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Submission to the Capital Metro Agency

Capital Metro Light Rail Stage 1 — Gungahlin to Civic Project

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Introduction

Thank you for the opportunity to comment on the Environmental Impact Statement (EIS) for the proposed Capital Metro Light Rail Stage 1 — Gungahlin to Civic project.

The Property Council of Australia values the strong working relationship with the ACT Government, and is committed to collaborating with government to build prosperity, jobs and strong communities for the people of Canberra.

The Property Council welcomes the ACT Government's commitment to building accessible, high quality public transport infrastructure. However, we are concerned about aspects of the proposed light rail project, particularly with regards to the impact on the CBD during the construction period. These are:

- Loss of parking spaces for the three year construction period, which we estimate will affect approximately 500 businesses and 3,500 employees
- Construction impacts will disadvantage the CBD, which is currently suffering from a 15.9 per cent street level vacancy rate and 15.4 per cent office vacancy rate
- Missing place-making opportunities within the CBD, with the proposed location of Alinga Street too far north of the existing pedestrian movement patterns
- Potential for tax increases on CBD businesses
- Lack of integration between agencies
- Disruption to services and utilities and construction management.

1. Loss of car parking spaces will have negative impacts on business

We understand the project involves a 12 kilometre light rail service that links Canberra's CBD to Gungahlin and terminates in Alinga Street. During the estimated three year construction period, the EIS proposes a construction compound to be established over the existing public car park south of the Melbourne Building on London Circuit.

Access to parking within a reasonable distance is critical for a wide range of businesses in the precinct, including professional services, health practitioners and design firms.

Currently, approximately 500 retail and service businesses employing around 3,500 people are within a 10 minute walk of this car park. We believe these businesses and employees, plus potential customers, will be negatively impacted by the closure of this car park.

We believe the current business environment within the CBD cannot sustain the loss of parking for three years, as it is likely to establish new pedestrian movement patterns for the long term – away from the city centre.

Furthermore, it is understood that a significant amount of the proposed car park is to be used by construction employees of the principal contractor. If this is the case, the Property Council would be concerned that businesses would suffer a significant disadvantage. All other construction workers in the Territory are required to find their own car parking spaces and meet the cost thereof, and we do not believe it appropriate that existing car parking be displaced for construction workers.

We understand that there have been some discussions within the ACT Government about alternative locations for the construction compound or the installation of a temporary multistorey carpark adjacent a smaller compound. We propose the ACT Government review the criteria for assessing compound locations with respect to the vibrancy and functionality of the CBD, and find an alternative compound site along the light rail corridor.

The best solution may be for the ACT Government to bring forward the car parking spaces required under the lease of section 63 (City West). The Crown lease requires any development of this site to include 1,000 publically-accessible car parking spaces. Other options include upgrading the Haig Park gateway into the CBD after temporary use as a works depot, or using the southern end of the public housing precinct.

The Property Council supports similar initiatives to those undertaken by the City of Gold Coast during the construction of a light rail system completed in 2014. The Concept Design and Impact Management Plan, based on specialist review and stakeholder consultations, identified disruptions to local business from car parking and construction as 'High Risk'. Actions taken included:

- Scheduling major works outside of peak times and major activities
- Funding appropriate promotional activities and signage for directly affected businesses
- Increasing the number of short-stay and/or long term car parking spaces (including disabled parking)
- Adjusting the length of stay permitted in some parking spaces
- Working with developers and property managers to make the best possible use of existing and planned off-street parking.

We are also concerned that the proposed CBD compound will have a negative aesthetic impact on the surrounding area of City Hill. We welcome the mitigation measure outlined in the EIS, such as high quality hoarding, the potential integration of public art and opportunities to showcase the history and heritage values of City Hill. These measures will be essential to foster a positive city image and experience for visitors and workers within the CBD during the construction period.

2. Construction impacts will disadvantage the CBD

Canberra's CBD is currently experiencing a 15.9 per cent street level vacancy rate. Concurrently, the office market vacancy rate has risen to 14.7 per cent in the six months to January 2015. This is currently the second highest office vacancy rate in Australia.

The construction of the light rail will place further pressure on the CBD, with disadvantages such as parking access and infrastructure works reducing the attractiveness of Canberra's city centre. Without appropriate measures in place, we anticipate that vacancy rates will continue to climb during the construction period as businesses and customers move to other town centres where cheaper commercial space and easy-access parking is readily available.

Many businesses west of Northbourne Avenue are already reporting that customer numbers have dropped in parallel with the shift in car parking and retail activity to the Canberra Centre. Further disruption through the closure of the Magistrate's Court carpark and reduced pedestrian traffic across Northbourne Avenue will undermine income and profitability if customers choose to go elsewhere.

To reduce the pressure on businesses directly affected during the construction period, particularly those west of Northbourne Avenue, it is vital that any loss of parking is appropriately offset. In addition, we would like the ACT Government to consider measures that reduce the operating costs of businesses in the vicinity. This could be achieved through rent reductions during the construction period passed on from landlords and initiated by rate concessions through the construction period. We urge the ACT Government to consider opportunities for temporary rate relief or other mechanisms to reduce operating costs during the construction period.

The Property Council proposes that the ACT Government consider a campaign similar to that launched by the City of Gold Coast during the construction of its light rail network. The 'Love Our City' brand and communications campaign included a 'call to action' to support businesses doing it tough through construction.

3. Capitalising on place-making opportunities in the CBD

The Property Council believes the proposed location of Alinga Street stop does not capitalise on the place-making opportunities available in the CBD, as it is too far north of the existing pedestrian movement patterns.

Our preferred option for the stop is between the Sydney and Melbourne Buildings, which we believe will provide a better opportunity to create a sense of place, with public art and installations interpreting the history and heritage values of City Hill.

4. Potential for tax increases on CBD businesses

According to the Capital Metro Agency Full Business Case, the estimated cost of constructing the first stage of light rail in Canberra at $783 million, including a $173 million contingency. Ongoing operational costs, routine maintenance works and major scheduled renewal works are estimated to cost around $22 million per year. Under a public-private partnership, regular payments will be made by the ACT Government to its operating and delivery partner over a fixed operating term.

The Canberra Metro Business Case set out a number of value capture mechanisms available to the ACT Government, including rates, land tax, lease variation charges, direct levies and a new 'district levies' tax. The Business Case recommended that the ACT Government consider value capture matters separately, noting that the main beneficiaries of transport projects are property owners nearby, users of the transport, others on the roads who benefit from less congestion, land developers, businesses and the general public.

While the Property Council understands the ACT Government has ruled out the imposition of a special levy, we are concerned that other value capture options in the light rail corridor may be considered and that any increase in charges would put further pressure on CBD businesses. This would not be supported by the Property Council.

5. Lack of integration between agencies

The Property Council is broadly supportive of the ACT Government's City Plan, which outlines a vision for future development of Canberra's heart. However, we believe the vision is hindered by competing government agency priorities. For example, the implementation of parking changes in the 2015/16 budget coincides with the potential loss of easily-accessible parking as a result of the Canberra Metro project. These decisions will have an impact on local traders and Canberra's night time economy. The most disadvantaged businesses will be those located near the Sydney Building. Coordination between government agencies is critical if we are to achieve quality design outcomes and support a vibrant economy in the city centre during the construction period.

6. Disruption to services and utilities and construction management

The EIS identifies that loss of power and utilities during construction, due to accidental or planned shutdowns of electricity or other utilities, will adversely affect local businesses. It will be essential that the project team engages with service providers and affected landowners and tenants in a timely manner to ensure the least disruption to business.

Appropriate management plans to mitigate the impacts of construction on traffic, air quality, noise and vibration, and visual appearance will also be essential, and must be prepared in consultation with affected landowners and tenants.

Conclusion

The local property industry is a significant contributor to Canberra's prosperity and liveability, and is filled with people who are passionate about building a world-class capital city. Property Council members have enduring investment in making our city the best it can be. These people 'put back' every day. We are committed to maintaining collaborative relationships with the ACT Government, as cooperation is essential to Canberra's long-term sustainability and economic prosperity.

We applaud the ACT Government's vision, but are concerned that some elements of the light rail project will disadvantage businesses and affect the vibrancy and vitality of the CBD. To counteract any negative impacts during construction, the Property Council urges the ACT Government to consider an alternate location for the CBD construction compound, invest in high-quality hoardings and public art around the compound, and engage with business owners and tenants during the construction period. We also call on the ACT Government to consider opportunities for temporary rate relief or other mechanisms to reduce operating costs during the construction period.

Finally, it should be noted that the Property Council would not support any increases in rates, land tax, lease variation charges, direct levies and a new 'district levies' tax arising from the development of the Capital Metro light rail corridor. Similarly, the Property Council does not support any new value capture mechanism aimed at using increases in land values to raise money for the light rail project, particularly in an environment where commercial rates have been dramatically increasing year on year.

PROPERTY COUNCIL of Australia

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