

**Submission
No 56**

**INQUIRY INTO PLANNING PROCESS IN NEWCASTLE
AND THE BROADER HUNTER REGION**

Name: Name suppressed

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Partially Confidential

5 October 2014

PLANNING PROCESS IN NEWCASTLE AND THE BROADER HUNTER
REGION (INQUIRY)

Legislative Council
NSW Parliament
6 Macquarie Street
SYDNEY NSW 2000

**RE: Bias in Newcastle City Council's planning process towards
GPT/Urbangrowth NSW's high rise development proposal for heritage
city centre.**

To Whom it May Concern,

I wish to raise concerns and implore the Legislative Council (Upper House) Inquiry into *Planning Process in Newcastle and the Broader Hunter Region*, to investigate Newcastle City Council's handling of recent major planning and development proposals that have gone before council. Specifically with reference to probity, a lack of transparency and excessive developer influence in council planning decisions.

This is especially concerning given the proximity of these matters to those recently investigated by the Independent Commission Against Corruption (ICAC) during 'Operation Spicer', regarding developer donations for political favours at the state government level, specifically relating to Newcastle.

There is a concern about the perceived conflict of interest involving a number of Newcastle city councillors, including former Newcastle Lord Mayor Jeff McCloy, who have property interests in areas of the city, development of which is being proposed by Council.

Media reports suggest Mr. McCloy was possibly involved in secretly funding a fellow candidate's successful election campaign, during the 2012 council elections. If true, this support helped secure the councillor's vote on important major planning matters, creating a McCloy voting block with a vital majority of one vote (council split 7/6 votes), giving McCloy control over Newcastle City Council.

Specific decisions of concern and perception of conflict of interest:

- The excessive influence of property developers on Newcastle City Council, including the major regional property developer and former lord mayor, Jeff McCloy, GPT Group and UrbanGrowth NSW.
- There has been publically expressed concern about the lack of genuine community consultation on the part of UrbanGrowth NSW (formerly Landcom NSW), regarding massive changes to the Newcastle Local Environment Plan (LEP-2012), through SEPP amendments (that were recently forced through by Ministerial spot rezoning, July 2014).
- Lack of transparency regarding key council decisions (e.g., making a determination not to provide councillors with the details of a formal council submission regarding the GPT/UrbanGrowth DA to the Joint Regional Planning Panel regarding a major local development).
- The controversial and strident advocacy of former lord mayor Jeff McCloy for the high-rise development proposed by GPT/UrbanGrowth NSW and his exclusion of community consultation, substantially biased the planning process at Newcastle City Council in favour of the two developers.
- Actions by the Newcastle City Council General Manager, Ken Gouldthorp, appeared to facilitate the lord mayor's agenda at the expense of transparency and community engagement.
- Allocating public funds to property development projects and supporting a development for which specific councillors appear to have direct or indirect beneficial or pecuniary interests.
- At least 3 councillors holding executive positions in businesses or organisations that will stand to benefit from proposed council actions.

Residents have attempted to raise concerns about specific development decisions but have, on two occasions at council, had that opportunity denied by the casting vote of the former lord mayor, voting against debate regarding a major development proposal, including DA2014/323. The current acting lord mayor, Cr. Brad Luke, publically acknowledging himself as a supporter of McCloy, has continued McCloy's policies and approach, facilitated by the willing advice of the general manager, a McCloy appointee.

I respectfully suggest that the following proposed property developments and actions around them warrant the Upper House Hunter Planning Inquiry's investigation:

- 1. Excessive Developer Influence and GPT-UrbanGrowth NSW:
*Newcastle East End Project (DA2014/323)***
- 2. Mr. Jeff McCloy's (former Newcastle Lord Mayor) strident advocacy of East End high rise development against community concerns**
- 3. Mr. Tim Owen's, (former Newcastle MP), strident advocacy of East End high rise development proposals**
- 4. The Lucky Country Hotel, 237 Hunter Street, Newcastle**
- 5. The Empire Tower Development, 643-651 Hunter Street, Newcastle**
- 6. Newcastle City Council 2012 Election irregularities**

Key abbreviations:

NURS	Newcastle Urban Renewal Strategy
SEPP	State Environmental Planning Policy
LEP	Local environment Plan
DCP	Development Control Plan
JRPP	Joint Regional Planning Panel

**1. Excessive Developer Influence and GPT-UrbanGrowth NSW:
*Newcastle East End Project (DA2014/323)***

The apparent bias toward specific developers (with developers having the opportunity to present to council, but residents denied this opportunity), along with the serious lack of transparency at Newcastle City Council, regarding major planning matters, represents, I believe, unreasonable, discriminatory and inconsistent treatment of the local community and businesses.

This problem has been exacerbated by the city's lord mayor (now former), Jeff McCloy, himself a major regional property developer with business interests in the city, working closely with selected developers, including GPT and UrbanGrowth NSW.

There has been a failure to balance developer and community interests and this could result in severe disadvantage to other developers, local businesses and many residents, and result in long-term damage done to the city.

Furthermore, in relation to development decisions within Newcastle, there is a widely held opinion that UrbanGrowth NSW (previously Landcom) has failed to provide satisfactory notification and information about major planning

decisions. This is evidenced by the lack of genuine community consultation regarding the proposal for a substantial high-rise development intended for the historic centre of Newcastle, i.e., Newcastle East End Project. DA 2014/323.

The announcement of amendments to the previous NURS (2012) plans to allow UrbanGrowth to undertake massive high-rise development in this significant site was made on 6th March 2014 (in the local Herald newspaper) with deadline for submissions closing on March 21st, 2014.

No direct communication was made by UrbanGrowth to affected residents, other than via a newspaper notice. UrbanGrowth held two “Information sessions” (available only to a very limited number of people), both within 72 hours of the closing date for submissions. At these sessions UrbanGrowth representatives made it clear that these were “information” sessions, not “consultation” sessions and the opportunity for questions was severely restricted.. No genuine effort was made by UrbanGrowth to ensure that affected local residents were informed about these sessions beforehand, and the sessions were conducted in a timeframe that did not give adequate notification of the proposals prior to the closing deadlines for public submissions.

Furthermore, I emphasis the following concerns:

- the information available for review was extensive and detailed, and did not readily differential or identify all new elements of the revised SEPP
- the related video materials were inaccurate and misleading
- the community information sessions referred to above were not communicated to residents effectively. Word of mouth among residents became the means to hear about these at very short notice.
- over 70% of the submissions made in response to the amendments opposed the changes.

2. Mr. Jeff McCloy’s (former Newcastle Lord Mayor) strident advocacy of East End high rise development against community concerns

Despite openly expressed concerns about transparency at the level of Newcastle City Council, and the allegations against the property developer and former Lord Mayor, the planning process and key planning decisions within Council have not to date, and to the best of my knowledge, been subjected to scrutiny on these development proposals. It is a serious concern that, on significant planning matters, the former lord mayor McCloy had actively taken the side of developers against residents, who are regularly excluded from planning matters in Newcastle, as detailed in specific instances as evidenced below.

The development proposal, **Newcastle East End Project - DA2014/323**, proposes constructing three high-rise apartment towers (up to 20 storeys) in the low-rise historic city centre, which largely dates from the 1890s-1940s.

The DA was lodged by joint venture partners GPT Group and UrbanGrowth NSW (formerly Landcom NSW), a private - state government partnership. Under the 2012 Newcastle Urban Renewal Strategy (NURS) developments above 24 metres (8 storeys) were not permitted in the heritage precinct of the city. On 5th March 2014 joint developers GPT and UrbanGrowth NSW lodged proposed massive changes to the Newcastle Urban Renewal Strategy (NURS-2012) through SEPP amendments (2014). The SEPP changes proposed to the NSW state government NURS removed existing height restrictions and allowed major increases floor-space ratios.

The SEPP amendments were approved by the Planning Minister Pru Goward through a spot rezoning which specifically favoured this DA, on 25 July 2014.

It is unclear whether the Council made a formal submission to the proposed SEPP amendment, and what advice the Council received from its own planning department on this proposal.

Newcastle city's council's handling of this controversial DA seems less than impartial. By not providing relevant information about this development to the community in a timely and considered manner, Council appears to be actively providing support to the developers, GPT Group and UrbanGrowth NSW, without evidence of similar level of engagement with the residents. Statements made by both the then Lord Mayor and Mr Tim Owen suggest they had been involved in discussions about these amendments well before public disclosure of the plans.

Moreover Lord Mayor Jeff McCloy opposed a reasonable request from fellow councillor, Therese Doyle, to have council debate this development proposal. On 25 March 2014 Cr. McCloy used his casting vote against debating the proposed heritage city centre development proposal. To my knowledge, council still has not formerly debated this development proposal. This is in spite of the significant public interest and concern (NICRA Town Hall meeting 14 March 2014).

The following Newcastle Herald article (25 May 2014) illustrates the concerning role of Cr. McCloy on this massive project:

“While council has had a presentation from Urbangrowth NSW and GPT, it has not had a presentation from the community which has a divergent view. A council motion said, “In the interests of fairness, the council has an obligation to at least listen to (residents) concerns”,

“Attempts to have Newcastle council again discuss these controversial plans for high-rise development in the city centre and hear from groups opposed to the plan have again failed.

“Labor councillors had sought to allow the Newcastle Inner City Residents Alliance (NICRA), the group of residents opposed to the high-rise plans, to brief council in the same way that the developers had several months ago. But the move failed on the casting vote of lord mayor Jeff McCloy.

*Cr. Stephanie Posniak (Labor Party) asked Cr. Brad Luke (Liberal Party) why he thought it was OK to get a briefing from the developers and not the community, but Cr. Luke said it had now become unlawful to do so because the Joint Regional Planning Panel had been given the job of determining the plan's fate, and it was out of the council's hands. "It would breach JRPP rules if we got a briefing now" he said. **

"Greens councillor Therese Doyle also moved to have the high-rise issue returned to the council's agenda, but her motion was rejected by the council's general manager Ken Gouldthorp.

Councillors last month voted to endorse the Urbangrowth-GPT proposal and have staff prepare a submission to that effect. Cr Doyle was seeking to have that submission come before council for review before it was passed onto the state planning authority.

"Mr Gouldthorp said there were legal grounds to prevent that happening.

Former Newcastle councillor John Sutton said, " It represents what appears to me to be a disturbing tendency with the current general manager to intervene in a way that fetters the right of our elected representatives on the pretext of unexplained 'legal grounds' that he is subsequently unable or unwilling to substantiate", from Newcastle Herald, 27 May 2014.

(*N.B. Councillor Luke, who has publically stated his support for the GPT-Urbangrowth development proceeding, is a Council appointee to the JRPP that has authority regarding approval of the development proposal).

This level of secrecy, imposed by our council and enforced by a Cr. McCloy appointed council general manager, Mr. Ken Gouldthorp, is alarming and appears to represent the misuse of secrecy provisions. Many Newcastle residents hope the NSW Ombudsman and the Department of Local Government will investigate the perception of excessive developer influence over important planning matters at Newcastle City Council before long-term damage to community confidence in local government and to this historic city occurs.

Newcastle council has actively assisted the two developers, GPT and Urbangrowth NSW, by allocating valuable council resources preparing a submission to the Joint Regional Planning Panel (JRPP), as well as processing, exhibiting and assessing DA 2014/323 – Newcastle East End Project, in the likelihood that changes to NSW planning regulations and guidelines will permit it to be approved by council. I understand that the Council submission to the JRPP has still not be distributed to Councillors, restricted by the General Manager on "legal grounds" after further requests by Councillors.

This DA does not currently meet Local Environment Plan (LEP) guidelines. Under the existing LEP (clause.7.9 (4)), height limits in Area C (the heritage area of the East End and The Hunter Street Mall) are restricted to a maximum of 24 metres. The proposed GPT-Urbangrowth DA before council almost

triples height limits to a maximum of 69.5 metres (equivalent to 20 storeys) in the city's sensitive low-rise heritage precinct. This appears to demonstrate a breach of accepted council planning procedure.

Further evidence of Cr. Jeff McCloy's (former Newcastle Lord Mayor) strident advocacy of high rise development against community concerns is provided below.

See documentation below regarding the former lord mayor's lack of impartiality and inappropriate influence:

1. Newcastle Herald, 16 July 2013

"McCloy's vision: reach for the sky"

By PENELOPE GREEN, Business Reporter

July 16, 2013, 12:30 a.m.

(Newcastle Herald) <http://www.theherald.com.au/story/1639979/mccloy-vision-reach-for-the-sky/?cs=305>

NEWCASTLE needs to lift "ridiculous" height restrictions, stop worrying about view corridors to Christ Church Cathedral and embrace high-density living in order to become a truly vibrant city, Jeff McCloy says.

Addressing an urban regeneration summit yesterday, the lord mayor said he was raising the issue in public for the first time to generate debate in the context of the state government's urban renewal strategy.

Cr McCloy said he visited New York city last week and its "clean and bustling" streets were a model of how safety issues of a city could be "fixed" with more housing and urban density.

"We have had a problem... where the height in this city has been restricted for many years because in some lines of sight... buildings couldn't be built because you couldn't see the cathedral," he said.

"Now, that is 1930s or 1940s thinking, in my view."

Cr McCloy said the labyrinth of mining subsidence beneath the CBD required a more flexible planning approach to allow investment "value".

"To get the economic value per floor, you really need to get [height] ... or make it effective or cost effective, or affordable for people to use," he said.

*Cr McCloy was joined by Newcastle MP Tim Owen, his federal counterpart Sharon Grierson and Committee of Sydney boss Dr Tim Williams on a panel at the summit, convened by not-for-profit group Compass Housing. (**)*

Compass Housing provides housing for those on low to moderate incomes, and its chief executive, Greg Budworth, said the organisation wanted affordable housing to be on the agenda in Newcastle's revitalisation.

"We are very keen to make sure that ... the people we represent aren't excluded or marginalised by that process," he said.

..Cr McCloy said the development of the new university campus in the city would inject new life into the city. But he said the removal of the heavy rail in exchange for a light rail system would be the main growth driver.

"I have a list in front of me now of two pages of DAs [that have been] recently approved or are going to be approved projects based on that announcement in the city," he said of the O'Farrell government's blueprint for the CBD. Cr McCloy said that with state and federal funding in the wings, it was important that the city welcomed development rather than put up barriers. "There is an element in our city that doesn't want any change and that are not thinking of the youth, the jobs – any of those things."

Dr Williams, while applauding the cohesion of the urban renewal strategy, said he would like to see more discussion about how to accommodate lower socio-economic groups.

**** NB.** It is noteworthy that Councillor Lisa Tierney is the Chief Operations Office for Compass Housing. It is unclear if and how conflicts of interest have been addressed in the council processes and decisions regarding the high rise development and the Newcastle Urban Renewal Strategy. An example of the role of Compass Housing can be found at:
<http://www.compasshousing.org/site/index.cfm?display=369138>

2. Newcastle Herald, 19 July 2013

HUNTER STREET: \$350m puts life back in our town
By PENELOPE GREEN
July 19, 2013, 10:45 p.m (Newcastle Herald)

In August 2007, the GPT Group unveiled its \$500 million vision to redevelop the precinct but almost exactly three years later put its plans on ice, blaming the then-Labor government's indecision over the rail line. The about-face prompted David Jones to exit in January 2011, but the mood shifted in April that year when the town heard Nathan Tinkler-backed development company Buildev was negotiating to buy GPT's vast city landholding to pursue its own mixed-use plans. By June that deal had collapsed, and 12 months later GPT sold a 66.6 per cent stake of the mall to state government developer Landcom (now known as UrbanGrowth NSW) for \$20 million. Last month UrbanGrowth NSW said it would reveal its proposed model for the mall "in the next few months".

The council's release of the \$358 million project list follows calls this week by lord mayor Jeff McCloy for more high-density development in the city. Addressing an urban renewal summit with business leaders and developers, Cr McCloy was critical of height restrictions to protect views to Christ Church Cathedral.

He said the city's widespread mining subsidence - which required costly grouting before a project could literally get off the ground - meant developers had to build higher to get a decent return on their investment. Ed Crawford, chairman of the Property Council of Australia's Hunter Board, said administration constraints ranging from view corridors to height limits to boundary setbacks made it tough for developers to get a green light.

He said the cost of grouting to counter mine subsidence alone could mean projects were not feasible, and when a project was "marginal", extra floors were required "just to make it work at all, financially".

"That's why the term 'greedy developer' grates - I know too many that have gone broke trying to get things done in this city and elsewhere," he said.

"We say relax the constraints, let the market take the risk on development applications and approvals and encourage creative, vibrant, financially viable development."

3. Newcastle Star, 24 February 2014

The following was reported on February 24, prior to the Newcastle Herald announcement of proposed changes to NURS and the proposed high rise development of GPT/UrbanGrowth NSW.

"Lord mayor Jeff McCloy is pushing for the light rail to run down Hunter Street and turn the existing rail corridor into green space.

In other developments, three apartment blocks standing up to 19 storeys high will form the centrepiece of the CBD revival.

The apartment blocks are planned for the old David Jones car park, the old David Jones building itself and another on Newcomen Street.

The proposed buildings are almost three times higher than the current height restrictions, but developers UrbanGrowth NSW and GPT will ask Newcastle council for those guidelines to be lifted.

Cr McCloy said what he had seen of the proposal was "fantastic", but he could not reveal any details"

<http://www.newcastlestar.com.au/story/2109739/light-rail-back-on-newcastle-councils-drawing-board-as-part-of-plan-to-revitalise-cbd/>

4. The Newcastle Star, March 31, 2014, following media coverage of community opposition to the amendments to height restrictions. The final paragraph represents, I believe, a highly inappropriate process and an attempt to inappropriately influence the outcomes of the consultation period

Now time for change

By JEFF MCCLOY

March 31, 2014, 5:28 p.m.

<http://www.newcastlestar.com.au/story/2187680/now-time-for-change/>

"NEWCASTLE is at a critical point in its transformation, a fork in the road.

The people who want change so Newcastle can be a truly world-class city now need to be heard.

"We must support the bold, yet achievable, Urban Renewal Strategy or allow a small but vocal pocket of opposition to try to hijack plans that promise investment, opportunity and prosperity.

"It is gratifying the NSW government is now focused on Newcastle renewal. For too long, Newcastle City Council didn't have its fair share of government spending. Now, the council must do its part to take advantage of the attention and resources. Now is the time for businesses, organisations and private citizens to create a groundswell for change in Newcastle.

“The council needs the support of the "silent majority" for changes to Newcastle's urban planning guidelines that deal with two major developments: the University of Newcastle city campus; and the GPT Group and UrbanGrowth NSW in the East End, with increased height levels to start redevelopment while protecting significant city views. I urge you to write a letter of support for these guideline changes to be approved to NSW Department of Planning, by email to urbanrenewal@planning.nsw.gov.au or by fax to 9228 6555. Give a clear message of what we want to the NSW government”.

See Cr. McCloy’s extensive linkage, consultation and engagement with property and business sector

<http://www.propertyoz.com.au/Article/Resource.aspx?p=21&media=2244>

<http://www.propertyoz.com.au/Article/Resource.aspx?p=21&media=2084>

<http://www.propertyoz.com.au/Article/NewsDetail.aspx?p=16&id=8341>

<http://www.abc.net.au/news/2012-11-19/newcastle-local-government-election2c-jeff-mccloy2c-independ/4378838>

It is noteworthy that The McCloy group has been “Silver” sponsor of the Hunter Business Chamber

<http://www.nswbusinesschamber.com.au/NSWBC/media/Hunter/009587-HBC-2011-12-Annual-Report-WEB.PDF>

Mr McCloy is quoted as stating the following:

“My background is the reason I can see the prospect of many great things for Newcastle, even with some areas in decline like Hunter Street. We need to inject excitement and energy into the life of this City and bring about change,” Lord Mayor McCloy adds. “We need to move things along and quickly.” – He sees the idea of having a university in the Inner City as having the potential of increasing the population of the CBD and encouraging local business. “Student population will be required, which I am sure will be built by private enterprise. We are currently in negotiations with GPT, a major Australian company, as well as Landcom, to develop the East End of Newcastle with flats and units and commercial buildings. I have had a few meetings with them and it is an exciting project,” he says. With his expertise and background in property management and development, Lord Mayor McCloy has the ability to recognise whether the redevelopment of the Inner City will work. He is excited and positive about the opportunities such progress and transformation will bring to the City of Newcastle. - See more at: http://www.businessworld-australia.com.au/australian-business-profiles-and-featured-articles-bwa-magazine/australian_government/newcastle/#sthash.SpaTkOtf.dpuf

See more at: http://www.businessworld-australia.com.au/australian-business-profiles-and-featured-articles-bwa-magazine/australian_government/newcastle/#sthash.SpaTkOtf.dpuf

On 9 May 2014, Real estate boss (Jeff McCloy) says 'whatever it takes' for CBD on ABC.

<http://www.abc.net.au/local/stories/2014/05/09/4001448.htm>

“Plans by the NSW government for the revitalisation of Newcastle mean the city is about to undergo enormous change. With concerns being expressed about building height limits, the Hunter Chairman of the Real Estate Institute of NSW says the priority is ensuring developers can make a profit from their investment, or the development won't happen.”... Given that the state of the Newcastle CBD has been a hot-button for at least 20 years, this is probably accurate, but do residents want to see 20-storey towers in the CBD? Wayne Stewart says probably not, "That's the short answer, but **Jeff McCloy** stated some months ago that it wasn't substantial for a developer to look at doing a development that was only a certain height, that was only a certain capacity."

On August 8, a Newcastle Herald editorial asked:

- If GPT and state-owned UrbanGrowth are anxious to conduct a profitable joint venture, why hasn't the government directed them to create a commercial/residential hub around the new rail terminus?
- Where is the financial modelling that supports the contention that only 19-storey or similarly oversized residential towers can be viable in the mall precinct? Why, if only such tall buildings make business sense, can't the public be shown the figures that explain this surprising conclusion?

3. Mr. Tim Owen's, (former Newcastle MP), strident advocacy of East End high rise developments

26 May, 2011 - Inaugural speech NSW Parliament

"I am going to drive people and investment back into our CBD so it is a place that Novocastrians can once again be proud of. After years of neglect, Newcastle will thrive on businesses and people returning to the city's streets and it will once again become the thriving hub of the region.

I want to take the politics out of the issue and deliver the best outcome for the revitalisation of Newcastle. It is imperative that we work this issue hand in hand with the renewal of the east end of Hunter Street, in this current term of the O'Farrell Government".

2 July 2013, Tim Owen MP - Hunter Business Review Opinion

<http://www.hbrmag.com.au/article/read/opinion-tim-owen-530>

The time has come to unlock Newcastle's enormous potential and provide its hard working people with the global city they deserve.

The Urban Renewal Strategy (NURS) is the key to this potential and represents the most significant investment Newcastle has seen in the past half century. Designed to revive the ailing Central Business District and the once bustling and dynamic Hunter Street, the proposed strategy includes a range of initiatives intended to stimulate urban renewal and improve the link between Newcastle's city centre and thriving waterfront. It includes detailed plans on attracting economic investment and physical improvements to aging buildings, as well as new planning controls to encourage a more dynamic city centre capable of accommodating 12,000 additional residents and 10,000 extra workers expected by 2036. Opportunities for employment growth and spending will flow, creating a sense of economic certainty that small business owners, residents and investors have long been missing.

The comprehensive strategy outlines a vision for the east end of Newcastle as a lively mixed retail, leisure, entertainment and residential precinct with a revitalised Hunter Street Mall. The transformation of the Civic Precinct will include improvements to Wheeler Place with a view to establishing the area as Newcastle's primary civic, educational and justice hub. The arrival of the University of Newcastle to Auckland Street will solidify this consolidation of sectors. Employment land will be protected in the west end and physical improvements will be promoted around Birdwood Park and Cottage Creek to help position the area as the city's new commercial hub.

Community, industry and government investment will be critical to the strategy's success. I strongly encouraged members of the community to register their views on the proposal by attending a community information session or making a submission to the Planning Department. The O'Farrell Government is committed to the revitalisation of Newcastle as evidenced by the financial commitment of Urban Growth NSW to the east end, development of the legal precinct, the commitment of funds to the university's inner-city campus, and funds dedicated to the Urban Renewal Strategy. I am proud to say that in the two years since coming to office, this Government has made the most significant financial commitment to the city of Newcastle seen in many decades.

There will always be advantages and disadvantages to change on this scale. This, however, is about a broad, multifaceted renewal strategy for Newcastle that reinforces its status as a vital Australian regional centre. I am confident that the coordination and delivery group, which has been set up to oversee the implementation of the strategy, will work with the Departments of Planning and Transport to ensure the strategy is the best possible option for the Newcastle and Hunter Valley communities. I am not prepared to sit on my hands and watch growth and development opportunities for Newcastle pass by.

The time to act is now and I'm committed to seeing this transformation through to the end.

June 2012

<http://www.theherald.com.au/story/204762/landcom-to-buy-into-city-centre/>

Newcastle MP Tim Owen will announce today the government development agency Landcom and the GPT Group will also enter into an agreement to redevelop four city blocks into a mix of residential, niche commercial and specialty retail users.

The developer would retain a third of its properties and work with Landcom to draw up a detailed plan for the project.

It comes about three years after GPT walked away from a \$600million plan to rejuvenate the central business district amid the global financial downturn, while citing the former Labor Government's failure to commit to plans for the city including the future of the rail line.

The agreement is expected to be signed today when details of the deal are likely to be made public. The deal is understood to have been struck after about seven months of negotiations.

Mr Owen, who has been involved in the talks, described the agreement as an "excellent outcome" and the first step in the city's rejuvenation as well as one that would serve as a catalyst for further investment.

"This project is of such complexity that it requires significant co-ordination," Mr Owen said.

"Intervention by government is the only way to make it happen."

On March 27 2014 **Newcastle MP, Tim Owen** responded to building height opponents on the ABC:

<https://soundcloud.com/1233newcastle/tim-owen-building-heights-for>

There is no doubt there is a Council that is somewhat likeminded (to the State Government)...clearly we have articulated the vision for this city for a couple of years now...We've got a mention to do a job and that's what we are doing.

Interviewer: What undertaking can you give the people of Newcastle that you are not - hand in glove with the Council - handing over carte blanche to developers.

Owen: I mean, you know, it's just a ridiculous notion that we are doing that...

4. The Lucky Country Hotel, 237 Hunter Street, Newcastle

Many Newcastle residents wonder why their elected, now former, lord mayor is proposing through one of his development companies, that part of a public park be incorporated into his private investment property in Newcastle. The following article from the Newcastle Herald (13 June 2014) illustrates a concerning aspect of the divided loyalties of former Cr. Jeff McCloy - as head of Newcastle council and as a head of major property developing company – McCloy Group.

"An outdoor dining and drinking deck will replace a public "pocket park" under plans to refurbish the inner-city (Newcastle) Lucky Country Hotel.

"The McCloy Group, owned by Newcastle lord Mayor Jeff McCloy (the director of McCloy Group is Louise McCloy, the lord mayor's daughter), has submitted

plans for an \$82,000 development of the small public park in Crown Street.

“If approved, the \$6 million refurbishment of the Lucky Country Hotel will include a private outdoor dining area on the public domain. The 85-square-metre park, which is adjacent to the hotel, has three benches, a bicycle rack, six trees and street lights.”

While the former lord mayor earlier indicated he was going to abstain from voting on this DA, it is unclear how Cr. McCloy can reconcile a serious conflict of interests in terms of his mayoral responsibilities to the people of Newcastle, to maintain and protect public parks for community use.

If the DA is approved (at the time of writing it is still before Newcastle City Council) the McCloy family company appears to gain a financial benefit - the free use of part of a public park - while restricting public access to the land exclusively to patrons of the Lucky Country Hotel.

Furthermore the proximity of this major development by the McCloy group to the proposed high rise development of the Hunter St Mall (one block away) presents what I believe is further evidence of conflict of interest and a perception of personal interest overriding community concerns.

5. The Empire Tower Development, 643-651 Hunter Street, Newcastle

The Newcastle City Council is reportedly allocating almost \$3million dollars from its building works fund to a high-rise residential development along Hunter Street at a time when cost cutting measures were in place to address council's growing debt problem. The recent announcement referred to the proposal in which the housing be managed by Compass Management (a councillor Lisa Tierney, is Chief Operating Officer for Compass Management) (<http://www.theherald.com.au/story/2311852/the-empire-hotel-strikes-back/>)

The 14 storey 'The Empire' apartment development will be located 643-651 Hunter Street, Newcastle, the city's main street. This project is unusual in that Newcastle City Council and Hunter Development Corporation will be contributing almost \$6million towards a private development. Newcastle council's contribution is reported to be \$2.9million.

In a recent confidential council meeting held on 27th May 2014, Newcastle council endorsed a preferred developer for the project a week after the state government had done likewise. The successful consortium, NewcastleFirst, will now take the lead role on the project. Once completed, the units will be transferred to Housing NSW and then managed by Compass Housing.

Newcastle Liberal Party councillor David Compton is a director of Compton Projects, which forms part of the winning consortium. I note that councillor Compton abstained from voting on this decision, but it is unclear how the conflict of interests was handled regarding the council's investment. In

addition, council is not forthcoming with requests for information on the process of vendor selection and criteria.

Newcastle Liberal Party councillor Lisa Tierney is currently the Chief Operating Officer for Compass Housing Services. It is unclear how this conflict of interest was managed by councillor Tierney.

6. Newcastle City Council 2012 election irregularities

Did Mr. McCloy fund the election campaign of independent candidate Allan Robinson in 2012? Media reports suggest Mr. McCloy was possibly involved in secretly funding a fellow candidate's election campaign during the 2012 local council elections.

The Newcastle Herald (10 October 2014)

"Mr. Buman (a 2012 Newcastle Lord Mayoral candidate) had a significant falling out with Mr. McCloy when well-known jockey Allan Robinson switched election camps from the Buman team to the McCloy team on the eve of the last council election. It resulted in Cr. Robinson being elected, with Mr. Buman missing out.

Newcastle Herald, by Ian Kirkwood (16 August 2014)

"A delivery docket for 1000 "Jeff McCloy how to vote" flyers endorsing Allan Robinson as a candidate should help the ICAC work out who paid whose campaign expenses at the 2012 Newcastle council elections, former councillor Aaron Buman says.

Thursday's ICAC hearings revived memories of the biggest controversy of the 2012 election, when former jockey and Footy Show star "Robbo" defected from the Buman team to the McCloy camp at the 11th hour.

The pair had a heated altercation at a Shortland polling booth when Mr. Buman confronted Mr. Robinson, who defended his decision because Mr. Buman had struck a preference deal with Labor.

Mr. Buman - a sitting councillor who had stood for mayor against Mr McCloy and others - made no formal complaint about the affair after he was roundly beaten in the election.

But after reading a transcript of the ICAC proceedings, Mr. Buman dug out the delivery docket he had kept from the September 8, 2012, election.

As the accompanying photo shows, a delivery docket from Newcastle firm NCP printing lists "Jeff McCloy for Mayor" as the customer for 1000 A4-sized flyers described as "Robbo Ward Four".

The contact was listed as "Josh Hodges", a former Port Stephens councillor and member of the McCloy campaign team.

As the Newcastle Herald reported at the time, rumours of Mr. Robinson's defection had swirled for a fortnight before the poll.

Yesterday Mr. Buman said he still couldn't work out how the electoral authorities had authorised material linking Mr. Robinson and Mr McCloy when the former was listed as a Buman candidate.

"But I didn't raise anything and the authorities never asked me anything," Mr Buman said.

At the ICAC on Thursday, Cr McCloy's barrister Ian Faulkner told the commission: "We've received information that Mr. McCloy did not pay for Mr. Robinson's campaign expenses."

Commissioner Megan Latham said, in response, that "any information you can provide would be helpful".

Cr. McCloy told the Herald yesterday that he couldn't remember who paid for the brochures or if "Robbo paid me back".

The lord mayor's chief of staff, Gillian Summers, said the Electoral Funding Authority was aware of the arrangements for the printing.

Ms. Summers said "two lots of printing" - one for Mr. Robinson, the other for Mr. McCloy - were "made on one order form", with Mr. Robinson paying \$550 for his 20,000 flyers and "Jeff McCloy separately paying his printing costs".

If these reports are true, Mr. McCloy effectively corrupted the 2012 council election outcome. By assisting Mr. Robinson's election campaign to become a councillor for Ward 4, Mr. McCloy could have successfully secured the loyalty of Robinson on council to create his voting block that controlled Newcastle City Council over the past two years. His majority was almost always one vote - dividing council 7 votes to 6 votes.

This tight voting split meant that over the period Mr. McCloy's majority consistently blocked open discussion or stifled debate on major planning matters before Newcastle City Council, including on DA2014/323.

As Lord Mayor, Mr. McCloy employed general manager Mr. Ken Gouldthorp, who actively facilitated the mayor's planning and development agenda. It is interesting to note the terms Mr. Gouldthorp's employment contract have yet to be revealed to other Newcastle councillors.

Conclusion

I trust this information may assist the Upper House Inquiry into Newcastle and the Broader Hunter Region Planning, to investigate Newcastle City Council's handling of recent major planning and development proposals that have gone

before council. I respectfully urge the Inquiry to specifically refer to probity, the lack of transparency and excessive developer influence in Newcastle City Council planning decisions, mainly during the period under former lord mayor and major local property developer, Jeff McCloy.

I hope the information above will assist the Inquiry to better understand how controversial planning decisions affecting Newcastle's heritage city centre were made. I have tried to demonstrate an appearance of inappropriate closeness of, and collusion between publically elected officials and property developers with vested interests. I believe this link requires further investigation, with a specific focus on processes within the Newcastle City Council that to date have not been subject to detailed inquiry. I also believe these links have lead to the current planning bias of Newcastle City Council to support high rise development in the previously low rise heritage precinct despite the substantial and mounting opposition to this development.

I trust the Upper House Parliamentary Inquiry will consider these serious concerns to get to the bottom of planning processes undertaken within Newcastle City Council in particular regarding recent actions of GPT/UrbanGrowth.

This information is confidential and intended for the PLANNING PROCESS IN NEWCASTLE AND THE BROADER HUNTER REGION (UPPER HOUSE INQUIRY).

Thank you.

Yours sincerely,