 2014 and into 2015, the uptake of the Development Application Fee Concessions associated with both the Cleveland CBD and Tourism Accommodation indicate some strength in the construction and accommodation sectors of the local economy.

To take advantage of the increase in development applications and to continue offering the Cleveland CBD Incentives Program and Tourism Accommodation Incentives Package, it was recommended to Council that a further \$400,000 in funding be allocated to continue the Development Application Fee Concessions component of the incentives. An identified potential shortfall in the funding for the Development Application Fee Concessions of \$140,000 necessitated the request for the additional funding.

The table below provides an overview of the budget for the Incentives Packages and the amount expended as at 28-04-2017.

Table 12 Incentives Packages Budget and Expended Component

Description	Budget	Expended 28-04-2017	Remaining
Infrastructure Charges Concessions	\$1,500,000	0	\$1,500,000
Development Application Fee Concessions	\$650,000	\$334,638	\$315,362

There have been 20 developments that have been granted application fee concessions from the incentives packages. Of the 20 developments, 18 were tourism accommodation related projects, including those within the Cleveland CBD. Within the Cleveland CBD 8 development applications were lodged, with only 2 of the developments not associated with tourist accommodation. The Cleveland CBD component of the incentives package consisted mostly of Mixed Use Development, comprising apartments, with small retail and commercial elements as part of the development. The following table provides a breakdown of the types of developments and the corresponding Incentives Packages program.

Table 13 Development types associated with the Incentives Packages

Development Type	Locality	Tourism Accommodation Incentives Package	Cleveland CBD Incentives Package
Tourism Accommodation (includes Apartments, refreshment establishment and shop)	Cleveland CBD		Applicable
Tourist Resort	Russel Island	Applicable	
Tourist Resort (extension of above)	Russel Island	Applicable	
Tourist Accommodation (Tourist Park)	Mount Cotton	Applicable	
Tourist Accommodation	Alexandra Hills	Applicable	
Bed and Breakfast	Redland Bay	Applicable	
Mixed Use (includes tourist accommodation, apartments and office/shop)	Cleveland CBD		Applicable
Tourist Accommodation	Russel Island	Applicable	
Tourist Accommodation	Sheldon	Applicable	
Mixed Use	Cleveland CBD		Applicable
Apartments	Cleveland CBD		Applicable
Bed and Breakfast	Cleveland CBD		Applicable
Tourist Accommodation	North Stradbroke	Applicable	
Apartments (includes Tourism Accommodation) with commercial	Cleveland CBD		Applicable
Refreshment Establishment	Cleveland CBD		Applicable
Tourist Accommodation	Russel Island	Applicable	
Tourist Accommodation	Mount Cotton	Applicable	
Tourist Accommodation	Mount Cotton	Applicable	
Tourist Accommodation	Sheldon	Applicable	
Tourist Accommodation	Cleveland		Applicable
Tourist Accommodation	Redland Bay	Applicable	

5.0 Benefits

This section outlines the assumptions which have been used in developing the benefits for the cost benefit analysis for the Incentives Packages. It also includes a description of the benefits assessed and the value of the benefits.

5.1 Assumptions

In order to provide conservative estimates of the benefits from the Incentives Packages, RPS has assumed that values used to assess the benefits are based on industry sector and local government area averages and in the case of tourism that occupancy rates are based on low season rates. To maintain the conservative estimates, RPS has not applied any multipliers to the expenditure, thus ensuring all expenditure benefits are direct benefits.

A number of overarching assumptions have been used in the assessment of the benefits, these include:

- The start date for the benefits calculations commences in 2018
- Proposed rooms for both tourist accommodation and apartments are based on Council data
- Data relating to occupied room nights are based on conservative estimates associated with low season rates for the Brisbane Tourism Region (which comprises Redland City³⁷)
- Occupied room rates for tourist accommodation are calculated on low season rates
- Tourism total expenditure is based on Tourism and Events Queensland, 2016 Domestic Tourism Profile
- Non local tourism expenditure is based on the interstate share of domestic visitation as based on 2016 Domestic Tourism Profile
- The Development completion rates assume 100% completion for all development associated with both Incentives Packages
- Expenditure associated with occupancy rates for apartments is based on ABS census data for costal SA2 areas within Redland City
- Retail expenditure (associated with Cleveland CBD Incentives Packages developments) is based on expenditure per household for retail goods and services and derived from MarketData Systems³⁸
- Retail expenditure captured in the modelling assumes only 20% is captured locally to provide a conservative assessment
- Business GVA calculations are based on average turnover of commercial and retail businesses in Cleveland SA2 based on data sourced from the Australian Bureau of Statistics

5.2 Description of Benefits

The benefits identified in this report have been assessed across benefit indicators that have been derived from the information provided to RPS by Redland City Council. The projected values of the benefits used in this assessment have been based on development associated with the Tourist Accommodation Incentives Package including occupancy rates, total expenditure (including non-local) and 100% completion rates for all developments. The second and third set of benefits calculated in the assessment has been derived from data provided to RPS on the types of development associated with the Cleveland CBD Development Incentives Package. The benefits calculated for the Cleveland CBD assume that 100% of developments

³⁷ Destination Q, 2017, Regions, Queensland Destinations, retrieved from <https://www.destq.com.au/industry/regions>

³⁸ MarketData Systems. 2017, Services, retrieved from <http://www.marketdatasystems.com.au/services.htm>

proceed and that 80% of apartments are occupied at completion based on census data for apartment occupancy rates within the Redland City LGA.

Table 14 Incentives Packages Benefits

Benefit	Description
Induced Tourist Expenditure	The induced tourist expenditures are expenditures linked with real GDP (GRP) that varies with GDP movements i.e. as GDP increases so does Induced tourism expenditure and vice versa. The expenditure takes the form of both total expenditure and non-local expenditure commencing in 2018, which is the assumed development completion date.
Induced Local Retail Expenditure	As with induced tourist expenditure this expenditure is associated with real GDP and models the Cleveland CBD Incentives Packages benefits. It is a conservative assumption that only 20% of expenditure for retail is captured locally.
Gross Value Add of New Commercial Business	This captures the benefits associated with new commercial business from development induced by the Cleveland CBD Incentives Package. The modelling depicts the present value generated by commercial office and retail space from the base date of 2018.

5.2.1 Results

The following table illustrates the total benefits for the Tourism which for each closure scenario in the CBA, with the present values at a 10.0% discount rate. The induced tourist expenditure provides the largest benefit from the incentives packages which is reflective of the large number of tourism accommodation related projects even within the Cleveland CBD incentives package. This is followed by the gross value-add of new commercial businesses which demonstrate the additional GRP captured in the local economy through the establishment of new commercial businesses. It should be noted that this figure is a conservative one as it is calculated on average turnover for the Cleveland CBD; the actual net present value figure most likely be higher. The lowest benefit from the incentives packages is in the induced local expenditure by local residents, which the modelling has assumed only has a capture rate of 20%, which is a conservative benefit and the actual net present value of benefits would likely be higher.

Table 15 Net Present Value by Incentives Packages Benefits

Benefit	10%
2033 assessment timeframe	
Induced Tourist Expenditure	\$80,447,053
Induced Local Retail Expenditure by Residents	\$7,455,252
Gross Value Add of New Commercial Businesses	\$42,942,405
Total Benefits	<u>\$130,844,711</u>

5.3 Costs

This section outlines the assumptions which have been used in developing the costs used in the analysis for the Cleveland CBD Incentives and Tourist Accommodation Incentives Packages. It also includes a brief description of the costs assessed and the value of the costs.

5.3.1 Assumptions

All of the feasible economic opportunities (both current and future) which have been reviewed by RPS as part of the *Redland City Council Incentives Packages Assessment* were not contingent on specific operational costs to Council e.g. employee wages (as no Officer has been employed on a full-time basis to manage the implementation of the Incentives Packages. As a result of this, no opportunity costs have been

incurred against the Council in this assessment, only the costs incurred through the waiver of Development Application Fees.

5.3.2 Description of Cost

Following on from the section above, one cost has been identified as a result of the implantation of the incentives packages. This cost relates to the Development Application Fee costs associated with discounts paid on development project applications. At this stage none of the \$1.5m associated with the Infrastructure Concessions has been expended and has not been included in the costs.

5.3.3 Results

The following table illustrates the total costs for the Incentives Package in the CBA, with the present values calculated for the three years of the Development Application Fee concessions at a 10.0% discount rate. As there is only one cost associated with the Incentives Packages to date, it has provided Redland City Council with a relatively small outlay compared to the net present value of the benefits associated with the Incentive Packages.

Table 16 Net Present Value of Costs

Benefits	10%
2033 assessment timeframe	
Incentives	\$277,398
<u>Total Costs</u>	<u>\$277,398</u>

6.0 Cost Benefit Analysis

This section estimates the current net benefit of the both the Cleveland CBD Incentives and Tourism Accommodation Incentives Packages to Redland City Council.

6.1 Net Present Value and Benefit Cost Ratios

RPS condensed the monetised net present value (NPV) of the benefits and costs of the incentives packages at the 10.0% discount rate. This also formed the basis for the calculation of Benefit Cost Ratio (BCR) which measure the degree to which incremental benefits exceed (or fall short of) incremental costs for the incentives packages.

The NPV of the benefits associated with the incentives packages over the 15 year assessment timeframe using a 10.0% discount rate yields benefits to the city of \$42,448,550. In contrast the expended costs associated with the incentives packages using the 10.0% discount rate, yields a NPV of \$277,398, which is a relatively minor outlay given the benefits associated with the incentives packages. The infrastructure charges concession cost of the incentives packages has yet to be expended and has not been included in this calculation, however its inclusion would still indicate a positive result for the city from any outlay associated with the incentives packages. The BCR associated with the incentives packages of 153 confirms that the program has provided significant benefits to the city during its life and that any costs associated with the implementation and administration of the packages have had a minimal impact on Redland City Council finances.

Table 17 Cost Benefit Analysis Results

NPV (10%)	Value
2033 assessment timeframe	
Costs	\$277,398
Benefits	\$42,488,550
BCR	153

7.0 Findings and Recommendations

This section of the report provides the findings and recommendations following input from a workshop conducted with the Redland City Economic Development Advisory Board.

7.1 Assessment Findings

The Cleveland CBD Incentives Package introduced in 2013 and designed to stimulate investment within the Cleveland CBD that included a range of both financial and non-financial incentives has been successful in attracting development proposals within the core CBD area of Cleveland. The majority of development associated with the Cleveland CBD Incentives Package has been in the form of tourism accommodation, with some apartment and mixed use development that will add both commercial and retail capacity to the Cleveland CBD. In addition to this there was an application for a proposed 'Eat Street Market' development that will provide a unique attraction for the CBD.

The Tourist Accommodation Incentives Package introduced in 2014 was delivered as an extension to the Cleveland CBD Incentives Package and was designed to stimulate investment in the construction and the supply of tourist accommodation across the whole of Redland City where it was identified there was a shortfall in the city. The take-up of the Tourist Accommodation Incentives Package was spread across all parts the mainland, with some proposed development also occurring on the Islands. The tourist accommodation incentives have been granted across a range of developments from bed and breakfast establishments to small and large scale resort style developments.

The cost benefit analysis of the incentives packages was prepared using a 10% discount rate, discounted over a 15 year timeframe. The results of the analysis indicate that the incentives packages have achieved what they were designed to, namely stimulate development in both the Cleveland CBD and increase the supply of tourist accommodation in the city. The incentives packages were broad in their approach and have delivered to the city development proposals that may not have eventuated without the additional enticements offered by them. The costs to Redland City Council associated with the implementation of the incentives packages has been minimal, with no real opportunity cost to Council due to the nature of the incentives offered and the fact that no direct wage costs are attributable to the delivery of the incentives packages. In summary the Cleveland CBD and Tourist Accommodation Incentives Packages have been overwhelming successes due to following factors:

- The aim to stimulate investment and development during a downturn in construction in the Cleveland CBD has been achieved.
- The aim to stimulate investment and development in tourist accommodation offerings across Redland City has occurred.
- The incentives packages have brought forward construction activity in the Cleveland CBD and the wider City.
- The NPV of the Benefits associated with incentives packages has generated additional construction sector GVA for the City.
- No opportunity cost can be attributable to the delivery of the Incentives Packages for Council.

7.2 Recommendation: A Targeted and Strategic Approach

The research conducted by RPS examining investment attraction, the role of local government and incentives packages offered by other local governments across Queensland indicate that incentives packages are evolutionary in their nature. The research conducted looking at the role of local governments both in Australia and overseas concludes that local governments cannot influence the wider aspects of the economy that impact on industry location and investment decision making. Instead the approach taken by

local governments in attracting development to a region or specific area needs to be versatile and undertaken where possible, in conjunction with State and Federal Government counterparts and industry.

The majority of local government areas included in the assessment (and others that were reviewed but not included) were in mature phases of their incentives packages programs. The incentives being offered were both financial and non-financial in their nature and designed to meet specific eligibility requirements. This was evidenced in LGA's such as Brisbane, the Gold and Sunshine Coasts, Townsville and Whyalla in South Australia where the incentives offered were targeted at specific industry sectors or development types that were part of a broader strategic approach to investment attraction and incentives programs.

The research also indicates that Councils are providing dedicated case managers, or development advocates that assist investors and developers interested in investing in the city and remain with them through the planning and approvals process. In addition some local governments offered other services including local research and access to business case development where required. This appears to be part of the evolution process whereby a greater emphasis is being placed by local governments on offering a facilitation role to assist in the investment location process.

There also appears to be a move by local governments to request the development of business cases for proposed developments as part of the eligibility criteria associated with incentives packages including requirements that eligible businesses demonstrate profitability and sustainability in their operations before being considered for suitability. Evidence from the research also suggests that many incentive programs are also being targeted at investment that offer additional employment generation for a region and will provide ongoing wider economic benefits in areas ranging from new business/industry sector expansion, export generation, sector specific development such as aged care and education, supply chain integration and film production.

The research found that there are also a range of other factors that Council will need to consider when targeting investment and development to a region and that assist in its strengthening its competitive advantage. These include intangible factors such as a locations amenity, its health and education facilities, cultural and recreational facilities, shopping opportunities and housing choices.

In summary the considerations for Redland City in determining the future incentives offerings involve accepting that the current Redland City Council Incentives Packages are in the next step of an evolutionary process that will need to include:

- Adopting a more targeted and strategic approach to investment attraction and the types of development incentives being offered, through the development of an Investment Attraction Strategy;
- The targeted industries should be focussed around the Industry Sector Action Plans that have been have been, or are in the process of being developed for the developed for the following industry sectors:
 - > Tourism
 - > Healthcare and Social Assistance
 - > Education and Training
 - > Advanced Manufacturing
- Determine what outcomes the City requires from an incentives program;
- Offer both financial and non-financial incentives and assistance;
- Providing Case Managers or Development Advocates to oversee and guide developments;
- Adopting more rigorous requirements around eligibility;
- Requiring the development of a business case for eligible developments;
- Work with other levels of government and the private sector in the development and delivery of future incentives;

- Continue to invest in the amenity of the City through Master Planning and investment and upgrades in public infrastructure.

7.3 Redland City Council Future Development Incentives

There are a range of potential incentives that could be considered by Redland City Council to encourage further targeted investment in the City. A summary of these Incentive Types are outlined in the following table.

Table 18 Development Incentives

Incentive Category	Incentive Type	Relevant Land Uses	Description
Built Form Allowances	Floor Space Bonuses	Residential, Commercial, Retail	<p>Allowance for an increase in the floor space of a subject site, above that generally approved. This allowance is usually provided in circumstances where the development has provided some form of public amenity/good including:</p> <ul style="list-style-type: none"> Public toilets and infant change rooms; Corner site streetscapes; Affordable housing (owner occupier or rental); For retirement village and aged care developments; Site Amalgamations; Public art; Heritage protection; and Urban Design or Architectural Merit (above that legislatively required³⁹). <p>Similarly, floor space bonuses can be given to developments of a particular type to enhance their viability. For example, the Western Australian Planning Commission and the City of Wanneroo proved a substantial increase in the Westfield Whitford City Shopping Centre contingent on the delivery of affordable apartments on the site⁴⁰.</p>
Car Parking	Reduced Bay Requirements	Residential, Commercial	Reduction in locations of strategic transport and accessibility value of car parking requirements. Typically includes a halving of traditional requirements and the application of further bonuses in strategic locations (i.e. CBD centres and directly adjacent major public transport infrastructure). This can save up to \$50,000 per car bay, enhancing development viability. Other examples include reductions in car parking requirements for developments that provide space for car sharing facilities (i.e. bays).
Development Applications	Reduced or Waived Fees	All	Reduction or waiving of sundry fees (Operational works, Miscellaneous infrastructure, Hydraulic services or Water and meter service connections).
	Code Accessibility	All	Making select development types within identified locations code assessable (to the extent possible).
	Timeframe Certainty	All	Providing certainty to proponents of the timing of application approvals through either fixed or maximum terms. Typically facilitated by establishing a requirement for pre-lodgment, mid-lodgment and post-lodgment meetings.
	Development Advocate	All	Allocating a Council officer or team to act as a "Development Advocate" for developments on a subject site (this could be for more than one site). The Advocate is responsible within Council for streamlining the development application and approvals processes, advocating for the development internally and acting

³⁹Redland (2016) Examples of Other Local Government Development Initiatives accessed at web01.redland.qld.gov.au/robo/minutes_agendas/jul12-jun13/Agendas/February/14FebCBD/Item-1.3-Examples-of-Other-Local-Government-Development-Initiatives.pdf

⁴⁰ BusinessNews WA (2015) 739 Apartments in Whitford City Expansion accessed at <https://www.businessnews.com.au/article/739-apartments-in-Whitford-City-expansion>

Incentive Category	Incentive Type	Relevant Land Uses	Description
			as a coordinating point of contact for the development
Infrastructure Charges	Charges Discount	All	Discounting of infrastructure charges (typically 33-50%) for developments meeting set conditions (located in a CBD) or providing certain benefits (long-term employment or economic contributions, affordable housing or aged accommodation) ⁴¹
	Charges Moratorium	All	Waiving of 100% of applicable infrastructure charges for a set period (typically 3-5 years) for developments that commence and/or complete during this period. Used by Queensland Government in promoting short-stay/tourist accommodation in Brisbane.
Rates Holidays	Waiving of Rates	Commercial, Retail, Community	A moratorium (1-3 years) on general rates on new floor space. Covers both new developments and expansions to existing developments and applies to the new floor space ⁴² . Effective in the first full year of the development upon completion and valuation. Generally only applicable for non-residential developments.
	Rates Discount	Commercial, Residential, Community	Discount of general rates on the subject site for developments providing long-term employment and economic benefits. Discounts vary but are typically linked to the number of workers or the turnover of the business, rather than the size of the development.
Tenancy/Occupation Decisions	RCC Tenancy	Commercial	Local or State Government helps to stimulate commercial office development by acting as an anchor tenant in a private owned office building for an extended lease. Examples include Joondalup City Centre and Brisbane Square ⁴³ .
Amenity Investments	Streetscape Improvements	All	Investment in enhancing streetscapes and pedestrian amenity in locations of potential development. Can be undertaken independently or by the developer as a charges offset ⁴⁴ .

⁴¹ BCC (2016) Retirement and Aged Care accessed at <https://www.brisbane.qld.gov.au/community-safety/community-support/seniors/retirement-aged-care>

⁴² City of Clarence (2016) Rates Holiday, accessed at <http://www.ccc.tas.gov.au/page.aspx?u=990>

⁴³ WA State Government (2016) New Public Sector Offices for Joondalup accessed at <https://www.mediastatements.wa.gov.au/Pages/Barnett/2016/07/New-public-sector-offices-for-Joondalup.aspx>

⁴⁴ City of Melbourne (2016) Streetscape Improvement Program accessed at <http://participate.melbourne.vic.gov.au/streetscapes>

