

28 February 2018

Attn: Monica Gibson
Director Regions, Hunter
PO Box 1226
NEWCASTLE NSW 2300

Dear Ms Gibson,

Thank you for the opportunity to comment on the draft Greater Newcastle Metropolitan Plan (draft GNMP) as it is an important unifying vision for the second-largest city in NSW.

Currently, Greater Newcastle is the only metropolitan area in Australia that doesn't have a comparative metropolitan-level strategic plan to coordinate growth and change across multiple local government areas. The implementation of the GNMP would very much be expected to further strengthen Greater Newcastle's outlook.

The Property Council and its members have worked closely with the Department of Planning and Environment (the Department) to refine and provide input to the policy work that has informed the draft GNMP. We look forward to continuing to work with the Department as the finalised plan is implemented.

The draft GNMP has been released concurrently with draft versions of several interrelated metropolitan-level plans and delivery tools, including the draft Hunter Region Special Infrastructure Contribution: Proposed approach for consultation (draft SIC), the draft Lower Hunter Urban Development Program preliminary data (draft UDP), and the draft Greater Newcastle Future Transport Plan (draft Transport Plan). The Property Council will provide submissions to each of these initiatives separately, but we recognise that these initiatives cannot be considered in isolation. We urge the NSW Government to ensure the overlapping policy and operational aspects of these initiatives are considered collectively before they are finalised.

Submission

The Property Council is positive about the objectives of the GNMP and have confined our submission to the areas where we feel more clarity or consideration is required prior to its finalisation.

The following areas are the focus of our submission:

- Defining the metropolitan area;
- Planning targets and benchmarks;
- Catalyst areas;
- New residential development;
- Transport;
- Biodiversity;
- Funding and delivering infrastructure;
- Collaboration and Governance;
- What the GNMP, SIC and UDP collectively mean for industry.

Defining the metropolitan area

Currently the draft GNMP is not clear as to the role and purpose of defining a boundary for the metropolitan area. In practice this will shape how targets are set, information is collected and analysed, and spending is prioritised.

The NSW Government's population and household projections that form the basis for planning and monitoring change over time, are currently prepared and apportioned based on LGA boundaries. If the GNMP area is to be more LGA-blind, this will need to be reflected in the projections presented in the final document. For example, currently, it is unclear what portion of the projections provided for Port Stephens LGA are within the GNMP area.

The Property Council would caution against setting a definitive boundary, given the long-term and strategic nature of the plan. Instead we recommend that the final document provide a boundary that better reflects the intention of having 95 per cent of people living within 30 minutes of a strategic centre and provide a clarifying statement about how a proposal for new development that falls close to this boundary will be treated.

Planning targets and benchmarks

The Property Council strongly supports the move toward greater evidence-based planning but recognises that the evidence base presented needs to be better contextualised and qualified. Otherwise there is potential for it to being misinterpreted through its application in subsequent planning and plan-making.

We acknowledge that the NSW population and household projections are under constant review. However, the method for preparing these projections depends upon the reliability of data about new developments, including the capacity of areas zoned for urban development. At present, this information is not reliable for the GNMP area, which may be skewing the projections for some areas.

We have some concerns about the Greater Newcastle Dwelling Projections presented on p 57 of the draft GNMP. We would appreciate clarification about how these have been apportioned to each LGA to achieve the target of achieving 60 per cent of new housing through infill and 40 per cent of new housing on greenfield sites across the whole of the GNMP area. Some of these projections are simply not achievable without considerable intervention, for example, 8,900 infill dwellings in Lake Macquarie, 14,500 in Newcastle and 8,300 in Port Stephens. Also these projections may not be suited to providing the type of housing people want.

We would query that, for the Greater Hunter, how meaningful setting any 'target' to 2036 is without specific milestones being set and perhaps more importantly, putting accountability measures in place to monitor progress or where necessary, respond to lack of progress.

The industry would like clarity on how targets outlined in the report will be measured. For example, the target to *"improve local access to open space, recreation areas and waterways so that 90% of houses are within a 10-minute walk of open space"* provides no further information on how this will be defined.

The Property Council would recommend that specific benchmarks are 'qualified' and allow for flexibility, to ensure Councils are not tied to impractical measures through subsequent planning and plan-making. For example, the recommendation that states, *"Focus new housing within an 800m walk of a strategic centre, railway station, or within an urban renewal corridor,"* should recognise that not all railway stations, for example, are suitable locations for housing. Also, the plan should make reference to "park & ride stations and ferry terminals" as important access points for transit and other services.

In addition, it is also noted that some land around the Waratah, Adamstown and Hamilton Railway Stations is not within the Urban Renewal Corridor – Stage 1 area. Having regard to its strategic location on the Priority Multimodal Corridors of Adamstown and Kotara, John Hunter Hospital, Callaghan, Jesmond and Wallsend, and Mayfield West, this land should be identified as such. Identification of additional Stage 1 land could also include the Hunter Sports and Entertainment Precinct.

Catalyst areas

The draft plan identifies catalyst areas which are made up of a series of precincts, to drive the transformation of Greater Newcastle. These indicate the directions for future land use and development planning.

Planning within the catalyst areas are generally governed by a single planning instrument (LEP), with the exception of the Beresfield-Black Hill, which falls under three separate LEPS and Newcastle Port, which falls under the Three Ports SEPP. The draft GNMP assigns actions for Council to undertake planning for each of these areas. This appears to be a business-as-usual approach, which is unlikely to ensure greater results in terms of planning or delivering better quality places.

At the Hunter Outlook lunch hosted by Property Council in February, the industry considered the potential for the Newcastle Showground site, located within the “Hunter Sports and Entertainment Precinct” of the Broadmeadow Catalyst Area to be transformed into a high-activity mixed use place. One of the greatest limiting factors of this proposal is the lack of a streamlined approvals framework that would facilitate a more flexible and performance-based decision-making process.

Planning for Newcastle City Centre progressed under the Urban Renewal SEPP, through the formulation of the Newcastle Urban Renewal Strategy. This has since been implemented through changes to Newcastle City Council’s planning controls, the LEP and DCP, and on-the-ground transformation is being curated through the Revitalising Newcastle initiative.

The Property Council recommends that each catalyst area should have its own place-specific approvals framework identified in relevant planning instruments, to assist with attracting and guiding public and private investments. As formulating these frameworks takes considerable resources, the State Government should assist and guide individual Councils with this. We note Newcastle City Council has jurisdiction over seven of the 10 catalyst areas.

The State Significant Precincts SEPP provides an existing model for how more coordinated frameworks could be established, which would recognise the significance of the catalyst areas which extend beyond a single LGA jurisdiction.

We recommend identifying the mechanisms for establishing place-specific approvals frameworks to achieve better outcomes in each of the catalyst areas. At a minimum, the NSW Government should commit the NSW Government to partnering with Council in formulating frameworks for the Beresfield-Black Hill, Broadmeadow, East Maitland and Williamstown catalyst areas, by recognising these as State Significant Precincts for the purpose of planning.

New residential development

The draft GNMP sets ambitious targets for residential development and it appears that the priority is to focus on setting new policy and statutory mechanisms to promote infill, rather than greenfield development. For example, the plan outlines increasing infill from 30 per cent to 60 per cent in the Greater Newcastle region by 2036, however there is little information on how Councils or industry would achieve this. Nor is there any consistency about how infill will be defined. We recommend these issues are addressed in the finalised plan.

The Property Council notes the assertion on p 48 that “there is enough land zoned in Greater Newcastle to cater for the expected housing and employment needs for a metropolitan population of at least 1.2 million people.” In theory the capacity may be there, but realising that supply is challenging in the context of localised constraints, for example, biodiversity, infrastructure as well as other considerations like developer motivation or finance. This issue is referenced in the Department’s own report - *Urban Feasibility Modelling*.

The draft GNMP assigns responsibility to Councils to demonstrate a less-than-15-year supply is available in order to identify any new residential release areas. This appears to be based on current dwelling projections, which are not fit for purpose.

The Property Council would caution against any approach that delays new greenfield re-zonings, given the time it takes to complete this process and make lots available for sale. Delays put further upward pressure on land prices and in turn have detrimental effects on housing affordability.

The draft GNMP recommends increased density of residential development around existing stations and ferry terminals. We strongly support this recommendation, particularly in relation to the growth areas identified along the Newcastle-Lake Macquarie Western Corridor and the Maitland Corridor and Stockton within one kilometre of the ferry terminal.

We note the focus on infill residential development, however this should not be at the expense of office accommodation and hotels in key inner-city areas such as Newcastle City Centre and Broadmeadow. Failure to protect sites for these purposes will result in the sterilisation of these areas by residential apartment buildings which currently yield the greatest return.

Transport

The Property Council strongly supports the proposed expansions of the ferry network.

We also recommend the final Plan include a greater level of commitment to extend the light rail to Broadmeadow in the short-term and to the University of Newcastle Callaghan campus in the medium-term. This will provide a further impetus for development along the light rail route including the Broadmeadow Catalyst area and improve the financial viability of the existing light rail infrastructure.

The industry sees the potential for the Newcastle Showground site, located within the “Hunter Sports and Entertainment Precinct” of the Broadmeadow Catalyst Area to be transformed into a high-activity mixed use place. The light rail expansion to Broadmeadow would also lessen the reliance on cars commuting to the site, as well as improving access to public transport for local residents for to utilise to travel throughout the city.

We believe that the final plan should include a strategy to identify the suitability of all railway stations for park and ride and kiss and ride stations similar to is being provided along the North-West Rail Link. This recognises that the majority of the region’s residential group is in outlying areas and would assist transport patronage. This would also increase patronage and therefore increase service levels and viability of the public transport network.

The Property Council recommends investigation of initiatives that make transit links to the Airport faster and more convenient. Currently, public transport to-and-from the city centre is inconvenient and irregular. The route by car is also circuitous. Better transport options the airport would assist in attracting an international carrier as well as more visitors.

An immediate solution, in the near-term, would be a direct bus service from Stockton Ferry, supported by ferry services to Wickham Interchange & Queens Wharf.

We also request a commitment for planning for a new vehicle and/or dedicated transit link including the investigation of the feasibility of a potential tunnel under the Hunter River from Carrington to Stockton with on ground activation opportunities for the Stockton to Newcastle Airport corridor.

The Property Council understands that a major terminal upgrade is currently being designed. Stage 1 and 2 of the terminal upgrade which includes a dedicated international departure lounge and two air bridges. This should be fast-tracked and \$50 million should be allocated to this project.

Consideration should also be given to increasing the Newcastle Airport's air freight capabilities as this has the potential to create significant employment for the region

The Property Council suggests the final Plan could offer greater direction for Councils to jointly prepare localised transport planning initiatives and commits the State Government to support Councils in these endeavours.

In denser areas the creation of bike paths and walking routes should be prioritised to increase the use of multi-modal transport options and reduce car use. Investment in bike paths in denser areas will ease the impact of new development on the community.

Both the draft GNMP and the draft Newcastle Future Transport Plan discuss the need to improve the speed of the train service from Newcastle to Sydney. A high-speed train will require substantial capital investment and is a long-term project. In the meantime consideration should be given to finding means of reducing the travel time between Newcastle and Sydney and wi-fi enabling the inter-city trains with some "business" carriages that have desks or tray-tables to allow commuters to use the travel-time constructively. We would also recommend the NSW Government examine the potential providing a high-speed Newcastle to Sydney Ferry service.

Biodiversity

The Property Council feels the plan does not recognise strongly enough the challenges presented by the region's biodiversity. Its uniqueness means it cannot achieve the like-for-like offsets required under current legislation. This is evidenced by several major re-zonings, for example the Hunter Economic Zone, that are now ineffective as suitable offsets either cannot be achieved or would render projects unviable.

We would recommend an approach where offset obligations within the Hunter Region can be satisfied through a levy, included in the SIC, with expenditure prioritised to invest in conservation initiatives. As enacted in the new Biodiversity legislation this doesn't necessarily

mean locking land away in public reserves. Opportunities are afforded through new mechanisms such as biobanking that afford private landowners to benefit from long-term conservation agreements.

Biodiversity offsets should be managed by the State Government with local government being removed from the process to avoid unnecessary duplication of approvals and double dipping.

Carrington Precinct

The Property Council notes that the draft GNMP outlines an initiative which would see the relocation of the coal export facilities from the Carrington Precinct. We would point out that this area is part of a current 99-year lease to the port operator and that this recommendation is impractical and should not be implemented.

Improving resilience to Natural Hazards and Climate Change

The Property Council supports the draft GNMP's objective to improve resilience to natural hazards and climate change. However, it should be noted that all new building stock is required under the Building Code of Australia to be designed for seismic loading. The issue lies with the existing building stock as prior to the 1989 Newcastle Earthquake there was no requirement to design buildings in the Hunter for seismic loads. Following the 1989 Newcastle Earthquake Newcastle City Council along with a number of other Councils across NSW introduced a Structural Hazard Mitigation Program. This program required existing building owners to have their buildings assessed and brought up to 33 percent of current code values, New Zealand has now increased this to 66 percent of current code in an attempt to ensure safety. We would recommend that this program be reinstated for all building built prior to 1989.

Collaboration and governance

The draft GNMP discusses a collaborative governance framework with a view to establishing a Committee for Greater Newcastle to advise on metropolitan-scale collaboration between community, industry and government. We support this approach and key regional stakeholders have been working together to develop a committee with a common goal to advocate for the Hunter.

Currently, the regional stakeholders include: Hunter Business Chamber, Port of Newcastle, Newcastle Airport, the Property Council of Australia, HunterNet, University of Newcastle and Urban Development Institute of Australia. Further discussions are planned with other regional stakeholders including community and local government. This group has had an initial meeting and drafted a Memorandum of Understanding that has been circulated for feedback.

There are also several major local government accountabilities that should be coordinated and led at a metropolitan-level, specifically relating to:

- Preparing Local Housing Strategies – to take an LGA-blind approach to growing and diversifying housing.

- Local Contributions Planning - to make s94 plans fit-for purpose within the context of the SIC and remove redundant charges. The cumulative effects of all State and Local Government Levies needs to be considered in terms of its effect on project viability and housing affordability.

Funding and delivering infrastructure

The Property Council is supportive of the Department establishing critical planning and delivery tools such as the SIC and the Urban Development Program (UDP).

The Property Council is also drafting a separate submission on the Draft Hunter – Special Infrastructure Contribution. The industry considers that without some amendment, the draft SIC will miss the mark for what industry needs to unlock housing potential. We would suggest our response to the draft Hunter SIC should be read in conjunction with this submission.

We will also provide feedback on the preliminary UDP data. Our preliminary view is that it still has a long way to go to be considered accurate or useful for its intended purpose.

Currently each of these initiatives relates to different geographic areas, therefore, it will be important to either align boundaries or alternatively the Department will need to clarify how each initiative interrelates with the others.

For example, the SIC and UDP are based on all five Lower Hunter LGAs in their entirety, but the draft GNMP includes only part of Port Stephens LGA and extends into part of Singleton LGA, namely the Branxton Subregion, including Huntlee.

The Property Council notes the draft SIC proposes the collection of funds from whole of Lower Hunter, but prioritisation for spending appears to be focused on GNMP growth areas. For instance the money collected from new developments at Karuah or on the Tomaree peninsula may never benefit those areas. It will be important to ensure expenditure of SIC funds is needs based and contained within the GNMP zone.

We also recommend the finalised Plan identify LGA-blind catchments for planning within the metropolitan area that can be used as the basis for establishing more relevant SIC levies and for UDP reporting. The Plan is the most appropriate place to establish that spatial framework.

The contribution of the Newcastle Mines Grouting Fund to the redevelopment of the Newcastle CBD should also be recognised as without this fund continuing into the future the current revitalisation of the City will be jeopardised. Consideration should be given to providing ongoing funding through the money collected by the Hunter Subsidence Advisory on each tonne of coal mined. We also believe that the fund should be extended to cover infill development in Newcastle and Lake Macquarie outside of the CBD and that the cap should be changed to a flat rate of \$200/sqm.

About the Property Council of Australia

The Property Council of Australia is the leading advocate for Australia's biggest industry – property.

The Property Council champions the interest of more than 2200-member companies that represent the full spectrum of the industry, including those who invest, own, manage and develop in all sectors of property. Creating landmark projects and environments where people live, work, shop and play is core business for our members.

Property is the nation's biggest industry – representing one-ninth of Australia's GDP and employing more than 1.1 million Australians. Our members are the nation's major investors, owners, managers and developers of properties of all asset classes. They create landmark projects, environments and communities where people can live, work, shop and play. The property industry shapes the future of our cities and has a deep long-term interest in seeing them prosper as productive and sustainable places.

The property industry contributes \$3.4 billion to economic growth, pays \$1.48 billion in wages and generates 23,287 jobs in the Hunter.

Thank you again for the opportunity to comment on the Draft Greater Newcastle Metropolitan Plan. We look forward to continuing to work with the Department as the Plan is implemented. Please don't hesitate to contact Emma Ashton, Regional Consultant for the Hunter on 0402 277 247 or eamshon@propertycouncil.com.au if you would like to discuss any aspect of this submission further.

Kindest Regards,



Jane Fitzgerald
NSW Executive Director
Property Council of Australia