

CORRECTED

REPORT OF PROCEEDINGS BEFORE

**SELECT COMMITTEE ON THE PLANNING PROCESS IN
NEWCASTLE AND THE BROADER HUNTER REGION**

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

CORRECTED PROOF

At Newcastle on Friday 21 November 2014

The Committee met at 10.00 a.m.

PRESENT

Reverend The Hon. F. J. Nile (Chair)

The Hon. C. Cusack

The Hon. G. J. Donnelly

The Hon. G. S. Pearce

Mr D. M. Shoebridge (Deputy Chair)

The Hon. L. Voltz

CHAIR: Welcome to the second hearing of the inquiry on the planning process in Newcastle and the broader Hunter region by the Select Committee on the Planning Process in Newcastle and the Broader Hunter Region. Before I commence I acknowledge the Awabakal and Worimi people, who are the traditional custodians of the land and waters of Newcastle. I also pay respect to the elders, past and present, and extend that respect to other Aboriginals present. Today is the second hearing for this inquiry. We will be hearing from a range of stakeholders, including the University of Newcastle, the Newcastle City Council, the Hunter Business Chamber and the Friends of King Edward Park. At the conclusion of today's hearing, we also will be holding a public forum to hear from a number of interested individuals. Our final hearing will be at Parliament House in Sydney on Monday.

Before we commence, as part of our normal public hearings I will make some brief comments about the procedures for today's hearing. I remind you that committee hearings are not intended to provide a forum for people to make adverse comments about others under the protection of parliamentary privilege. I therefore ask that you focus on the issues raised by the inquiry terms of reference and avoid naming individuals unnecessarily. I also remind the witnesses and members of the media that parliamentary privilege does not apply to what witnesses say outside of the Committee hearing, so please be cautious about any comments you make to the media and others after you complete your evidence.

In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that you must take responsibility for what you publish about the Committee's proceedings. The guidelines for the broadcast of proceedings are available from the secretariat. There may be some questions that a witness could only answer if they had more time or with certain documents to hand. In these circumstances, witnesses are advised that they can take a question on notice. Please note that due to our short timeframe, we ask witnesses to provide their answers within seven days.

Witnesses are advised that any messages should be delivered to Committee members through the Committee staff. Finally, could everyone please turn off their mobile phones for the duration of the hearing? I now welcome our first witnesses.

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ALAN TRACEY, Director, Infrastructure and Facilities Services, University of Newcastle, and

NATHAN MCGREGOR, Chief Operating Officer, University of Newcastle, affirmed and examined:

CHAIR: Does either of you wish to make an opening statement?

Mr McGREGOR: I may make just a brief opening statement. As a little bit of context, I thought it might be useful to say a few words about the organisation we represent, which is the University of Newcastle. The University of Newcastle was founded in 1965 and will go through its fiftieth anniversary next year. It is now a university of 39,000 students, some 7,500 international students and 2,600 staff. It is the number one university under 50 years of age in Australia and nineteenth in the world under 50. We are very proud of that university. We are very proud of the traditions and the heritage of the university. We have 115,000 alumni across 121 countries in the world. We graduate almost double the number the low socio-economic status [SES] students for the national average and we graduated half of Australia's Indigenous doctors. We are very proud of our record of excellence and our record of equity.

We are equally proud of our plans to move the university further into the city and extend its existing footprint. We are proud of the NeW Space development and what will mean to the university and also for the city as well is the Hunter economy. Within that context, whilst there has been some debate in the media and in other places around certain issues in regards to the university's presence in the city, we also want to retain some discussion around the many positives for this development and the university's moving to the city will have.

CHAIR: You have not made a submission?

Mr McGREGOR: No, we have not.

The Hon. LYNDA VOLTZ: In regards to the university, you are currently building on the site within the city? Is that correct?

Mr McGREGOR: Yes, that is right.

The Hon. LYNDA VOLTZ: How many people will be housed on that site? How many students will you have there?

Mr McGREGOR: The facility itself will have an occupancy or capacity of approximately 4,300, if it was to be in full occupancy. However, peak demand would be about 2,600.

The Hon. LYNDA VOLTZ: Apparently there has been a business case study put forward in regards to the truncating of the railway line. Was your university ever asked to put forward any submissions to that business plan? Did your university at that time have a view that truncating of the rail line would advantage the university?

Mr McGREGOR: If we go back to around 2009 the vice-chancellor at the time is on the public record as saying that the university does not have a position on the truncation of the rail line and will not have a position going into the future. That was the former vice-chancellor and I think that position has carried through until today. The university still does not enter the political debate about whether to truncate the rail line or not truncate the rail line. What we are interested in, however, is to make sure that the campus that we have at the moment, the students that we have and the students that we will have in the future are well served by whatever means of public transport and infrastructure are available.

The Hon. LYNDA VOLTZ: So you never put forward the view to any New South Wales State government agency that the development of the university site in the city was contingent upon truncating the railway line?

Mr McGREGOR: No.

The Hon. LYNDA VOLTZ: You currently have the Callaghan campus, which has a railway station on it.

Mr McGREGOR: Yes.

The Hon. LYNDA VOLTZ: That railway station, under the current railway model, would be directly linked to the city campus? There is a train station nearby. What would be the difference between truncating and the interchange?

Mr McGREGOR: If I understand the question correctly, if the rail line was truncated in Wickham or?

The Hon. LYNDA VOLTZ: Under the present model, if the train line was truncated, what would be the distance to the interchange?

Mr TRACEY: It is about a kilometre or a kilometre and a half from the NeW Space site to the proposed Wickham interchange.

The Hon. LYNDA VOLTZ: How far is it to the current Civic?

Mr TRACEY: Civic station is across Hunter Street from the site here.

The Hon. LYNDA VOLTZ: So it is directly across the road.

Mr TRACEY: Yes.

The Hon. LYNDA VOLTZ: How many students do you project will come to the Newcastle campus from outside the immediate central business district [CBD] area of the 4,300? Do you have a projection?

Mr TRACEY: We do, but we would probably need to take that on notice to give you the correct number.

The Hon. LYNDA VOLTZ: That would be great, if you could.

Mr TRACEY: Yes.

The Hon. LYNDA VOLTZ: Which faculties will be on the new campus site?

Mr McGREGOR: Predominantly Business and Law. We have already got some students here from Business and Law in University House. It will be predominantly Business and Law, but we may see other students coming onto the NeW Space site as well.

The Hon. GREG DONNELLY: Gentlemen, earlier this week there was some publicity about the issue of car parking with respect to the proposed university development. As I understand it, concern has been expressed by New South Wales Roads and Maritime Services [RMS]. My understanding is, from reading the material, that in the proposed development there is provision—and you can confirm or clarify this—of five parking spaces for something like 4,000 students. There was a range of comments quoted from the RMS about the analysis of the parking being overly simplistic and misleading with no critical assessment of other factors, such as housing affordability, et cetera. I am wondering if you care to comment on those views, or the comments themselves by the RMS about the parking arrangements that are proposed.

Mr McGREGOR: Sure. We are aware of the comments from RMS and the other submissions that have come in as a response to our State significant development application. We are currently working through and have just submitted our final response to those submissions to the Department of Planning and Environment. In terms of the arguments being made by RMS—

The Hon. GREG DONNELLY: Just before you proceed, is it true that in the documentation they have that the original provision was just five parking spaces?

Mr McGREGOR: The original and the current submission is that we would have five on-site car parking spaces for operational purposes and we have another 20 parking spaces within the Laman Street car parking zone that we are creating.

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The Hon. GREG DONNELLY: Five car parking spaces for a base of what can be up to 4,000 students and staff. Is that what you are saying?

Mr McGREGOR: I think what we need to do is put some of that into context. While we said that the maximum building occupancy is 4,600, at peak time we would have 2,600 either staff or students and that would be at peak. These facilities are not like the normal office block or office facility where people are arriving at nine and going at five. These would be high turnover places and the facility will essentially operate 24/7. Those numbers need to be viewed over a longer term. The other thing that I think needs to be taken into account in terms of context is that we have done some rigorous analysis and assessment around the number of students that will choose to use public transport that would be at the active transport zone. On those figures, 23 per cent of staff will likely have a reliance on vehicle transport to access the site and about 13 per cent of students.

What that means is that of those 2,300 students and staff at peak time, about 320 students or staff would choose, we are projecting, to access the site by vehicle. Our solution to that is not to create 300 or 1,000 or 200 car parks on-site but to make sure that we have a way of getting those staff and students to the campus through mechanisms such as park-and-ride and through carpooling, which is already very successful. There are about 500 students and staff accessing carpooling at the moment. We have a broad range of mechanisms as well as about 217 bicycles parking bays to encourage people onto public transport, to encourage people into carpooling, and to encourage people onto park-and-ride. We believe that the right strategy is an integrated transport strategy as opposed to solving that particular issue with parking.

The Hon. GREG DONNELLY: Thank you. In the final submission and/or the final document you presented, which responds to the RMS concerns, how many car parking space provisions have been assumed in that final document?

Mr McGREGOR: In the final document it remains at—

Mr TRACEY: Three hundred and sixty-six, which is above the total demand for parking. Our assessment, as Nat mentioned before, is 319. We have a strategy that can deliver a supply of 366 spaces to cater to that demand. That assumes park-and-ride facilities at our Callaghan campus, which we are developing, carpooling on the Laman Street side, and park-and-ride at a location not far from the Civic Centre.

The Hon. GREG DONNELLY: Is it the submission of the university that essentially you have addressed and resolved this issue of parking between what was your original submission and what is now your final submission?

Mr McGREGOR: What has changed between the original and the final is that we have been very specific about how we are going to meet that demand for those 320 people who choose to access the site by vehicle, but doing so in a combination, as Alan has said, of carpooling and park-and-ride across a couple of different locations. The Laman Street car park that we will be developing, the extra 20 spaces, will be targeted towards the carpooling initiative.

Mr DAVID SHOEBRIDGE: Thank you both for coming today. Mr McGregor and Mr Tracey, you have previously described what your positions are within the university.

Mr McGREGOR: Yes, we did.

Mr DAVID SHOEBRIDGE: And your role in relation to the new campus site?

Mr McGREGOR: I am the Chief Operating Officer in charge of the Resources Division for the university and that encompasses Infrastructure and Facility Services, Financial Services, IT Services, Legal Services and a Business Improvement Office. I am a member of the university's Executive and directly report to the Vice-chancellor.

Mr DAVID SHOEBRIDGE: You carry the can for the relocation into the city?

Mr McGREGOR: Alan and myself. I will let Alan speak for himself.

Mr TRACEY: I am the Director of Infrastructure and Facility Services. I am responsible for Campus Planning, Capital Development, Campus Operations and Campus services.

Mr DAVID SHOEBRIDGE: You also report directly to the Vice-chancellor or do you report through Mr McGregor?

Mr TRACEY: I report directly to Nat.

Mr DAVID SHOEBRIDGE: When was the final decision made, the press go, if you like, for the city campus?

Mr McGREGOR: I would have to check my notes in terms of the actual date of the decision but it was—

Mr DAVID SHOEBRIDGE: Maybe on notice you can give me the precise day, the month and year, if you could do that?

Mr McGREGOR: Okay, in April 2013 the Federal Government's Infrastructure Investment Fund approved the allocation of \$30 million towards the city development. That, in turn, triggered the \$25 million commitment from the State, from the Hunter Infrastructure Investment Fund, and it is at that point that the division of NeW Space became a reality. So that then triggered the process.

Mr DAVID SHOEBRIDGE: So there is the \$30 million from the Federal Government, the \$25 million from the State, and then how much did the university throw in?

Mr McGREGOR: The university contributes \$40 million.

Mr DAVID SHOEBRIDGE: That is what the whole development was contingent upon—that mixture of State and Federal funding coming in to make it a reality?

Mr McGREGOR: The State government funding was contingent upon the Federal government funding. The university's position was that at the time should the Commonwealth funding not come through we would need to reassess whether or not we could continue to develop that vision. That decision is, I suppose, a little hypothetical because we did not get to that point, but it would have had to be reassessed.

Mr DAVID SHOEBRIDGE: But the university had not spent a few years sitting down waiting to see whether or not the railway line would be cut? You were sitting down working out whether or not the funding streams would come in from the Commonwealth and State levels in order to make it a reality. Would that be a fair summary of it?

Mr McGREGOR: I do not think the rail line decision weighed heavily on the decision as to whether or not we would build in the city. It was more a question of economics and whether or not we could make the business case around the investment required at \$95 million in our own right, if State and Federal government funding was not forthcoming.

Mr DAVID SHOEBRIDGE: Purely on your business case, the railway line was kind of irrelevant to it?

Mr McGREGOR: The railway line never came into the business case.

Mr DAVID SHOEBRIDGE: Has it ever been explained to you how the cost-benefit analysis, which was done by consultants for the Hunter Development Corporation [HDC], said that your relocation was contingent upon the railway line? Do you know how that came to be?

Mr McGREGOR: I cannot comment on HDC's submissions. I am not aware.

Mr DAVID SHOEBRIDGE: Did they ever ask the university about this, that you know of?

Mr McGREGOR: Not that I am aware of, no.

Mr DAVID SHOEBRIDGE: Could you take it on notice and have a look if there were any communications? If there are any, could you tell us on notice?

Mr McGREGOR: Sure.

Mr DAVID SHOEBRIDGE: You have done your traffic studies and your passenger studies about the number of students and staff that will come by way of public transport. Does that vary dependent upon whether or not the railway line is cut? It may be you need to take this on notice.

Mr McGREGOR: No, I do not believe it does but we are happy to take it on notice. It is our position that we will work and we have always said that we will work with whatever public transport system is there at the time. That has been our planning—to be able to work with the heavy rail line being there, the heavy rail line being truncated and an interchange, a light rail solution, and even in the interim period, if that were to occur, interim bus solutions. So what we are developing is a strategy that is flexible enough to work with any of those options.

Mr DAVID SHOEBRIDGE: But you do accept that it is an impediment to public transport if your students have to change modes only one kilometre away from your campus. That is not the preferable outcome, is it, surely?

Mr McGREGOR: The fact is that I think our solution will require students to come to our park-and-ride facility and then move in, if they are intent on arriving by vehicle. If they are intent on using the public transport system and there is an interchange, yes, they will need to change. Whether that is an impediment, I don't see it as necessarily an impediment. There are other examples I suppose where that sort of interchange works fine in other capital cities and cities like Newcastle.

Mr TRACEY: There are also a significant number of bus routes that come from all over the Newcastle metropolitan area which funnel into the Civic area of the city as well, which will be used extensively by students and which currently are not available to those that go to Callaghan, for example. So public transport reliance is not entirely on rail or light rail; it is very reliant on bus transport as well from elsewhere in the city.

Mr DAVID SHOEBRIDGE: Whilst there may be an impediment for some people coming in on rail, you might get some unrelated benefits from the relocation to Civic because of its central location on the bus routes, is that what you are saying?

Mr TRACEY: Yes.

CHAIR: In the planning for the new building in the heart of the city, was there any consideration of a basement car park, which is what most buildings have?

Mr McGREGOR: Our strategy has always been not to rely on parking as a solution for transport. So I suppose that was always our starting point. In doing that and in making that a principle for the development, we were more focused on what the broader range of public transport options and accessibility options were. So instead of designing a basement car park, we took the view that we would design 217 bike parking bays instead of vehicle bays. There has obviously been some consideration of the feasibility of a basement car park during the development and that was looked at, but it did not form part of the strategy and did not proceed to costing.

CHAIR: You mentioned a few times about the park-and-ride. How would the park-and-ride work for the students?

Mr McGREGOR: The strategy involves two potential sites for park-and-ride, one of which would be the University of Newcastle's existing campus and utilise the excess capacity that exists there for students to travel to the university campus. Many students study on both campuses still and use that as a hub for the park-and-ride. The other is a solution around Broadmeadow. There is already a successful example of that between Hunter New England Health using the Broadmeadow site as the base for a park-and-ride solution to the hospital. We would be looking at a similar sort of solution. It is more convenient to come to that location than to the city than it is to come direct to campus. So there are two elements to the park-and-ride solution.

CHAIR: You are not planning any university transport for the students when they park to have a ride?

Mr McGREGOR: We already have shuttle services. They are not as frequent as they might be in the future but, as part of the broader strategy, we are looking at our own shuttle services to supplement but not to be

the primary means by which we get students to and from. It will probably be an extension of what we do at the moment.

CHAIR: Did you conduct any surveys with the students on their views as to whether there should be more parking and so on? Usually the universities interact with the student body, the Student Representative Council. Has there been any of that discussion?

Mr TRACEY: We have not had those sorts of face-to-face survey-type discussions with student bodies, although we do regularly survey transport usage. We have had a travel mode survey conducted last year to look at how students come to the existing campus and measuring the performance of our transport initiatives and we have noticed significant growth in the use of rail and public transport over a number of years.

CHAIR: So you have had no direct feedback from the student body as to whether they are happy with your plan, the administration's plan? You assume they are happy?

Mr McGREGOR: Through these surveys and through these mechanisms that we get feedback regularly, we have a number of student surveys, we have not seen any feedback to indicate that they are not.

CHAIR: In developing the university campus in the heart of the city, was that centred as part of the revitalisation of the city of Newcastle, the CBD?

Mr McGREGOR: In terms of the NeW Space development, I think the important thing is that primarily it is about the university and what it wants to offer to the students in the future. So the primary driver of the NeW Space development has always been about a new way of delivering education, teaching and learning to the next generation of learners. There will be consequent benefits to the city revitalisation but the university's primary driver was always about its business and the business of delivering quality education, future-proof education for our student population, recognising that what is good for the city will ultimately be good for the university in terms of any economic benefit that arises from our development.

CHAIR: Was there any problem with availability of land to build this facility, providing for Business and Law, on the main university campus for the coordination of services and so on?

Mr McGREGOR: There is no particular problem with availability of land on the Callaghan campus. In fact, there is quite a deal of land available on the Callaghan campus.

CHAIR: You could have built the new building there?

Mr McGREGOR: We could have but the decision was made, for strategic reasons, that we already have our post-graduate business population in the city at University House and that the benefits of co-locating our undergraduate population next door to our post-graduate population made a lot of sense. The fact that the law court development was 100 metres up the road also made a lot of sense from the Law perspective. The interaction between our Business and Law faculties, the business community in the city and the legal community in the city will make a lot of sense.

As with all developments, when we look at the synergies and the strategy behind where we locate certain programs or functions, faculties of the university, it comes down to a holistic look in terms of what is the best strategic decision, in terms of location. So it is not necessarily about what land availability there is but what is the optimal location for a whole range of reasons.

CHAIR: So the availability of the law courts is a key factor then?

Mr McGREGOR: There was certainly a synergy there, as there is a synergy with the business community and they are the two that we were very keen to pursue.

The Hon. GREG PEARCE: Congratulations on both being involved in such a dynamic and successful regional university. It is something to be very proud of. Just to be clear, in building the city facility, will that enable you to grow the student numbers and staff numbers overall or will it simply be a shift of people from the other campus?

Mr McGREGOR: The numbers that are being quoted earlier are reflective of an ambitious growth agenda for the university, both in the domestic area and the international numbers at the university. So certainly NeW Space does allow the university to attract and retain the best and brightest students and the best and brightest staff for that matter.

The Hon. GREG PEARCE: You already have 2,600 staff jobs, you said?

Mr McGREGOR: Yes, across the whole of the university, full-time equivalent positions.

The Hon. GREG PEARCE: Full-time equivalent, yes. How many people in total are employed by the university? Do you have that?

Mr McGREGOR: I would have to take the exact number on notice. There are 2,670 full-time equivalent staff. We have a large number of casual positions and teachers and people providing casual either professional services or academic services, but I have not got the exact number.

The Hon. GREG PEARCE: Do you have a number of construction jobs that will be generated while you are building the new facility?

Mr TRACEY: In the order of 200 during construction.

The Hon. GREG PEARCE: Two hundred extra jobs in construction. What about jobs once it is finished? Will there be new staffing and other jobs in the new facility?

Mr McGREGOR: There will be because the growth in student numbers generates the consequent growth in the staff numbers for the university. There are also the economic benefits for the broader city with that number of students and staff coming into the city. It will spawn new retail. The Hunter Valley Research Foundation has recently provided a report to us in terms of the broader economic impact which is particularly interesting, although it is early days. We are still working our way through that. We certainly see a lot of benefit flowing on to the business community in terms of retail, in terms of entertainment, in terms of accommodation and those sorts of ancillary services.

The Hon. GREG PEARCE: I missed the figure. How many overseas students do you currently bring in?

Mr McGREGOR: About 7,600 I think is the number.

The Hon. GREG PEARCE: Do many of them live in Newcastle or do they have jobs in Newcastle?

Mr McGREGOR: Yes, many of them do live in Newcastle and many of our students who are studying at Callaghan choose to live in Newcastle, despite studying on the other campus.

The Hon. GREG PEARCE: It is a long time since I was at university but at the University of Sydney I never had a car parking space or the option for one and we had a split campus. We had the Law school in the city and again there was no facility to drive between them. Is it some sort of international trend to provide car parking at universities now?

Mr McGREGOR: We benchmarked this development as we are required to do so in the State significant development application against many modern and recent higher education facilities of this nature that have been built. Some of those facilities have zero parking provision; some may have just disabled access parking and accessible parking of that nature. Every development that we benchmark in terms of our submission we were either equivalent to or better than for provision of car parking spaces. If that is a guide in where things are heading, certainly the reliance on vehicle transport to access higher education facilities is not seen to be critical.

The Hon. CATHERINE CUSACK: Going through the figures you gave us earlier about the amount of money being leveraged into Newcastle, I understand it is a \$95 million development?

Mr McGREGOR: That is right.

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The Hon. CATHERINE CUSACK: Could you give the breakdown again of State and Federal funding?

Mr McGREGOR: The Federal funding from the Education Investment Fund is \$30 million, there is \$25 million from the Hunter Infrastructure Investment Fund, which is State government money, and \$40 million from the university.

The Hon. CATHERINE CUSACK: That is \$55 million of investment coming into Newcastle for this project?

Mr McGREGOR: That is correct.

The Hon. CATHERINE CUSACK: Obviously, it would not be coming in without this project?

Mr McGREGOR: That is correct.

The Hon. CATHERINE CUSACK: The former Federal member for Newcastle, Sharon Grierson, described the project as heralding "major economic and social changes in the city ... will add to the revitalisation of inner-city Newcastle and will be a major catalyst for further investment into the city centre." Was Ms Grierson part of the initial negotiation and discussion about getting the project off the ground? I note that the funding decision was announced by the former education Minister, Sharon Bird. Obviously, this demonstrates significant Labor Party support for the project. Can you describe what role those people had in reaching this point of this exciting announcement for Newcastle?

Mr McGREGOR: I came into this position in May 2013. Those discussions preceded my time and Alan's time on the project as well. I was not party to them and do not have the information to be able to make an informed comment in terms of what those discussions looked like.

The Hon. CATHERINE CUSACK: The announcement was in April and you joined after the announcement, is that right?

Mr McGREGOR: At the end of May.

The Hon. CATHERINE CUSACK: How far advanced was planning for the project at that point?

Mr McGREGOR: We had had, obviously, a business case done in what the development might look like should this funding proceed. We had identified a couple of different sites that might be available and had been in negotiations with Newcastle City Council around the Civic site where this place is actually going to be built and had also been in negotiations around the Honeysuckle site. We chose, for a whole range of reasons, that the Civic site was the preferable site.

The Hon. CATHERINE CUSACK: In your understanding, it had general local political support?

Mr McGREGOR: Yes. We have had good support all the way through locally—from all levels of government in fact—for the development for all of the reasons we have talked about.

CHAIR: Thank you for coming and providing that information. It is a very encouraging project. Congratulations on all the work you are doing. We are in no way critical of what you are doing; we are just concerned about whether there should be any assistance for students in their travel.

Mr McGREGOR: Thank you very much.

Mr TRACEY: Thank you for the opportunity.

(The witnesses withdrew)

CHRIS CHAPMAN, Managing Director, Colliers International Newcastle, sworn and examined:

CHAIR: Thank you for agreeing to assist us with our inquiry.

Mr CHAPMAN: It is a pleasure.

CHAIR: Do you wish to make a brief opening statement?

Mr CHAPMAN: Very briefly. I have no idea why I have been called, but I assume it is because I have been working in the city for the best part of 35 years. I held a real estate licence for 30 years. Colliers International Newcastle is at the forefront of a commercial understanding of the city. We manage, sell and lease a lot of buildings and I suspect that some of that knowledge may be of assistance to the panel. At the end of the day I am here to answer your questions.

Mr DAVID SHOEBRIDGE: I think we should start with the Government.

CHAIR: We start with Opposition members.

The Hon. LYNDA VOLTZ: The Government called him.

Mr DAVID SHOEBRIDGE: It makes sense as the Government asked for this witness. We should start with the Government.

The Hon. GREG PEARCE: No, we will just stick to the normal order.

The Hon. LYNDA VOLTZ: Sorry, Mr Chapman. It is very difficult because I am not sure, like yourself, why you were called, but I will ask some questions. Do you specialise in retail or residential?

Mr CHAPMAN: We do not specialise in residential at all. We do not sell apartments. Retail, commercial, commercial leasing and then further afield industrial properties as well, but that is not really relevant in the CBD.

The Hon. LYNDA VOLTZ: What retail developments are you looking after in the Newcastle CBD?

Mr CHAPMAN: At the moment we are helping with just a small shopfront leasing for GPT and UrbanGrowth. That is one of the projects we are helping with. That is a recent appointment this year just to facilitate short-term leases with the traders up there to keep some activity at the mall level while the plans are going forward. We believe that is a short- to medium-term appointment. We manage a lot of buildings in town. Retail is a bit difficult. There is no real management of major retail assets. Because it is such a sporadic city, we do not have things like the shopping centres that Sydney has. We have sporadic buildings that we manage and look after.

The Hon. LYNDA VOLTZ: Would you look after, say, the GPT Charlestown development, the shopping centre?

Mr CHAPMAN: No. It is self-managed.

The Hon. LYNDA VOLTZ: So you do not know anything about that one either?

Mr CHAPMAN: No.

The Hon. LYNDA VOLTZ: GPT built Charlestown, which is a very large retail sector.

Mr CHAPMAN: Indeed.

The Hon. LYNDA VOLTZ: It is one of the biggest I have seen. In fact, I shop there because it is better than most of the Sydney ones. After it purchased that site it then purchased the CBD site that you now manage, is that correct?

Mr CHAPMAN: Yes. We do not manage the CBD site. As I say, we just help them with the leasing. They self-manage their properties, that is my understanding. They have a big management team and they do their own leasing at Charlestown. So we are not involved with them at Charlestown and our relationship with them really commenced in February this year when they approached us, because of our size and I suppose knowledge in Newcastle they thought it might be helpful if we got on board to help them, even with small leases.

The Hon. LYNDA VOLTZ: Apart from the small leases, do you know what its plans are for that site, or what the plans are for that site?

Mr CHAPMAN: Only what I have seen released in the media and during the public debate.

The Hon. LYNDA VOLTZ: Colliers International puts out a global retail highlight for 2014. Can you run us through what the retail sector prognosis was from that report for the Australian market?

Mr CHAPMAN: To be honest, I would have to have that in front of me to really understand in detail, but Colliers International's view on global retail is that after a couple of years of pretty tough conditions they are starting to see some improvement in the retail outlook. I think that was the general thrust of the report.

The Hon. LYNDA VOLTZ: Certainly that was true in Tokyo and India, but in the Australian retail sector it certainly was not in the major CBDs, such as the Pitt Street Mall, which was down 16 per cent on rental returns, is that right?

Mr CHAPMAN: Yes. I think they look at a wider cross-section of retail and not just the CBDs. In Newcastle I think I can safely say it is marginally better than it was and that is simply because of the activation of the mall. We have some small start-up businesses now that have taken on one- and two-year leases. You walk down the mall now and there is a little bit happening. It is a better feel than there was certainly two or three years ago.

The Hon. LYNDA VOLTZ: Yes, there was redevelopment, which probably impacted. Given the size of Charlestown and Kotara retail sectors—and other little regional ones such as Jesmond, which are quite popular with their communities—what kind of retail sector do you envisage? Do you see a Kotara-type or a Charlestown-type development in the Newcastle CBD or do you think once the market is in that sector that it has already grabbed the market share?

Mr CHAPMAN: I do not think we will see a Kotara-style centre there, no. I think we will see—I hope we see—destination-clever retail. I hope we see entertainment facilities. I hope we see places that are engaging of the people who would like to come to the city.

The Hon. LYNDA VOLTZ: The kind of Newtown vibrant, city life happening?

Mr CHAPMAN: I think one of the boys in the office described that they hoped it would be Darby Street on steroids: exciting, vibrant and a place you would want to go.

Mr DAVID SHOEBRIDGE: Ms Voltz was asking about your experience with retail. What about your experience with commercial in the city centre? Is it the same?

Mr CHAPMAN: Very extensive. The current vacancy rate in the city is not great.

Mr DAVID SHOEBRIDGE: What is it?

Mr CHAPMAN: It is around 10 per cent. It is a very distorted statistic in our market. People look at commercial as generally being reasonable quality office buildings. Our A-grade market in Newcastle as defined by the Property Council is round about 88,000 square metres of space. That fits into one tower at Barangaroo. Then we have a lot of B, C and D grade. It would be a lot higher but for the residential conversion of a lot of D-grade buildings. What is happening is a development community is sensing some of these dilapidated buildings are not worthy of regeneration. So a lot of that stock has been coming out. That is a good thing, I suppose, statistically.

Mr DAVID SHOEBRIDGE: Those D-grade buildings often can be historic buildings that can then be attractive for a residential conversion, is that right?

Mr CHAPMAN: Yes, absolutely.

Mr DAVID SHOEBRIDGE: They are kind of nice natural conversions. As they drop out of the commercial market they become available for the residential market?

Mr CHAPMAN: We are recommending exactly that to a number of owners that hold degraded D-grade assets. We are simply saying that you are not going to get a tenant so you need to look at alternative use.

Mr DAVID SHOEBRIDGE: Notwithstanding that that end of the market is moving out, you still have a 10 per cent vacancy rate in commercial properties, is that right?

Mr CHAPMAN: Yes.

Mr DAVID SHOEBRIDGE: What sort of business case is there for a large commercial increase in the East End? It seems like a very problematic business case if you have a 10 per cent commercial vacancy?

Mr CHAPMAN: Yes. It is an interesting situation. Watt Street commercial building is the first commercial building developed in Newcastle since 2008. So we hit a wall here. Obviously, the NIB building down at Honeysuckle is the last building delivered. The Stronach Group took on that project. It was a complete strip out and rebuild of the David Maddison building. It has taken us 18 months to fill that and it was 7,500 square metres. There is an argument in this city that at any one time we can handle one new building and there will be a flight from older stock to quality. So everyone that has gone to Watt Street has come out of B- and C-grade to a better quality building. There is always room for a building at any given time.

Mr DAVID SHOEBRIDGE: In the grand plans of building all this development that will revitalise all of Newcastle, we are actually likely to see just a transition and a movement from some of the more degraded stock into the new stock as it comes on board?

Mr CHAPMAN: That is potentially how a market works.

Mr DAVID SHOEBRIDGE: You hit activity in one place and hollow out in another?

Mr CHAPMAN: Once again, a lot of the hollowing out will occur in the Civic and West End area of Newcastle. That is quite clear. That is where the adaptive reuse comes in: student accommodation, bedsits. That is the hope. I am not sure of GPT's commercial space, if they develop all that. I do not think it is huge. I think the significant factor is the entertainment and retail. I do not think they are planning a lot of commercial. I am not sure.

Mr DAVID SHOEBRIDGE: Of course, GPT may just want to sit on that property and land bank it so that it does not actually compete with its other large Charlestown properties. Because, just as with commercial, there is a limited market and what you drive into the CBD you probably suck out of other parts of activity?

Mr CHAPMAN: Yes. I am not sure. I hope they would not do that. I hope they target a different type of retail than Charlestown.

Mr DAVID SHOEBRIDGE: But there is only a limit, is there not?

Mr CHAPMAN: There is a limit, yes.

Mr DAVID SHOEBRIDGE: I assume there are a number of property owners on the edge of the current railway line where it is supposed to be truncated from Wickham all the way through to Newcastle?

Mr CHAPMAN: Yes.

Mr DAVID SHOEBRIDGE: I assume that many of them are actually just sitting on their properties at the moment and waiting to see the final activity before they make any major payments and investments into

redevelopment because the removal of the railway line would have a significant impact on the value of their property?

The Hon. GREG PEARCE: That is a hypothetical question.

Mr DAVID SHOEBRIDGE: I am asking Mr Chapman, not you, Greg.

Mr CHAPMAN: I think it will be some time before there is any significant improvement. Any walk through the west end of Newcastle, from the university precinct onwards, really that is decades of activity.

Mr DAVID SHOEBRIDGE: But if you have a property right next to where the railway line is about to go and this connection with the harbour is about to open up, instead of fronting the side of a blank railway facility you will be opening up to potentially open space and a connection to the harbour and that is likely to have a positive impact on the value of your property, is it not?

Mr CHAPMAN: I think so, yes—not necessarily short term though.

The Hon. CATHERINE CUSACK: I understand you have long supported the proposal to truncate the railway line at Wickham?

Mr CHAPMAN: I am a supporter of that, yes.

The Hon. CATHERINE CUSACK: For how long has that proposal been around?

Mr CHAPMAN: I am 53; it has been around for a long time in various iterations.

CHAIR: What year did you say?

Mr CHAPMAN: I am 53, I wasn't around in 1953.

CHAIR: What year was the first discussion?

Mr CHAPMAN: I can remember discussions about the railway line back in the 1970s and 1980s, and I have followed that all my life. I have never been a vocal advocate of truncation. I have a personal business view. I love this city. I hear every side and I think it is great. I have never been personal about it. I have a very strong view on it from the transport and economic perspective for the city.

The Hon. CATHERINE CUSACK: I would really appreciate it if you could explain to the Committee what you see as the benefits of this proposal?

Mr CHAPMAN: For me the trade-off is the transport. We have seen where Newcastle currently sits with the railway in place—and I think for me that is one of the keys. I have watched generations of kids head out of town to Sydney, Melbourne and overseas to seek opportunity that we have never had here in Newcastle. We have not had it in the volume that we need in a huge regional city and a city that deserves to have that growth. Yesterday I caught the train to Sydney—I live over the road from the train station at Scott Street in an apartment—and it was great. I just walked across the road. When I got to Sydney, I got out at Central and then I made alternative transport arrangements to get to Grosvenor Place, George Street, which was fine.

In January when I do that again I will simply get a bus. If it's a nice day I might walk or my wife will drop me down to wherever I have to go to get on that train. To me that is easy. I will deal with that because I believe the railway line needs to go from an economic perspective to open up the city, to create the connection between the city that has long been missing. I think that over time—I am not talking about next year or the year after—over the medium to long term that will create a city that is connected, vibrant and lively; I am really excited about that.

The Hon. CATHERINE CUSACK: A couple of years ago Newcastle had a previous proposal that almost got to the point where the rail line was going to be truncated, which had the support of the local MP, Jodi McKay. It appeared as if it was on the edge of happening and there was a lot of excitement. What was the impact on investment in Newcastle when the shock announcement was made that it was not going ahead?

Mr CHAPMAN: It was very deflating. I was asked the same question last night: What would be the impact on the mood of the city? The impact on people who want to keep the railway line would be very positive if somehow it was retained, and I understand people who have long done something a certain way. Changes always come particularly in a town like Newcastle, but the impact was very tough three years ago, four years ago and we have not had a lot of business activity in Newcastle since. In the last 12 months there is a mood and a feeling that things will be better, that this is something that we can plan a great transport system around for the modern Newcastle and create a dynamic city with that barrier gone.

The Hon. CATHERINE CUSACK: Would you say that the expectation that the renewal will go ahead with the truncation has created a positive mood in the business community?

Mr CHAPMAN: One hundred per cent in the business community and the property community across the board, yes.

The Hon. CATHERINE CUSACK: But that is how investment happens, is it not?

Mr CHAPMAN: That is right, through sentiment.

The Hon. CATHERINE CUSACK: And employment is created?

Mr CHAPMAN: Correct, and the kids—the next generation, as we see a knowledge city, hopefully, built around the university, the kids won't have to travel down to Sydney for their opportunities to work and live in a great city.

The Hon. CATHERINE CUSACK: Will this make a difference to Newcastle's standing in the State's economy?

Mr CHAPMAN: I believe we will become a more mature city, and I think that is important. Sometimes we look down on ourselves as a city. We feel sometimes a little bit like we are the poor relation and sometimes—I hate to say it—I think we have been happy for that and have settled for that. I think the time has arrived for Newcastle to not settle for that any longer and to take our place as a great regional city.

The Hon. CATHERINE CUSACK: This Committee has sent a letter to Premier Baird asking him to defer the closure of the railway line until the Committee has reported. Potentially this Committee might recommend—and it would not be something I would support—that we not close the railway line. If the Premier were to respond to that by saying, "Okay, we are not going to go ahead with the railway line closure", what impact would that have on confidence in Newcastle? What would be the future of renewal and investment in Newcastle?

Mr CHAPMAN: It would be very, very traumatic, and I am not over-dramatising it.

The Hon. GREG DONNELLY: Point of order: Can I clarify whether that hypothetical letter—

The Hon. GREG PEARCE: It is a real letter.

The Hon. GREG DONNELLY: —explained a potential delay after the report had been produced as opposed to a permanent delay?

The Hon. CATHERINE CUSACK: Okay, let's forget about that aspect. I am just asking what if this Committee were to recommend that we not close it and the Premier said, "Fine we won't close it."

Mr DAVID SHOEBRIDGE: We have got a letter from the Premier entirely the other way round.

The Hon. CATHERINE CUSACK: What would be the impact of that?

Mr CHAPMAN: Any delay?

The Hon. CATHERINE CUSACK: Not so much a delay; let's truncate it and talk about a decision that it is too hard and we won't do it.

Mr DAVID SHOEBRIDGE: Or it is not the right thing to do.

CHAIR: The witness will be allowed to answer the question.

The Hon. CATHERINE CUSACK: Whatever the rationale, what will be the impact on Newcastle of the Government abandoning the project?

Mr CHAPMAN: I think the city—sorry, I have to be careful—largely the business community and the people who do business would like to see the city develop as a strong regional city. I think the impact would be devastating, I really do. I think that there is a mood for change, there is a mood for development, adaptive reuse, new projects, and all sorts of things across the board but it all takes time and a delay or putting off sends us down another decade of where we have been.

Mr DAVID SHOEBRIDGE: Mr Chapman, you are a real estate agent called by the Government.

CHAIR: Government members are asking the questions.

The Hon. CATHERINE CUSACK: What would be the impact on the 10 per cent vacancy?

Mr CHAPMAN: That is an interesting question; potentially, no impact. There are still businesses based here that will stay here but we would like to see a lot more businesses come here because—as I was speaking about earlier—there has been no opportunity. I lived here in the 1980s and 1990s when our best and brightest left. You don't have this problem in Sydney. You have got a developing, burgeoning city and community and you have got opportunities for your young people. Anyone surely coming to Newcastle and seeing where we sit today would feel as a city we have so much to offer but it has been shackled.

CHAIR: There is quite a lot of land. What do you believe will happen to that land where the railway is at the moment? What plans are there for that land? That land is quite wide; it is not just a single railway line.

Mr CHAPMAN: I don't have a strong view either way. There is no point removing the railway line and then putting up buildings where you would have crossings because that is ridiculous, and I can't imagine anyone would do that. If you walk along it you can see there are places where it is quite wide and open and that may suit single level café-restaurant-style development. There is certainly some up our way, at the East End, where I think there could be potentially some low level. I don't necessarily think that you couldn't have that in places but I would never ever, ever support, under oath, high rise or significant development along that corridor ever.

CHAIR: Is it possible that still could occur? Your opinion is that you do not like it, but is there anything to stop it happening?

Mr CHAPMAN: If I was asked to come before a committee to give my opinion on that then I would give the opinion I have given now—I would be very concerned and I would not like to see it happen. There is enough land to develop and there is enough opportunity and sites in Newcastle to develop over the next generation or two.

CHAIR: There has been discussion about light rail replacing heavy rail. Do you have any views on that? Do you think it will ever eventuate? You mentioned getting onto buses before. You are not thinking of getting onto light rail?

Mr CHAPMAN: I would love to get onto a tram or light rail and head down to Wickham. That would be fabulous. The great cities of the world all have light rail systems and I think it would be the thin edge of the wedge. In my lifetime I would like to see it run down Union Street, connect up to Darby Street and head up to the beach. I think it would be great. I am excited by it. I will just have to leave home probably 10 minutes earlier to catch the train, that's all.

CHAIR: Do you have a realistic expectation that there will be a light rail?

Mr CHAPMAN: I absolutely do, yes.

CORRECTED

CHAIR: Do you understand that the Minister for Transport said in five years' time the Government will consider it?

Mr CHAPMAN: No, I am not aware that she has made that comment. I am of the opinion that there are people in Newcastle already working on the plans for light rail.

CHAIR: One of the ways to revitalise cities is often to develop entertainment areas such as live theatres. Newcastle does not seem to have that.

Mr CHAPMAN: No, the Civic Theatre just next door has different shows live. We have got a good cultural part and it beats quite well but there are not the venues to necessarily display that. The university is a game changer for this city. I think so many things will come out of kids being in the city, living, studying, recreating. That is an exciting thing. We are not quite sure of all the benefits from that but there will be a lot of benefits we think.

CHAIR: You are involved in managing properties. Do you envisage 20-storey buildings going up in the heart of Newcastle?

Mr CHAPMAN: That is an interesting question. You have got to be able to justify sales of the apartments I suppose. You have got to know that it would work. That could happen, yes. I know there is an 18-storey building planned for a site about 200 metres west and presales are excellent. So there is the potential one day in this city for high-rise buildings, whether that is 2015 or 2016 I am not sure.

CHAIR: Thank you for appearing before the Committee and sharing your views.

Mr CHAPMAN: It has been an absolute pleasure, thank you.

CHAIR: You are the only one representing the commercial area today.

The Hon. GREG PEARCE: Just to clarify something before the witness leaves, the Premier's response to the Chair's letter indicates that the introduction of a modern light rail linking the beach is a commitment.

Mr CHAPMAN: Is?

The Hon. GREG PEARCE: Is a commitment.

The Hon. LYNDA VOLTZ: That was not a question; it was a comment.

The Hon. GREG DONNELLY: Without a time line.

Mr CHAPMAN: Thank you.

(The witness withdrew)

CORRECTED

NUATALI NELMES, Lord Mayor, Newcastle City Council, and

TIM CRAKANTHORP, Councillor, Newcastle City Council, affirmed and examined:

CHAIR: For the benefit of members of the public in the audience, the two witnesses have asked to be questioned separately as apparently they have different views.

The Hon. LYNDA VOLTZ: No, I do not think that is the case.

Ms NELMES: No.

The Hon. LYNDA VOLTZ: It is not correct.

Ms NELMES: You can question us at the same time. That is no problem. It is just that, to fit everyone in, I think we are sharing a time slot.

CHAIR: Yes. We will allocate roughly 15 minutes to each of you.

The Hon. CATHERINE CUSACK: Can I just clarify? I think the Chair is asking whether you wish to be asked questions separately, or do you want to be asked together?

The Hon. LYNDA VOLTZ: No. I think they thought that they had two separate times and they were making separate statements. But you are fine to be questioned together, yes?

Ms NELMES: Yes.

Mr CRAKANTHORP: Yes, that is good. Thank you.

CHAIR: We will not have an opening statement. That will take up too much time, I think.

The Hon. LYNDA VOLTZ: If you have a statement, would you like to table it? Is that possible?

Mr CRAKANTHORP: I have a very brief statement.

Mr DAVID SHOEBRIDGE: If they have a brief statement, I would be happy to hear from them.

The Hon. GREG PEARCE: If they want to make a submission, they can make a submission.

Mr CRAKANTHORP: I have made a submission. I just have a brief statement.

The Hon. GREG PEARCE: There is no point in tabling more stuff. Read it out, if you want to.

The Hon. CATHERINE CUSACK: Is it in the submission?

The Hon. LYNDA VOLTZ: No, you are not the Chair.

CHAIR: You can make a brief statement. Go ahead.

Mr CRAKANTHORP: Thank you. I thank the Committee for allowing me to give evidence today on behalf of the people of Newcastle and I express our appreciation for the effort you are undertaking to get behind the process involved, which will have decisions that will have very serious long-term implications for our community. There are five decisions: the truncation of the railway; the river and the light rail; the massive increases in the heights in the central business district [CBD]; the reversal of funding to the Art Gallery; and the change of legislation on King Edward Park. They all appear to have been made by Cabinet and they came as a surprise to the people of Newcastle because they did not seem to come as a result of professional, impartial and arm's length process. On the contrary, they appear to result from advice of a perhaps secretive and informal group that appears to involve many landholders.

It is clear that the owners, including Jeff McCloy, GPT and UrbanGrowth, believe that the changes adopted by the Government will increase the value of their land. It also seems that one or more of the owners were involved in the planning meetings that formulated the basis of the Government's decisions and it also seems that the Cabinet was aware that the owners believed the decisions would increase the value of their land. This method of formulating the basis of government decisions—and let us call it "the Newcastle model"—may also have been used in Sydney. In recent days, information has emerged that seems to indicate that secret government decisions have been made to massively increase the residential density of land around Parramatta Road, White Bay, Leichhardt and who knows where else? Were beneficiaries such as UrbanGrowth also involved in those decisions?

There is nothing wrong with landholders benefiting from government decisions that increase the value of their land; it does happen all the time. But there is something wrong if the landholders are directly involved in the decisions that benefit them. The potential conflicts of interest are why we have good planning processes that are open and transparent, based on the use of professional and impartial advice. The problem that we have is that the Government has disclosed neither its process nor its advice. Until it does, those five decisions all have the stench of corruption hanging over them. At a time when former Ministers of the Crown face prosecution over decisions that appear to benefit friends or associates, this is not a good look.

The Government can easily dispel the suspicion of corruption by releasing all the documents involved, with the ministerial advice. Let us see the professional and impartial advice that Ministers used to make those decisions. Let us see how a transport Minister acted not on Transport advice but on Planning advice. What was the Transport advice regarding the rail line? Let us see the advice that led the Cabinet changing the laws impacting on King Edward Park in the middle of a court case and for them to have effective retrospective effect. Let us see the planning advice that says the decision to dramatically transform the cityscape is in keeping with good town planning principles. And show us the advice that reversing a decision to fund the Art Gallery and leaving the project in limbo after one and a half million dollars had been spent developing the plans and requiring State member, Tim Owen, to renege on his election commitments.

All those decisions have been deeply disturbing for our community. I cannot recall a time in our history when there has been such division and so many public meetings and protests. Recent election results clearly demonstrate that our community opposes what has taken place. We really appreciate you taking the time in your busy schedules to be here today. For some time the people in Newcastle have been asking: "Why would the Government spend half a billion dollars doing something that we do not want?" After recent disclosures, many people believe that they now know the answer. That concludes my statement, thank you.

CHAIR: Councillor Nelmes, do you wish to say anything?

Ms NELMES: Yes. I will make a very brief statement. Obviously, I am here today as the newly elected Lord Mayor but I have been on the council for six years now. My concern in particular is to do with the planning controls, the changes to those planning controls and the lack of consultation. I share Tim's view on many of those aspects and some of them are very much under the purview of the State Government. But what we have seen in Newcastle in recent years has been a very closed shop decision-making process. As an elected councillor, I was not privy to any of the discussions that transpired in regard to these planning controls being changed.

We went through a very collaborative process with the Department of Planning with the State environmental planning policy [SEPP] when it was originally constructed and formulated. There was much discussion—very open and transparent discussion—with the Department of Planning during those years. There was even a time when we considered having the local environmental plan [LEP] changed to include the changes that were coming in the original SEPP. That clearly demonstrates how open and transparent that process was. The original version of that SEPP was based on wide community consultation, large collaboration between many State government and local government agencies and key stakeholders in Newcastle. We got to a place where we had a SEPP.

That could have been putting changes in our LEP but in a sign of good faith the council at the time said to the Department of Planning that because we have collaborated for so long, it has been publicly exhibited for four months, and we have taken all the feedback from the community and key stakeholders, we allowed the Cabinet to put through at the time a SEPP over the Newcastle central business district [CBD]. What has transpired with the changes to that SEPP are planning controls that significantly change the historic character of our city forever. Those changes and those planning controls were not only not consulted with elected councillors

like myself—maybe just a few counsellors—but were rammed through the council with no consultation through a lord mayoral minute.

Subsequently, the briefing that ensued was a PowerPoint fired from UrbanGrowth NSW to the elected council. That lasted around 15 minutes. As an elected councillor, I found out on the front page of the paper exactly the details that were in those changes to the SEPP. If you have elected representatives finding out on the front page of the paper what is actually changing in the building heights in their own city, you absolutely have a problem with the process. That is why there is so much community outcry. That is probably why we are all sitting here today. That SEPP was only exhibited for two weeks. The first iteration, which was widely supported by the community, was exhibited for four months.

There were still 266 submissions received in that two-week period of exhibition. There are some parts of it that are the same, very good and well supported by council, but there are significant elements of that SEPP that change the city's skyline forever under the most controversial pieces of that legislation. That is what I have a problem with. I also should share with you—and it is noted in our general manager's submission, whereas I do not share all the views in that submission—that there is a serious problem with the planning controls and the four levels of planning controls. In our CBD we have the whole of the Honeysuckle hived off for 20 years and all the planning is done by what was the once the Honeysuckle Development Corporation, which is now the Hunter Developer Corporation [HDC]. That is a fair chunk of our CBD.

The Building Better Cities program was successful in turning that dockyard into a good area, but now the Newcastle City Council and the residents of this city do not have any controls over that development there. Now we have a SEPP about which the community is absolutely up in arms and that is controlling all of the city centre development. The LEP that is council's strategic document for land use—heights, zoning, density plans—is absolutely being ignored. That is why we have so many problems in Newcastle. That is probably why we are all sitting here today. There needs to be some significant planning reform.

I ask this Committee to give the council leave because we did not have time to make a formal submission when that SEPP was exhibited for only two weeks—we have an ordinary council meeting once a month. We would like to make a formal submission to that SEPP because we did not get the opportunity to do that. Our submission was based on historical resolutions that were not consulted widely with the community. As you can see, we have the results that we have. That would be one request that I would ask of the Committee. The other request that I would ask is to seriously look at the planning controls that cover our city. Currently, our LEP has been undermined by all the different planning controls. We do not have local planning.

This current State Government was elected on a platform of returning planning control to a local community. The Government got rid of part 3A and said that they would get rid of Joint Regional Planning Panels. Joint Regional Planning Panels still exist and they still form another level of bureaucracy in terms of determining development applications in this city. Now we have this SEPP and we also have HDC. You will never get a consistent voice or a consistent way we can move this city forward when you have so many levels of bureaucracy and layers of planning legislation controlling and working against each other. We need to sing from the same song sheet in Newcastle and we need one consistent document. I believe that should be the LEP.

CHAIR: Thank you.

Mr DAVID SHOEBRIDGE: You have got part 4A for the university site too.

The Hon. LYNDIA VOLTZ: I will just go back to a few of your questions. You raised the issue of ownership of the land by the mayor in regards to Hunter Street. Could you just run through what the actual lands are that are owned by the mayor in Hunter Street—

Mr DAVID SHOEBRIDGE: The former mayor.

The Hon. LYNDIA VOLTZ: The former mayor, I am sorry. Obviously, it is not the current mayor, unless you have land on Hunter Street, and you can tell us about it. Tell us the lands that are owned by the mayor.

Ms NELMES: I will just be clear with the Committee. I own no land on Hunter Street.

Mr DAVID SHOEBRIDGE: That is a nice change.

Ms NELMES: I just have a mortgage on a house, a private house in another suburb, and that is it in terms of my land ownership. It is a very complicated document and it is in the pecuniary interest return. I could not rattle off how many buildings there are because there are so many along Hunter Street. It would be up to the Committee.

CHAIR: Yes. It would be best for us to get a copy of that rather than putting you on the spot.

Ms NELMES: Yes. It is a very long document.

CHAIR: That is right.

The Hon. LYNDA VOLTZ: Could you provide that on notice?

Ms NELMES: I will ask our council to provide that to the Committee.

CHAIR: Good. Thank you.

Mr CRAKANTHORP: In the letter that the former Lord Mayor wrote to Mr Hazzard, as you would all be very aware, he explicitly indicated he had considerable property in Hunter Street and he wanted the rail line—the heavy rail—to cease. It would be very beneficial to him and he obviously had his developments on hold, which was explicit in the letter, until that were to occur. Under the Government Information (Public Access) [GIPA] Act and on the Department of Planning disclosure log, we have the draft Cabinet-in-confidence "Revitalising Newcastle: Updating the Process" document. This clearly indicates that the preferred light rail route for consideration is down the existing rail corridor and then right at the end it goes down Scott Street to Newcastle.

CHAIR: We may have copies of that, but could you table that while we check we have one in our files?

Mr CRAKANTHORP: Sure. But it is that decision process and that point of decision-making when the public consultation occurred. I went to that consultation and there was not a person I met who said it should go anywhere but down the rail line and, lo and behold, it is going down Hunter Street. That is what I am interested in and that decision point from A to B.

Hon. LYNDA VOLTZ: What will be the impact? We have heard from the University of Newcastle this morning that they will have to run buses in from their campuses for a park-and-ride model. What is going to be the impact on Hunter Street of running the light rail down the main road, rather than running it on the existing land that is there?

Mr CRAKANTHORP: In terms of hierarchy of transport, you have walking, then bikes, then cars, then buses, then light rail, then heavy rail. We are putting 5,000 students in a new set of law courts, which you have all seen, plus GPT's 500 units, 25,000 square metres of retail and other commercial. And we are going to step backwards in the hierarchy to a less frequent system, one with less capacity. That is the big problem. The problem with Hunter Street is that it is going to cost a massive amount of money—number one. It narrows considerably the further along Hunter Street you go, particularly as it gets to Scott Street, it narrows quite a lot. There are engineers who have indicated to me, off the record, that there are massive problems with light rail as it nears the end of Hunter Street in particular and those businesses on Hunter Street are also going to have major problems, as are bicycles and cars. It is going to be pretty difficult and it is about capacity certainly, as I see it.

Ms NELMES: Would you mind if I answered that from a council perspective? In 2010 we publicly delivered a Hunter Street Revitalisation Master Plan. It was the first overarching document for council to contribute to significant upgrades that were under our purview on Hunter Street. Part of that plan indicated that there could be opportunities to have cycleways and also have some of the street narrowed for better public domain works, as well as only have one traffic lane each way. So, Transport for NSW, or whoever has made these decisions, have not really taken into consideration local planning documents that already exist.

The consultation—and I think some of it is in the General Manager's submission—we have not been a partner in this process. Council has been completely excluded from the process of decision-making because we have an historic document that has a different vision for Hunter Street that is diametrically opposed to what has

been tabled by Transport for NSW, in terms of the transport solution. It also flies in the face of a recent study we have done and also the public exhibition we have gone through to try and improve public transport in this city. And to improve public transport in the city we need rapid transit methods like heavy rail.

I know you have been up here previously but for those of you who are not local, the \$90 million law courts building is literally 100metres here; and the \$90 to \$100 million university campus is another 100 metres just there; and Civic Station is 100 metres over there. There is no parking in that building, aside from maybe for some judges and some academics. I don't know how on earth we are going to get these people in the coming years to and from this major infrastructure in our civic centre. Aside from the fact that this is our civic and cultural precinct, obviously we are in the Town Hall, across the road is the Art Gallery and library, and across there is the museum. It does not make any sense, from a transport plan point of view, to congest Hunter Street with a transport plan that was not consulted with Newcastle City Council properly.

Mr CRAKANTHORP: The Government has clearly stated that putting the light rail in will decrease the capacity of our public transport system. Council has a new plan where we want public transport to increase by 400 per cent. So two meetings ago we endorsed a letter to the Minister saying: "Your plan will fly in the face of our plan". So, as councillors, it is diametrically opposed, as councillor Nelmes indicated.

Mr DAVID SHOEBRIDGE: Congratulations, Mr Crakanthorp and Ms Mayor, on your elections. Ms Mayor, talking about the way planning is done in Newcastle City, is your request to this Committee and the State Government to just have a single, coherent planning authority and have that rest with the democratically elected council?

Ms NELMES: That is my request to this Committee.

Mr DAVID SHOEBRIDGE: Because what you described in your opening submission is a fractured and incoherent planning regime where you have the Hunter Development Corporation on one side of the railway line; you have remnants for the council with the LEP; you have the imposition of the State Government under State environmental planning policies; here, with the university and law courts you have got another regime, under Part 4A of the planning; and then, depending on the size of the development, you have consent authority being with the council or with the joint regional planning panel or with the Minister.

Ms NELMES: That is correct. You can see that other cities that can go forward in a coherent manner do not have the same type of planning regime we do in Newcastle.

Mr DAVID SHOEBRIDGE: It is like a multi-headed hydra producing that kind of outcome.

Ms NELMES: I want to be part of a council that makes democratic, open and transparent decisions and that was the platform I was elected on last weekend. I think it is really important that somehow for this Committee we move forward to a new planning regime in Newcastle. And it might be that this happens in other cities in New South Wales but it has been so hard for this council. We have an excellent planning department and we have an excellent LEP. Our LEP is fantastic. It is widely consulted, all stakeholders are engaged—from the developers, the business community and residents—and that should be the overarching document. And if it was, we could be confident and we could be consistent. But every time people do not get what they want under our LEP, they go to another consent authority and it produces the results you have been talking about.

Mr DAVID SHOEBRIDGE: Ms Mayor, could you provide on notice a map of the city that shows the different areas and the different planning authorities so that we can get some grasp of that?

Ms NELMES: Yes, I will.

Mr CRAKANTHORP: Mr Shoebridge, we also want a Hunter Transport Authority.

Mr DAVID SHOEBRIDGE: Yes, of course.

Mr CRAKANTHORP: That is certainly something that I would advocate very strongly for.

Mr DAVID SHOEBRIDGE: Mr Crakanthorp, you were talking about some correspondence from the former mayor that went to the then planning Minister, I think Brad Hazzard, about his land ownership. Can you explain what document you were talking about?

Mr CRAKANTHORP: That was the one that appeared in the *Newcastle Herald* and it clearly stated that until such time as the rail was truncated Mr McCloy would hold off on developing any of his sites.

Mr DAVID SHOEBRIDGE: Was that the one that Mr Hawes sent to the Planning Minister in his capacity as the General Manager of the Hunter Development Corporation?

Mr CRAKANTHORP: I cannot be sure, I am sorry.

Mr DAVID SHOEBRIDGE: Could you provide us with your copies of that so that we can formally have it on the record?

Mr CRAKANTHORP: Certainly.

Ms NELMES: Could I add one thing to your question? I would like the Committee to realise that, with the SEPP, particularly regarding the controversial 17-storey towers, it is not too late to reverse that decision because there has been no determination by the Joint Regional Planning Panel [JRPP] on any development applications lodged. So sometimes when you do have controversial plans implemented it can be too late, particularly under the EPA Act and then subsequent Land and Environment Court legislation. But it is not too late for this Committee to reverse that part of the SEPP and that is really important. I am sure you will be aware of it but I wanted to restate that to you, so you are aware that recommendations could actually help us in Newcastle and in changing those 17-storey building heights.

CHAIR: To clarify the relationship of the council to the Hunter Development Corporation, it is almost like a body over the council now developing Newcastle so they have sidelined the council?

Ms NELMES: Yes, and I would be very clear in saying that when the Building Better Cities project was first implemented with Federal government funding under a Federal Labor Government to rejuvenate the foreshore, you have seen that area, hundreds of millions of dollars investment and rejuvenation go ahead. But that has been over 20 years and there has to be a time when the locals resume planning control and I think that time is now. There has been good development but what you have seen, just to be clear—and this is quite well known by people obviously from Newcastle—the buildings and the corporations that have taken up land and built significant buildings over on Honeysuckle are buildings like NIB, Hunter Water, the Department of Premier and Cabinet have a floor in one of the buildings—those buildings were once on Hunter Street.

So what you saw was Hunter Street being cannibalised in a way by the Honeysuckle Development Plan. So whilst it is successful and whilst I am not here to say we should not have done it 20 years ago, because I think we should have, at a point in time we need to resume planning control because what is happening in Honeysuckle is not a consistent vision under our LEP. I would say that the point in time has come and the point in time is now that the LEP and locals resume planning control for the whole of the CBD.

CHAIR: You are saying there needs to be the council in charge because it looks at the whole of the city, whereas the Hunter Development Corporation is only looking at the plan that is their responsibility.

Ms NELMES: Absolutely, that is why there is no relationship between Hunter Street and Honeysuckle. They have been completely separate in their plan and the buildings that once activated Hunter Street and the large State government agencies and corporations that were on Hunter Street moved over to Honeysuckle and vacated those buildings. I am not saying it has not been successful, but how long can you keep the planning control separate between Honeysuckle and the rest of the city? It will not work, as Newcastle needs to move forward.

CHAIR: You are saying that you might put in a late submission, the Committee would have to consider that and I think it would be a good idea to receive it, as long as it is prompt. You can be prompt in sending it?

Ms NELMES: We have a council meeting on Tuesday night. I will ask all councillors about the content and I would have to seek the support of all of the council but I would ask the Committee if we could have leave to put a submission in, particularly regarding the SEPP and the changes to the SEPP. Because of the short exhibition time, we were not able to put a submission in.

The Hon. CATHERINE CUSACK: Are you talking about the Committee or the SEPP? Where do you want to put a submission?

CHAIR: To us, to this inquiry.

Ms NELMES: To you, about the changes to the SEPP.

The Hon. GREG PEARCE: Mr Crakanthorp, were you in Newcastle in 2009 and 2010?

Mr CRAKANTHORP: Yes.

The Hon. GREG PEARCE: Did you miss entirely the discussion about the rail and the light rail which culminated in then Premier Keneally putting a submission up to the Federal Labor Government for funding for the light rail and to close the rail and Sharon Grierson supporting that proposal and various others? Did you miss all of that?

The Hon. LYNDA VOLTZ: Point of order: The member is quoting an article in regards to comments by Sharon Grierson. Sharon Grierson is a witness after the next witness. I do not see why he is asking this witness, rather than the one whose comments he is referring to.

Mr CRAKANTHORP: I can respond, Mr Pearce.

CHAIR: I think this witness is capable of answering the question.

Mr CRAKANTHORP: It has always been Labor Party policy to retain the rail right into Newcastle. That is our policy. I seconded that when Bryce Gaudry moved it at the State Labor conference. Every single candidate who has gone to an election here in the last 20 years with a clear policy on retaining that rail line has won. Jodi McKay did it, Bryce Gaudry did it, I did it, and we have won. Tim Owen had a very unclear policy, and he did not.

The Hon. GREG PEARCE: You seem to have missed several years of work—several years of work by Labor governments to do exactly that.

Mr CRAKANTHORP: If you would let me finish, I have not finished my response to your initial question. Jodi McKay might have had a personal view but that was her personal view, it was never Labor Party policy.

The Hon. GREG PEARCE: Well, we will have to disagree on that.

Mr CRAKANTHORP: Well, look up our policy documents if you would like to. They are very clear on that.

The Hon. GREG PEARCE: You put out a policy in October which included, amongst other things according to the media, a bypass in Stewart Avenue which apparently your family has an interest in a property that is required for it. You mentioned conflict of interest. Can you answer that one please?

The Hon. GREG DONNELLY: Point of order: Can I just get clarification, Chair? The member put to the witness that, to pick up his language, he "put out a policy". Can I ask, through the Chair, to clarify what does the member mean by directing that question to the member that he "put out a policy". What does he mean by that?

The Hon. GREG PEARCE: If the witness is incapable of answering these questions, let him just say so. I do not think he should be taking up the time of the Committee. Are you going to answer it or not?

Mr CRAKANTHORP: Certainly, we have a Labor Party policy which we put out which we would introduce if elected in March. We would do a feasibility study on various transport options throughout the city.

The Hon. GREG PEARCE: What about the conflict of interest with your family?

Mr CRAKANTHORP: I have always been extremely clear about my direct family: myself and my wife. We have conflict of interest statements very clearly tabled in council. My wife's in-laws or anyone else to do with her family—

The Hon. GREG PEARCE: So it is okay for you to have a conflict of interest?

Mr CRAKANTHORP: Let me finish answering the question please, Mr Pearce.

The Hon. GREG PEARCE: It is okay for you to have a conflict of interest?

The Hon. LYNDA VOLTZ: Point of order.

CHAIR: Let the witness answer the question.

Mr CRAKANTHORP: Can I answer your question without your interrupting me? Is that possible?

The Hon. GREG PEARCE: I am sorry if you are embarrassed by the fact that you think—

CHAIR: No, let him answer the question.

Mr CRAKANTHORP: Can I answer the question?

The Hon. GREG DONNELLY: Point of order.

CHAIR: Let the witness answer the question.

Mr CRAKANTHORP: Can I answer your question? Thank you, Mr Chair.

The Hon. GREG PEARCE: I am waiting for an answer.

Mr CRAKANTHORP: I have been very clear about any potential conflict of interest on this issue and have always excused myself from council over the last six years whenever it has been raised.

The Hon. GREG PEARCE: Well, let us have an answer to this Committee's—

Mr CRAKANTHORP: And that has been in the public sphere for many years.

The Hon. GREG PEARCE: Let us have an answer on the conflict for this Committee.

Mr CRAKANTHORP: So that is the answer to the question.

The Hon. GREG PEARCE: Well that is no answer at all.

Mr CRAKANTHORP: Thank you.

The Hon. GREG DONNELLY: Point of order.

The Hon. GREG PEARCE: That is no answer at all.

The Hon. GREG DONNELLY: The member is badgering the witness and that is unacceptable. The question can be put and the witness must be entitled to answer it.

The Hon. GREG PEARCE: That is all right. We got the answer.

The Hon. GREG DONNELLY: But not to badger.

The Hon. GREG PEARCE: He is not prepared to disclose.

The Hon. GREG DONNELLY: No, you are badgering the witness.

The Hon. GREG PEARCE: He is not prepared to disclose.

The Hon. CATHERINE CUSACK: He just disclosed it.

The Hon. GREG DONNELLY: You are badgering the witness.

CHAIR: The witness did answer the question.

The Hon. GREG PEARCE: Well, that is not—

CHAIR: Can you move on to another question?

The Hon. GREG PEARCE: Amongst the things you have promised was a convention centre. What is the budget for that?

Mr CRAKANTHORP: A convention centre is a wonderful plan—

The Hon. GREG PEARCE: Yes, what is the budget?

Mr CRAKANTHORP: The Hunter Business Chamber is fully supportive—

The Hon. GREG PEARCE: What is the budget for it?

The Hon. GREG DONNELLY: Point of order: you are badgering the witness.

The Hon. CATHERINE CUSACK: He is asking—

The Hon. GREG PEARCE: I am just asking him—

The Hon. GREG DONNELLY: Well let him answer it.

The Hon. GREG PEARCE: —what is the budget for it?

The Hon. GREG DONNELLY: Let him answer it.

Mr CRAKANTHORP: In fact, the Hunter Business Chamber wants that and it is doing feasibility studies on that exact location.

The Hon. GREG PEARCE: Yes, but what is your figure?

The Hon. GREG DONNELLY: Let him answer the question, will you?

The Hon. CATHERINE CUSACK: Mr Chair, can you ask—

CHAIR: Do not keep interrupting.

The Hon. GREG DONNELLY: He keeps badgering.

Mr CRAKANTHORP: This great idea, which has a lot of community support—

The Hon. GREG PEARCE: So there is no budget for it?

Mr CRAKANTHORP: —would provide a thousand ongoing jobs—

The Hon. GREG PEARCE: There is no budget for it. We will move on.

Mr CRAKANTHORP: —3,000 in construction and we would do—

The Hon. GREG PEARCE: What is the budget to restore the rail line?

Mr CRAKANTHORP: —that convention centre in conjunction with the private sector.

The Hon. GREG PEARCE: So there is no budget for it?

The Hon. GREG DONNELLY: You are badgering the witness.

CHAIR: Let the witness—

The Hon. CATHERINE CUSACK: We have asked the question. If he does not wish to answer it—

The Hon. GREG DONNELLY: No, he is answering.

The Hon. CATHERINE CUSACK: We have more questions.

The Hon. GREG DONNELLY: You cannot make him answer it the way you want.

CHAIR: Let the witness—

The Hon. CATHERINE CUSACK: We asked him what the budget was. He does not have a budget, so we want to ask the next question.

CHAIR: Let the witness answer the question.

The Hon. CATHERINE CUSACK: He has answered it.

The Hon. GREG PEARCE: So what is the budget for the Stewart Avenue bypass, in which your family has a conflict of interest in relation to it?

The Hon. LYNDA VOLTZ: Point of order: The witness has made clear already that his immediate family owns no property there.

The Hon. GREG PEARCE: He has not said that at all.

The Hon. LYNDA VOLTZ: He did. If you had actually listened to the answer—

Mr CRAKANTHORP: I was very clear on that, Mr Pearce.

The Hon. LYNDA VOLTZ: —to the question, he said neither he nor his wife owns that property. As he clearly stated, he said that was the in-laws of his wife. We can go to his third cousins, fourth and fifth cousins—

The Hon. GREG PEARCE: I am asking about the budget for the project.

The Hon. LYNDA VOLTZ: No, you said, "I am asking about a budget for the land in which you have a conflict of interest."

The Hon. CATHERINE CUSACK: Stop running interference.

The Hon. LYNDA VOLTZ: I am not running interference.

The Hon. GREG DONNELLY: No.

The Hon. CATHERINE CUSACK: Just allow him to answer the question.

The Hon. LYNDA VOLTZ: Ask a sensible question—

The Hon. GREG PEARCE: What is the budget?

Mr CRAKANTHORP: We have committed, if elected in March, to undertake a feasibility study—

The Hon. GREG PEARCE: Oh, there is no budget.

Mr CRAKANTHORP: —into the transport options around Stewart Avenue—

The Hon. GREG PEARCE: There is no budget.

Mr CRAKANTHORP: —and around the Wickham area. That is the answer to your question. And there is nearly half a billion dollars we can spend improving public transport and infrastructure in Newcastle. We do not have to waste it—

The Hon. GREG PEARCE: Can you take on notice—

Mr CRAKANTHORP: —making our public transport—

The Hon. GREG PEARCE: —giving us a list of how you—

Mr CRAKANTHORP: —process inferior.

The Hon. GREG PEARCE: —got to that five hundred million?

Mr CRAKANTHORP: We do not have to do that.

The Hon. GREG PEARCE: Could you take on notice—

The Hon. GREG DONNELLY: You can put it on notice.

The Hon. GREG PEARCE: Give us the list.

Mr CRAKANTHORP: Maybe we can actually improve our public transport—

The Hon. GREG PEARCE: Give us the list.

Mr CRAKANTHORP: —and our infrastructure—

The Hon. GREG PEARCE: Give us the list.

Mr CRAKANTHORP: —in Newcastle.

The Hon. GREG PEARCE: Give us the list.

Mr CRAKANTHORP: If you let me answer that question. There you go.

CHAIR: Your time is up, Mr Pearce. Thank you for appearing as witnesses to our inquiry.

Mr CRAKANTHORP: My pleasure.

(The witnesses withdrew)

(Short adjournment)

THERESE DOYLE, Councillor, Newcastle City Council, affirmed and examined:

CHAIR: Ms Doyle, thank you for being a witness at this inquiry. You notified the Committee that you did not wish to give your evidence with the other councillors from Newcastle City Council.

Ms DOYLE: That is correct.

CHAIR: The Committee has agreed to your request. You have made a submission to the Committee. Do you wish to make a brief opening statement?

Ms DOYLE: I do. Good morning and thank you for allowing me to present my evidence to the Committee in person. I would like to acknowledge the traditional owners of this land and pay my respects to elders past and present. Since the 2012 election of the former lord mayor Jeff McCloy and the appointment of current general manager Ken Gouldthorp in 2013, the city of Newcastle has ceased to function as a democratic public body and has been manipulated by the lord mayor to fulfil his agenda. A major element of this manipulation is the council being prevented from making any proper response to the State Environmental Planning Policy Amendment (Newcastle City Centre) 2014, and consequently that State environmental planning policy [SEPP] should be revoked.

Firstly, in effect, the council was prevented from receiving an assessment of the SEPP by its own planning staff; prevented from debating the SEPP; prevented from hearing any submissions from residents or community representatives on the SEPP; and it was prevented from making its own submission on the SEPP, despite the general manager making a submission on the SEPP without the approval of elected council. This submission comprised a lord mayoral minute, which was adopted on 25 February prior to any councillor seeing the SEPP. How could it be a submission on the SEPP? The complete failure of council to represent its constituents leads me to the conclusion that the council itself was deceptively manipulated. Council failed to fulfil its statutory role as required under sections 7 and 8 of the Local Government Act—that is, to represent its community and to encourage and assist the effective participation of local communities in the affairs of local government.

Secondly, the appointment of a lord mayoral chief of staff breaches the Local Government Act and regulations. This position provides—I quote from the advert—"political, strategic and tactical" advice to the lord mayor and acts "as a representative of the lord mayor", all of which is in breach of the regulations. In my opinion this improper use of at least \$200,000 of public money to employ political staff has been a key factor in allowing the former lord mayor to manipulate the council and the public agenda. For this reason alone a full investigation must be held into the operation of Newcastle council to determine whether and how the chief of staff has represented the lord mayor. Who has the chief of staff met with on behalf of the lord mayor and what undertakings have been given by the chief of staff on behalf of the lord mayor? Having said that, I wish to very clearly state that there is no personal criticism of the current chief of staff—absolutely not.

Thirdly, there is an ongoing disregard by Newcastle council for lawful meeting procedure to the extent that council has ceased to carry out its statutory democratic function. Three key examples are: the council was unlawfully prevented from considering an amendment put up by Councillor Nelmes in debate on the lord mayoral minute of 25 February 2014, which later became the submission by the general manager on the SEPP unbeknownst to councillors. We will never know what discussion might have occurred and what changes might have been made to that minute had Councillor Nelmes' amendment been allowed to proceed and properly debated.

Further, a motion on 27 May 2014 to have the residents' group NICRA address council on their concerns regarding the SEPP was unlawfully dismissed on a motion by the deputy lord mayor Brad Luke; and the general manager unlawfully disallowed several notices of motion from me seeking information on how the SEPP would be applied to development applications. The reasons why these incidents were unlawful are detailed in my submission. They all add up to council being prevented from properly debating a significant and far-reaching change to the city. I request the Committee support my recommendation for a full investigation of Newcastle City Council and a freeze on any activity dependent on the changes made by that SEPP.

The Hon. GREG DONNELLY: I refer you to the second paragraph on page two of your submission, which commences "It is my contention ..."

Ms DOYLE: Second paragraph—sorry, I have not got my opening.

Mr DAVID SHOEBRIDGE: You are looking at the covering letter.

The Hon. GREG DONNELLY: It reads: "It is my contention that council has engaged in ongoing and systematic breaches of the Local Government Act 1983" and then it goes on. Over what period of time do you submit these systemic breaches have been made? Are you referring to a specific period of time in which you say these breaches have taken place? As it stands it is a general statement.

Ms DOYLE: The breaches have been a cumulative process. It potentially began with the appointment of a highly political chief of staff that was truncated—the projected appointment of Josh Hodges as chief of staff did not go ahead.

The Hon. GREG DONNELLY: Chief of staff to whom?

Ms DOYLE: To the lord mayor.

The Hon. GREG DONNELLY: The lord mayor at what time? Not the current lord mayor?

Ms DOYLE: Certainly not the current lord mayor.

The Hon. GREG DONNELLY: For the record you need to be very clear about who you are talking about.

Ms DOYLE: I am talking about the previous lord mayor, Jeff McCloy.

CHAIR: Mr Donnelly is referring to your original document.

Ms DOYLE: I am sorry. I have actually got the entire submission but I have neglected to bring the first couple of pages with me.

The Hon. GREG DONNELLY: That is all right. I am trying to get this time line right. Please continue.

The Hon. CATHERINE CUSACK: That breached the Local Government Act?

Ms DOYLE: Yes, it does.

The Hon. CATHERINE CUSACK: Even though the appointment did not go ahead?

Ms DOYLE: No—

The Hon. GREG DONNELLY: This is the Opposition's time for questions.

The Hon. CATHERINE CUSACK: It was a good question. I am just trying to understand.

The Hon. GREG DONNELLY: You can address that in your time for questions. Ms Doyle, please continue.

Ms DOYLE: It became increasingly clear that the council was breaching the Local Government Act when the SEPP was about to be made and in the period leading up to the SEPP.

The Hon. GREG DONNELLY: Will you please explain the reasons behind your making that statement?

Ms DOYLE: In the first place the mayoral minute contained a number of clauses regarding the lord mayor's position—they made statements on the fourth coal loader, they made statements on the truncation of the railway and they made statements welcoming UrbanGrowth, the GPT plans for the city.

The Hon. GREG DONNELLY: This is the mayoral minute?

Ms DOYLE: As a mayoral minute. So it was all-encompassing and, in my opinion, it was designed to wipe out a number of council's previous decisions.

CHAIR: Did the council adopt it?

Ms DOYLE: During that period a councillor attempted to raise an amendment—

The Hon. GREG DONNELLY: Which councillor was that?

Ms DOYLE: Councillor Nelmes, the current lord mayor. Her amendment was unlawfully, in my opinion, ruled out of order. There is no prohibition, there is no rule in the *Code of Meeting Practice* that says a lord mayoral minute cannot be amended.

The Hon. GREG DONNELLY: The then mayor ruled it out of order?

Ms DOYLE: That is correct on the advice of the then general manager and current general manager. I believe that—things such as, behaviours such as refusing to accept my notices of motions were unlawful because they were duly submitted and there was nothing, in my opinion, in those notices of motions that was in any sense unlawful.

The Hon. GREG DONNELLY: Who said they were unlawful?

Ms DOYLE: The general manager told me that he would not print them, that he would not put them on the *Business Paper* on the basis that they were unlawful. I asked him to give me the legal advice as to why they were unlawful, and he did not satisfactorily do that. He gave me an answer on one occasion only, which referred to the guidelines for the joint regional planning panels [JRPP]. They are only guidelines and nowhere do they contradict anything that I had in my notices of motions.

The Hon. GREG DONNELLY: Did you consider this to be a direct interference by the general manager—

Ms DOYLE: Absolutely.

The Hon. GREG DONNELLY: —of you exercising your right as a democratically elected councillor?

Ms DOYLE: Absolutely and there are several other examples of that happening. Another councillor colleague moved that the residents—

The Hon. GREG DONNELLY: Which colleague was that?

Ms DOYLE: Councillor Stephanie Posniak and her fellow Labor councillors, moved that the residents group NICRA be heard because they had a position on the SEPP and deputy lord mayor Brad Luke unlawfully moved that that lay on the table because it was not a matter that council could deal with. I don't know where the legal justification for that is but that in my opinion was—

Mr DAVID SHOEBRIDGE: You mean refused to put it. Is that what you mean?

Ms DOYLE: No. He moved a motion that was accepted, but it was—

Mr DAVID SHOEBRIDGE: Negated?

Ms DOYLE: It should have been ruled procedurally out of order.

The Hon. GREG PEARCE: Do you have legal advice to that effect?

Ms DOYLE: Yes.

The Hon. GREG PEARCE: Could you give that to the Committee?

CHAIR: Can the Hon. Greg Donnelly finish his questions?

The Hon. GREG DONNELLY: Can I go further down in your submission. This issue, which has obviously been very much of concern to you—this process of the SEPP or, rather, the lack of process with respect to the council and the SEPP—you set out in your cover page five points that are expressing your concern about how this whole process was undertaken. Is it the case that the councillors effectively believe that they were ambushed in terms of the way in which this whole SEPP process has been dealt with?

Ms DOYLE: Absolutely. We were given two briefings on what was to become the SEPP on 18 February and 24 February.

The Hon. GREG DONNELLY: Which year is that, please?

Ms DOYLE: In 2014.

The Hon. GREG DONNELLY: Thank you.

Ms DOYLE: We were given a very cursory explanation, with some very schematic diagrams of what the effect of the SEPP would be on the centre of the landscape in the centre of the city. That was 18 February and 24 February. The SEPP had not been published. We were given no written material, even though I asked immediately for written material.

The Hon. GREG DONNELLY: Whom did you ask?

Ms DOYLE: I asked the general manager and I actually got no response so I made a formal request. We had nothing in writing. It was the next day at an ordinary council meeting that the mayor made his mayoral minute, which he did not declare any conflict of interest despite—well, he did not take the opportunity of declaring a conflict of interest. As I said, there was no chance of proper debate or amendment to that motion. It was carried by the majority of the council, unbeknownst to us. Then the SEPP was made a little later, the next month. The SEPP was only on exhibition for 16 days. Before the council met again, the general manager took it into his own hands to present that mayoral minute as the council submission on the SEPP. A mayoral minute, we thought, was just a mayoral minute—well, at least, it had to certain drastic implications—but it became, unbeknownst to us, our submission.

The Hon. GREG PEARCE: I am sorry, the "we" and "us" is the minority of councillors who keep losing votes. Is that the "we" and "us" we are talking about?

CHAIR: Mr Pearce, it is not your time.

The Hon. GREG DONNELLY: Point of order.

The Hon. GREG PEARCE: I just want to clarify that.

Ms DOYLE: Perhaps, Mr Pearce, there were councillors who were consulted and might have secretly given their agreement for this to be a submission.

The Hon. CATHERINE CUSACK: So who is the "we"? That is what he wants to know.

The Hon. GREG DONNELLY: Point of order.

CHAIR: No. We will move on to Mr Shoebridge's questions.

The Hon. CATHERINE CUSACK: By just saying "we", we do not know what "we" means.

CHAIR: It is not your time for questions. Mr Shoebridge?

Ms DOYLE: I am talking about the council.

The Hon. GREG PEARCE: You are talking about a minority of the council.

The Hon. LYNDA VOLTZ: We do not know the information of the council, do we?

Ms DOYLE: I am talking about "the council", excuse me.

The Hon. GREG PEARCE: The bitter and twisted minority.

The Hon. GREG DONNELLY: Point of order.

Mr DAVID SHOEBRIDGE: Councillor Doyle, thank you for your very good presentation.

Ms DOYLE: Thank you.

Mr DAVID SHOEBRIDGE: As you are a councillor, I assume you have an expectation that if information is being given to one councillor it will be shared with all councillors equally. Is that your basic understanding?

Ms DOYLE: Yes, that is my assumption, and my assumption is that the proper functioning of a council is that if a submission is made, then that would have been made by a democratic decision of the council, of which I was a minority. It is interesting that that opportunity was not availed to even a majority of the councillors. It is true that the opportunity was there for there to be made a proper submission. I am sure the numbers would have lined up behind the then former Lord Mayor.

Mr DAVID SHOEBRIDGE: But there was not even the pretence of that good process.

Ms DOYLE: No. The pretence was not even there. The pretence at democratic process was completely missing.

Mr DAVID SHOEBRIDGE: You managed eventually to get a document from the urban design consultative group meeting. That is a committee that the council has to deal with SEPP 65, urban design.

Ms DOYLE: Yes. It is a requirement under SEPP 65.

Mr DAVID SHOEBRIDGE: Can you explain what it took to get that document?

Ms DOYLE: Two councillors, myself and Councillor Crakanthorp, early on asked if council had asked for any submissions or any advice from our urban design consultative committee. We were eventually told—not until much later—that the Urban Design Consultative Committee had asked themselves to be part of the process. Council planning staff tried to organise some meetings with Planning and our expert committee. They made two appointments. Planning cancelled both. Despite that, the Urban Design Consultative Committee did make its own submission in which they absolutely—

Mr DAVID SHOEBRIDGE: It was deeply critical of the East End proposals.

Ms DOYLE: Deeply critical, yes.

Mr DAVID SHOEBRIDGE: As a democratically elected councillor, were you given that voluntarily by either the mayor or the general manager?

Ms DOYLE: No. That was not made available to any councillors until I heard wind that this existed and I made a formal request—much later. I finally found out or learned of its existence about a month ago.

Mr DAVID SHOEBRIDGE: So the key urban design group from the council puts in a deeply critical submission about that SEPP. Not only are you not told about it but you only managed to squeeze it out of the council months after it was submitted to the State Government.

Ms DOYLE: That is correct.

Mr DAVID SHOEBRIDGE: Does that summarise the process and the systematic exclusion of democratic councillors?

Ms DOYLE: Yes. It is very symptomatic of the complete exclusion of the council, even though there was a working majority for the then Lord Mayor—the complete exclusion of the democratically elected council from major processes of the council.

Mr DAVID SHOEBRIDGE: It was the subversion of local consent.

Ms DOYLE: We were told that it was too late anyway, so what is the point of giving it to the council. It was addressed to the council. It was addressed to us, and we were not given the courtesy of being able to see it.

CHAIR: Thank you again for appearing before us as a witness. You have made a very strong request in your submission, or your covering memorandum to us, that this Committee recommend to the Minister for Planning that there be a full investigation of the Newcastle City Council. You have given all the reasons and you have stated some of them now. Do you still feel as strongly about that with the current election of the new mayor?

Ms DOYLE: Certainly, the former mayor is deeply responsible for much of the dysfunction and the complete wiping out of the democratic function of the council, but he was very strongly assisted in all of that by the current general manager. I do believe that there needs to be an investigation of what has gone on in order to make sure that it does not continue. We need to look into the current structure of the general manager and Lord Mayor's office and make sure that everything is functioning as it should, according to the Local Government Act.

CHAIR: Have you considered the possibility or the danger that the council itself could then be suspended? There are different options. It can be suspended, or an administrator can be put in. Are you prepared to go down that pathway?

Ms DOYLE: I do not believe that that will happen because we can see that there is a new council now as a result of the recent lord mayoral election. There is a charter of operation that the current Lord Mayor will be putting into operation to make sure that there is a thoroughgoing change in the council. But I do believe that an investigation has to go on into the past practices and to make sure that current structures are reformed. That will be perfectly in line with the open democratic charter that will become the basis of operation for the new council.

CHAIR: Would the new council support your request?

Ms DOYLE: I do not know. This is a request from me.

Mr DAVID SHOEBRIDGE: Point of order: Ms Doyle, you cannot really speak on behalf of the council.

CHAIR: I am just clarifying what her opinion is.

Ms DOYLE: This is solely my request. I have not collaborated with any other councillor on the production of this document and I have had some assistance in the compiling of all the evidence, but I think it is compelling.

CHAIR: Good.

The Hon. GREG PEARCE: Your use of the royal "we" continues.

CHAIR: We will move on to questions from Government members.

The Hon. CATHERINE CUSACK: The New South Wales Minister for Local Government, Mr Toole, called on the former mayor to stand aside during the ICAC hearings, you might recall?

Ms DOYLE: Yes.

The Hon. CATHERINE CUSACK: Are you satisfied with how he handled that?

Ms DOYLE: I would like to add that one of my complaints about the functioning of the general manager is that at the same time as Mr Toole was calling on the lord mayor to resign I had put a notice of motion to the council calling on the lord mayor merely to step aside while the ICAC completed its investigations. The general manager declared that an unlawful notice of motion—that the council call on the lord mayor to merely step aside. I absolutely applauded Mr Toole's calling on the lord mayor to resign. Luckily, he resigned before the next meeting when my notice of motion should have been heard.

The Hon. CATHERINE CUSACK: Have you put your allegations about the council to the Department of Local Government?

Ms DOYLE: Yes, I have. It is currently under investigation.

The Hon. CATHERINE CUSACK: So they are undertaking an investigation.

Ms DOYLE: Sorry?

The Hon. CATHERINE CUSACK: You have been informed that they are investigating the council?

Ms DOYLE: Yes, I have. I have spoken to the investigating officer.

The Hon. CATHERINE CUSACK: So what are you asking our Committee to do?

Ms DOYLE: They have received this same document but I believe that this Committee also needs to make a recommendation.

The Hon. CATHERINE CUSACK: In your submission—

Ms DOYLE: I believe that it would have much more power.

CHAIR: To support what you have done.

The Hon. GREG PEARCE: But it is already being investigated.

Ms DOYLE: I believe that this case goes beyond a simple complaint to the Office of Local Government. It goes to the heart of governance in this State.

The Hon. CATHERINE CUSACK: Councillor Doyle, can I just say that it is very clear to all of us here that you do not like the general manager or the former mayor very much. We understand that.

Ms DOYLE: No, it is not a matter of liking.

The Hon. GREG DONNELLY: Point of order.

The Hon. GREG PEARCE: It is quite obvious.

Ms DOYLE: As I said—

The Hon. CATHERINE CUSACK: I just want to ask my question—and that you want—

The Hon. LYNDA VOLTZ: Excuse me—

Ms DOYLE: I do not actually attack the person.

CHAIR: Can you just ask questions? Do not put the words in the mouth of the witness. Just ask questions.

The Hon. CATHERINE CUSACK: I was not—

The Hon. GREG DONNELLY: Yes, you were, Catherine.

CHAIR: You were, yes.

Mr DAVID SHOEBRIDGE: You were.

The Hon. CATHERINE CUSACK: —putting words into the mouth of the witness. There is a—

CHAIR: No, just ask questions.

The Hon. CATHERINE CUSACK: Is it fair to say that you do not like them very much?

Ms DOYLE: My opinion of their qualities as a person does not matter. I am actually calling into question their actions.

The Hon. CATHERINE CUSACK: Okay. My understanding is that you referred that to the Department of Local Government and that is being investigated. The outcome you seek here is that you want the Office of the Local Government to make a full investigation of the Newcastle City Council. Is that correct?

Ms DOYLE: That is correct.

The Hon. CATHERINE CUSACK: But it is already doing an investigation into the Newcastle City Council.

Ms DOYLE: Well, probably due to cutbacks in State government officers, it had only just appeared on the person's desk when I spoke to him.

The Hon. CATHERINE CUSACK: There has been a lot of information put on the record here under parliamentary privilege. I am wondering what the additional outcome is that you are seeking, different from what is already happening.

Ms DOYLE: As I said, I believe it goes further than merely my referral to the Office of Local Government. I believe it is incumbent on this Committee to take note of the serious transgression against local democracy that has gone on here.

The Hon. CATHERINE CUSACK: The recommendations that you make all relate to the Office of Local Government. You want us to what—note that they are doing the investigation?

Ms DOYLE: Would you have preferred this not to have been publicly aired, Ms Cusack?

The Hon. CATHERINE CUSACK: I cannot understand the purpose of indicating—

The Hon. GREG PEARCE: We ask the questions, not you.

The Hon. CATHERINE CUSACK: Clearly it would be defamatory in any other forum. When the investigation you seek is already under way, it seems gratuitous.

Mr DAVID SHOEBRIDGE: Point of order: This question has now been asked four times and I think the witness should be given the courtesy of only having to answer it three times. So my point of order is that this is repetitive badgering of the witness.

The Hon. CATHERINE CUSACK: I think you have said there has been a complete wiping out of democracy functions of council. The mayor earlier gave evidence that Newcastle council has a wonderful LEP. What is your view of the LEP?

Ms DOYLE: I have probably a few more criticisms of the LEP than she does. But at least the LEP is an environmental plan and I thoroughly concur with her desire to have a Newcastle-based LEP. I also thoroughly concur with her opinion of the vast majority of our council staff. We have a highly professional planning staff that had no opportunity to make an assessment of the SEPP on our behalf.

The Hon. CATHERINE CUSACK: But on the whole you support the LEP? If I can just ask about the LEP, even though you have got some criticisms generally, do you want to see it torn up or are you happy to—

CORRECTED

Ms DOYLE: The original LEP certainly gave pride of place to our cathedral, to the heritage area between the cathedral and the foreshore and made it very clear that this is iconic and absolutely valuable to Newcastle, to the urban scape of Newcastle. So yes, I am happy.

The Hon. CATHERINE CUSACK: But there are some things that council has done—

Ms DOYLE: Can I just answer the original question? The LEP is made, it is exhibited and it is subject to democratic decision by the council and, as such, I accept it.

CHAIR: Thank you for appearing before the inquiry and for your forthright views.

Ms DOYLE: Thank you for having me.

(The witness withdrew)

SHARON GRIERSON, former Federal member for Newcastle, affirmed and examined:

Ms GRIERSON: I appear today in my capacity as a private citizen. I openly disclose that I am a former Federal member for Newcastle and that I was the Chair of the Committee of Public Accounts and Audit in the Commonwealth Parliament and I was a former member of the Honeysuckle Development Corporation [HDC] before becoming a member of Parliament.

CHAIR: Do you wish to make an opening statement?

Ms GRIERSON: I have presented an opening statement to the Committee. I will not speak to all of it but yes, I would like to make an opening statement.

Firstly, I believe that the roles of the New South Wales Department of Planning and Infrastructure, Newcastle City Council, UrbanGrowth NSW and/or the Hunter Development Corporation, in consideration and assessment of planning decisions for Newcastle, have been improperly influenced by illegal donations to the Liberal Party leading up to the 2010 election, as revealed in ICAC. In a small city such as Newcastle, a culture of inter-dependency can easily develop and influence decision-making. Further, I believe these assessments and decisions relied upon flawed planning processes and reflected questionable conduct with regard to transparency, probity and accountability. I make no comment on the Whitebridge development in Lake Macquarie. But I have listed for the Committee matters of concern regarding the SEPP amendment, Newcastle City Centre 2014 and DA 2014-323 Newcastle East End development for its particular scrutiny and consideration.

I will not go through them all but they go to matters of land banking, implied threats, failure to publicly disclose conflicts of interest, pecuniary gain, and several breaches of the Planning Act. I would particularly draw the Committee's attention to the fact that the SEPP contravenes proper planning processes and was amended, I believe, to maximise financial gain by UrbanGrowth NSW and their corporate partner GPT, rather than maximising public interest or best practice planning. I would also note that the Planning Minister—who gives final approval to the amended planning instruments—is also the Minister for UrbanGrowth NSW and that this fails established probity and good governance standards.

Secondly, with regard to the decision to terminate the Newcastle rail line at Wickham and any proposal to construct light rail, including along Hunter and Scott streets, I think it is well known that historically proposals to remove heavy rail have divided the people of Newcastle. They have strongly resisted removal when presented with various government plans that they perceive to fall short of their expectations for an integrated, seamless, multimodal transport strategy for the city and this region.

This resistance increased markedly with the most recent inadequate proposal by the Baird Government, funded from the privatisation of the Port of Newcastle. Although there is definitely a strong desire for a light rail network in the city, two kilometres of light rail at a cost of \$350 million does not present value for money, particularly when compared to the Australian Capital Territory plan to build a 12 kilometre light rail service at an estimated cost of \$750 million, nor does this two-kilometre stretch drive public transport patronage. Committing such a high level of funds without any cost-benefit analysis and without any proper plan in place, goes against proper planning and decision-making and injects high risk into this project.

Given that an AECOM study in the past few years showed that 80 per cent of traffic entering the CBD of Newcastle originates from a seven-kilometre radius, then a network providing those people with a light rail alternative would do a great deal to solve the traffic problems of this city. And it would, of course, get people out of their cars and off the peninsula. Unfortunately though, the truncation of the heavy rail and transfer of passengers onto buses for an indefinite period—as the Chair said perhaps up to five years—encourages more people to bring cars into the CBD. Retaining the heavy rail and introducing better connectivity between the harbour and Hunter Street should be a priority while a proper light rail network, as part of an integrated transport strategy, is planned.

I ask the Committee to particularly note the failure of the Minister for Planning to release the 10-year Urban Renewal Master Plan prepared by Hassell or the concept plan for other uses of the rail corridor, before actually removing the heavy rail line. I raise the allegations that I am aware of, that the rail corridor in the Civic area will become part of a multistorey car park. In Newcastle, people talk. You can try to keep things secret, you can try to keep things private—it does not happen. And there is unfortunately, I believe, plans afoot to build a car park. I think pressuring the university over its parking plan is part of that. So this public campaign against

the university's sensible approach to park-and-ride and the use of public transport and walking, et cetera, I think it is a deliberate ploy to advance plans that are afoot to develop the rail corridor as a multistorey car park, adjacent to the civic and Newcastle University. Given the alleged involvement in illegal donations by Brad Hazzard and Geoff McCloy and other developers and businesspeople in Newcastle, as revealed at ICAC—

The Hon. GREG PEARCE: Point of order: There is no allegation of any involvement of Brad Hazzard in any of that. So can you please withdraw that?

Ms GRIERSON: I am sorry, there are allegations about Mr Hazzard—

The Hon. GREG PEARCE: There are not.

Ms GRIERSON:—which have been taken to ICAC.

The Hon. GREG PEARCE: There are not.

Ms GRIERSON: They have not been proved; that is why they are allegations.

The Hon. CATHERINE CUSACK: Are you disclosing reports before ICAC that have not otherwise been reported?

The Hon. GREG PEARCE: Have some grace and withdraw it.

The Hon. CATHERINE CUSACK: This is really important.

Ms GRIERSON: Sorry, I will consider it.

The Hon. CATHERINE CUSACK: The privilege here is not to be used to disclose matters that are confidential with ICAC, particularly unproven allegations that have never been disclosed to the public.

Ms GRIERSON: I can only say those allegations, as reported in the media, do concern me and it needs to be established if the current Minister for Planning, the current Minister for Transport and Premier Baird and his Cabinet were fully aware that decisions they took in regard to planning in Newcastle would have the possibility of increasing the worth of developer donors, government agency employees such as Mr Hawes and certain individuals who are members of the alliance.

The Hon. CATHERINE CUSACK: This is a disgrace.

Ms GRIERSON: And I repeat that all these matters have been in the media.

CHAIR: Just let the witness finish.

Mr DAVID SHOEBRIDGE: Mr Chair, I think it is a fair point. I have not heard the allegation against Mr Brad Hazzard being raised in ICAC and I think it is a fair point that we should assume that Ms Grierson is referring to media reports and is not breathing fresh on the table.

The Hon. CATHERINE CUSACK: There are no media reports either. She is talking about new media reports, trying to smear the whole Cabinet.

Ms GRIERSON: I will go on. Given the number of parliamentarians who have resigned or sit on the crossbenches, the Committee should demand the release of Cabinet papers regarding the rail that have been withheld, as well as minutes of relevant Cabinet meetings so that they can establish if the Cabinet and the Premier were aware of the link between their decisions and the possible pecuniary interests of the people mentioned above.

I believe that a moratorium should be placed on all planning decisions concerning the Newcastle Urban Renewal Strategy, including the truncation of the heavy rail and that they should be independently reviewed. The New South Wales Auditor should also review these decisions against value for money, as well as risk to the public purse and to good governance. Of course, a simple solution would be to revert to the 24 metres height in the Newcastle East End, return the heavy rail with greater connectivity, while a proper planning strategy, a

proper transport strategy and light rail network is planned for this city. Further, with regard to questionable conduct, the *Herald* article revealing a secret Cabinet approach to Newcastle development and the participation in that of individuals who stand to gain financially from decisions made, raises major probative concern and the possibility, of course, of corruption.

As a former director of HDC—then known as Honeysuckle Development Corporation—I am alarmed at the conflict of interest of Mr Bob Hawes but particularly I am alarmed at the failure of his chairman and his board to make him step aside from the Newcastle Urban Renewal Strategy [NURS]. I am even more alarmed that he may become a scapegoat to draw attention away from a full investigation of the conduct of people who are the real elected public representatives and other public servants involved. I think that would be a great tragedy. People have to be accountable.

The Hon. CATHERINE CUSACK: Point of order: It is about the length of this opening statement.

Ms GRIERSON: Sorry—finally—

CHAIR: We just need to allow time for questioning. You can table the document.

Ms GRIERSON: Yes, I just want to raise the last matter because it has not really had much attention. I want to raise the improper decision-making around the funding of the Newcastle Art Gallery redevelopment.

The Hon. CATHERINE CUSACK: More smear under parliamentary privilege.

The Hon. GREG PEARCE: Point of order: This is not within the terms of reference of the Committee.

Ms GRIERSON: It is my belief that MP—

The Hon. GREG PEARCE: Would you mind waiting until the Chair rules on my point of order? This is not in the terms of reference for this Committee's inquiry.

Ms GRIERSON: It comes under "other matters".

The Hon. GREG PEARCE: Other matters have to relate to the terms of reference.

Mr DAVID SHOEBRIDGE: In any event, Ms Grierson, in that written submission you rely on that for the moment?

Ms GRIERSON: Yes and I would really ask the Committee to look at that section and to recommend full investigation of the decision-making by Newcastle City Council and the New South Wales Government not to fund the Newcastle Art Gallery, which is a great loss to this city.

CHAIR: You ask us to table the document?

Ms GRIERSON: I would ask that and I thank the Committee for its attention.

CHAIR: We will add that to your submission.

Ms GRIERSON: Thank you.

The Hon. LYNDA VOLTZ: For the record, can I get an indication of how many years you were the Federal member?

Ms GRIERSON: Yes, I was the Federal member for 12 years from 2001.

The Hon. LYNDA VOLTZ: You would have covered at least Bryce Gaudry as a State member, Jodi McKay and Tim Owens as a State member?

Ms GRIERSON: Yes, that is right.

The Hon. LYNDIA VOLTZ: You have raised the issue of land banking and its impact on the city. We have previously had a submission by an economist, Professor Howard Dick, in regards to land banking and GPT. Can you go to the issue of land banking in the CBD and how that has impacted on decision-making?

Ms GRIERSON: I did hear the previous comments made by Mr Shoebidge about possible land banking by GPT. I think that now that UrbanGrowth NSW is a two-thirds owner of that project, I would be surprised if land banking were to continue. The land banking that concerns me was put forward by Jeff McCloy and I cannot repeat that because it was put forward at ICAC. He has openly disclosed—and has done so in a letter to you I think too, Chair—that he does own properties in this city. I am sorry, a letter to Mr Hazzard at the time when he was not Lord Mayor—that he would not continue to develop his properties unless certain things happened. I think there has been a pattern in Newcastle that people have sat on properties. You as members of Parliament know very well that when you make a loss on a building you write that against your profit-making ventures and it is common practice. Unfortunately, there has been a great deal of that in Newcastle.

Mr DAVID SHOEBRIDGE: Not every MP has a profit-making business of a property.

Ms GRIERSON: That is true. I mean through your experience in dealing with those issues, not as personal issues. I think land banking has contributed to the decline in Newcastle, but you also have to remember the biggest contributor was probably the earthquake. The most recent contributor that Sydney and all cities are experiencing is the change in the retail experience. Online retail has made it very difficult for all cities now. You can walk down streets of Sydney and see empty buildings for rent, for lease. It is a challenge, but when the earthquake removed over 5,000 people employed at Newcastle hospital as well as a thousand at the energy provider we saw a decline.

Renew Newcastle has contributed to the regeneration, and that regeneration has seen up to eight recent developments taken place or approved in Newcastle or begun without the benefit of a changed SEPP. For many of us we actually see the CBD of Newcastle regenerating and becoming a more lively place. The coffee culture and the alternative culture that Renew Newcastle has given through opportunity to entrepreneurial artists et cetera has been a wonderful boost to our city and is a model for the rest of the country, and is actually being used as a model overseas.

The Hon. LYNDIA VOLTZ: Given that you were the Federal member for 12 years and have been across the matter, the earthquake in the nineties, the impact of the global financial crisis and decentralising the work force not only because of the movement of the steelworks from the docks but also, as you say, from the hospital, what do you perceive should happen with the regeneration of the CBD? Where is the current plan going wrong and where could it have gone better?

Ms GRIERSON: We had an urban renewal strategy that was well supported. I did not oppose it. I did not put in a submission opposing it. It recognised the eastern precinct as the historical heritage-base precinct. Its height limits were 24 metres. The GPT proposal was still accepted and part of that. It recognised that there was great scope for height development in the West End, which we would all like to see. It recognised the civic area of the harbour city with the museum, the art gallery, all the council buildings as well as the university and the law courts. It was a well-accepted document, but the amendments brought in to satisfy the submissions made by UrbanGrowth NSW and GPT are what has triggered this disquiet and rage, really, in Newcastle. It was going really well.

Ms Cusack raised the bipartisan approach to the university. That was a wonderful thing. We had all these things happening and we had good acceptance. The truncation of the rail, removal of the rail, was not part of that original NURS, the urban renewal strategy. There was not all this division around these issues. That had been radically amended to put in three tall towers at the expense of reducing jobs-creating employment and retail and commercial sectors by 75 per cent. We object to that as well. We want those jobs.

Residential towers might be great, but they are inappropriate in that section of the city and at the expense of jobs-creating retail and commercial development. That is what should happen. We should revert to that and we should not truncate the rail until we have a really proper integrated planning strategy based on light rail taking out the 80 per cent of the traffic in the city. That is what needs to be done. It is not divisive; it is best practice. You certainly are in politics; all of the people I sit before know that win-wins are darn good. That is what you should be aiming for.

Mr DAVID SHOEBRIDGE: Thank you for coming today. For the East End development, or the East End SEPP proposal, however you want to describe it, apart from the sort of jarring size of it in that heritage part of the city, you are critical also of the proposed mix of development, is that right?

Ms GRIERSON: I was disappointed that retail and commercial were reduced by 75 per cent and that was given over to increased residential. Having extra people is a good thing, population growth is good in a city, but not at the expense of the real jobs, the long-term jobs, that go with commercial and retail. It is my view also that any other business holders in Newcastle would be very pleased to see less competition from new retail and new commercial areas and would be very pleased to see a bigger customer base, but that is not what I think is good planning.

Mr DAVID SHOEBRIDGE: What did you make of the 16 days of public exhibition for that SEPP?

Ms GRIERSON: I was horrified at that period because it came as such a shock to us. It was a radical amendment. To suddenly go from a SEPP that everyone was very happy about to these huge towers, et cetera, was absolutely a major change that required a longer submission period. I noticed in papers that I also looked at in Parliament recently that even Julie Rich, I think, had said that two weeks was even tight for them to get prepared. Imagine for the public; it was punitive.

Mr DAVID SHOEBRIDGE: As a Federal member for 12 years you probably looked at the city and saw that some of it was being developed by the Hunter Development Corporation, some of it was under the control of the city and some of it was taken over by the State Government. What was your observation of that kind of State planning mess?

Ms GRIERSON: Yes. When I went on to the Honeysuckle Development Corporation—and I was there for four years a year or so before I became a Federal member—it was set up by the Building Better Cities and that was great. Its charter was to regenerate State-owned lands around the harbour.

Mr DAVID SHOEBRIDGE: But at some point it should have faded into the background, should it not?

Ms GRIERSON: What happened, it was never set up with a charter to be part of the holistic city planning approach. So it went ahead and did its thing on those harbour-side lands. But at the time we were very well aware on the board that that would be to the detriment of Hunter Street and the retail mall because they were not close enough to each other. That new development, as Mayor Nelmes said, began to take tenants again out of Hunter Street on to new commercial space. Because it was not holistic and part of the urban planning of the whole city and had a separate charter, it certainly failed, I think, to deliver some of the things that were possible and could have been possible.

Mr DAVID SHOEBRIDGE: Given your experience on HDC and as a Federal member, what do you make of the current Lord Mayor's submission that there should be a return to planning to a single authority, which is the democratically elected council?

Ms GRIERSON: I support Mr Tim Crakanthorp's suggestion that not only do we need a Hunter urban transport planning authority, we need also a planning authority here. The Hunter is a huge region and it is not just about two kilometres of the CBD of Newcastle. It is an absolute economic driver for this State and for the nation and its potential is still untapped because of some of these issues. We are talking of a nation with productivity that is falling instead of increasing, yet we are overlooking the wonderful productivity gains that we can have with the second-biggest city in New South Wales—really the economic driver for this State.

I just take up on one point made by a previous witness: that the JRPP will make a final decision and determination about the SEPP. Yes it will but, unfortunately, when it gets to that the SEPP's already there, so everything complies with it. It will be already a complying document and, therefore, the JRPP will just be able to tick it off and do very little. That is my understanding. I may be wrong, but I would have major concerns about the JRPP being used just to rubber-stamp these major changes to SEPP.

CHAIR: In your submission you have requested that our Committee ask for the Boxing Day truncation to be postponed. The Committee has written to the Premier.

Ms GRIERSON: I appreciate that very much.

CHAIR: From our inquiry we appreciate the concern, but I cannot guarantee at this stage that that will happen.

Ms GRIERSON: No, but I just say that I appreciate that so much because you can imagine that the choice of that date is an insult to the people of Newcastle. I welcome everything the Committee can do to stop the division of the city and bring about sensible planning processes that are win-wins for everyone.

CHAIR: In your submission you express concern also about the light rail plans. Do you not see any value in the light rail? Do you not think it will occur?

Ms GRIERSON: I actually did a study trip on light rail, and I am a zealot for light rail. Having seen light rail in other cities in the world, my findings were that you really have to plan a network, not a two-kilometre shuttle from nowhere to nowhere. You also have to deliberately plan light rail so that it prioritises light rail, discourages cars and other forms of transport. But in the best cases I saw, and some of those were in France, it was so seamless and it was multimodal. Park-and-ride, major bus connectivity, heavy rail—stepping right off the heavy rail with a suitcase that just rolled straight on to light rail. That is what I saw and that is when I became very enamoured of it. I think it is a great opportunity for this country to build on what it has already in a more flexible way with light rail.

I say this even though people find it objectionable: light rail in my understanding and observation was the only form of transport that got middle-class car owners out of their cars and onto public transport. That was because in every one I saw there were closed-circuit TVs. When I went onto one and my ticket did not work, people were up in arms because they have this great ownership of it and they want everyone to contribute to it. I have seen the benefits of light rail and Newcastle would be wonderfully served by light rail, but that is not what we are getting in a two-kilometre \$350 million waste of money.

The Hon. CATHERINE CUSACK: Ms Grierson, unfortunately, you have used parliamentary privilege to allege or assert allegations of corruption against Brad Hazzard. Are you saying Brad Hazzard is corrupt?

Ms GRIERSON: Sorry, I have withdrawn that. I do apologise for that and say to you that I was relying on media reports to that effect, and I certainly do not mean to use parliamentary privilege to do that. I regret that because it would be improper and it would be wrong for this Committee to be used in that way. I regret that I did not in my haste make sure that that was from media allegations about ICAC.

The Hon. CATHERINE CUSACK: In your submission you say that decisions of the New South Wales Minister for Transport have been improperly influenced by developers. Are you saying or suggesting that Gladys Berejiklian is corrupt?

Ms GRIERSON: No. I am saying that I want to be sure, and I would like the Committee to be sure, from the release of Cabinet papers that the transport Minister has been fully aware of any risks to her, to the Baird Government, to the Premier, to Cabinet, of making decisions without full public disclosure of possible conflicts of interest—

The Hon. CATHERINE CUSACK: Ms Grierson, this really puzzles me.

Ms GRIERSON: —and pecuniary gain to people involved in decision-making, such as the Lord Mayor and the CEO of Honeysuckle Development Corporation.

The Hon. CATHERINE CUSACK: It really puzzles me. As an experienced former Federal MP you would know that Cabinet papers are not released ever.

Ms GRIERSON: Yes, I understand that. I am sure Tony Abbott released some. I understand they were always sacrosanct and I respect that is for very good reason but Cabinet—

The Hon. CATHERINE CUSACK: Sorry can I just ask my question? Are you aware of the New South Wales Government having papers released—

The Hon. LYNDA VOLTZ: Point of order—

Ms GRIERSON: No, I am not aware of any Cabinet papers being released. You have asked for papers. I don't even know if they exist and neither do you. As I say to you, were proper feasibility studies done? Were proper cost-benefit analyses done? You don't know and I don't know. No-one has ever seen such documents. If Cabinet failed to make decisions that were based on those sorts of proper reports then that puts the whole New South Wales Government at further risk.

The Hon. GREG PEARCE: So you are just here to slander and be partisan to the underprivileged?

The Hon. Greg Donnelly: Point of order—

The Hon. GREG PEARCE: Your evidence lacks any credibility, madam.

Ms GRIERSON: Thank you.

The Hon. CATHERINE CUSACK: You would be aware that the truncation of the rail line has not been recently proposed; it has been discussed for many years in Newcastle?

Ms GRIERSON: Yes, it has.

The Hon. CATHERINE CUSACK: So it has not just suddenly come out of the blue under the current Government?

Ms GRIERSON: No, as I have said in my evidence, it has been an ongoing issue that has divided the city. I would say to you that—

The Hon. CATHERINE CUSACK: Do you accept that there are people of goodwill who are passionate about Newcastle and it is their opinion that the truncation of the rail line would be good for Newcastle and, indeed, that is the motivation behind their support?

Ms GRIERSON: I know that people are passionate on both sides of this debate.

The Hon. CATHERINE CUSACK: Absolutely.

Ms GRIERSON: Having been a member of Parliament I also feel a great responsibility to inclusion in any city. I don't need to use public transport but I know that many people through the Hunter Valley do rely on public transport. I don't ever want to see it more difficult for them. I say to you, they are some of the compromises that we should make to ensure that everyone benefits from the wonderful CBD, the beaches, the harbour and all the wonderful attributes of this city.

The Hon. CATHERINE CUSACK: The Committee has heard from a number of politicians: you are the third Labor politician and we have had a politician from The Greens.

Ms GRIERSON: It has been intensely Labor orientated today.

The Hon. CATHERINE CUSACK: If one knew nothing about this issue and had simply listened to the evidence given this morning, one could get the impression that everyone who supports the truncation of the rail line must be corrupt.

Ms GRIERSON: No, I don't accept that. I accept that this is a divisive issue. The people of Newcastle have dug their heels in when they don't think they are getting a better solution, and that's all it is.

The Hon. CATHERINE CUSACK: If you concede that there are people on both sides of the argument then the suggestion that the entire Cabinet is corrupt seems over the top?

Ms GRIERSON: No.

Mr DAVID SHOEBRIDGE: They are your words, Catherine.

Ms GRIERSON: I want the—

The Hon. LYNDA VOLTZ: Point of order: The witness is not being allowed to complete her answer. The member has raised the same issue, and it is incorrect each time she raises it, because the witness has made the point that there are conflicts of interest that are not declared and not in the public domain. The member should not be allowed to continue to badger the witness because she does not like the answer she is given. The member should allow the witness to complete her answer.

The Hon. CATHERINE CUSACK: To the point of order: The witness said in her submission:

I submit there is evidence to lead the public interest to believe that the significant donations and intervention by The Alliance and by developers, in particular Jeff McCloy and Hilton Grugeon, improperly influenced the decisions of NSW Planning Ministers, and the NSW Minister for Transport and the NSW Cabinet.

That implies everybody is corrupt.

The Hon. LYNDA VOLTZ: Further to the point of order: The witness has named two people who have made illegal donations. The Government has made a decision about a railway line that Jeff McCloy, who owns property, clearly wanted closed. The witness is not making allegations about every single person in the New South Wales Government.

The Hon. GREG PEARCE: That is a disgrace. She is using slander and defamation.

The Hon. LYNDA VOLTZ: The two of you are a disgrace.

The Hon. GREG PEARCE: You are a total and utter disgrace. Your evidence is complete rubbish.

CHAIR: The Hon. Greg Pearce will cease badgering the witness.

The Hon. GREG PEARCE: There is a man with a brown paper bag. I don't know what he is doing.

Mr DAVID SHOEBRIDGE: Point of order—

CHAIR: The time for Government members to ask questions has expired.

The Hon. CATHERINE CUSACK: Jodi McKay is corrupt.

Mr DAVID SHOEBRIDGE: Can I make this request? Could the witness be given the opportunity to answer the proposition that Ms Cusack has just put so we can listen quietly to the evidence rather than the interplay amongst the members?

The Hon. GREG PEARCE: And not engage in slander and defamation.

Mr DAVID SHOEBRIDGE: The witness has been asked about it.

CHAIR: No, it is already in her submission.

The Hon. GREG PEARCE: If you are inviting her to repeat her slander then that is not acceptable.

The Hon. LYNDA VOLTZ: You have got no credibility. Stop badgering the witness.

Mr DAVID SHOEBRIDGE: Could the witness be given that opportunity?

CHAIR: Enough time has been spent on this issue. It is in her submission, which the Hon. Catherine Cusack has just read out. It does not need repeating.

Ms GRIERSON: The previous comment was about the Cabinet. I have never accused the whole Cabinet of being corrupt.

The Hon. GREG PEARCE: You have.

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The Hon. CATHERINE CUSACK: You did. In that submission you accused everybody of being corrupt.

The Hon. GREG PEARCE: You are a disgrace.

CHAIR: The witness said she was not saying that.

The Hon. CATHERINE CUSACK: She did say it.

The Hon. GREG PEARCE: Why don't you apologise, if you have got any integrity?

The Hon. LYNDA VOLTZ: Why don't you apologise?

Ms GRIERSON: I would encourage the Chair and the Committee to keep persuing that the Cabinet was properly informed, that is all I ask.

(The witness withdrew)

JOHN LEWER, Vice President, Friends of King Edward Park,

MARGARET OSTINGA, Committee member, Friends of King Edward Park, and

BRUCE WILSON, Committee member, Friends of King Edward Park, affirmed and examined:

CHAIR: Is there a spokesman for the group?

Dr LEWER: I am.

CHAIR: Would you like to make a brief opening statement?

Dr LEWER: First of all we would like to thank the Select Committee for providing us with the opportunity to support our submission. Based on the Committee's terms of reference and the deliberations of the Committee we think much good will come from this inquiry. As the Committee knows, we represent the Friends of King Edward Park. That organisation was formed in 2011. Our principal objects are to protect the historic values and public recreation purposes of King Edward Park and the King Edward Park Headland Reserve. We have 230 members. Before we get into the detail of the submission we think it is really important to reflect on the nature of King Edward Park. We are a fairly modestly resourced organisation. On page six of our submission there is a photograph of the area of King Edward Park. We thought it would be useful for the Committee's deliberations to have a more colourful photograph of the area so we would like to hand a colour photograph up.

Photograph tabled.

King Edward Park and the headland were granted to the people of Newcastle in 1863 and dedicated for public recreation. It is an incredible location—as the Committee will see from the photograph—and is perhaps one of the most spectacular areas on the eastern seaboard of Australia. It has enormous heritage values, is sacred to the Awabakal and Worimi peoples, and rich in European history. It is the place, for example, of Australia's first coal shaft, which was worked by convicts. The Friends of King Edward Park have made three submissions to this inquiry—they are numbered 87, 87a and 87b. We understand that the appendices for 87 and 87a have not been made public. We also understand that another 33 submissions have been made dealing with the spot rezoning of the headland reserve, which would allow a private function centre to be developed there. We understand all of those 33 submissions argue against this spot rezoning of the headland reserve and one of those submissions was made by a Worimi elder.

The Friends of King Edward Park have been engaged in litigation in the NSW Land and Environment Court challenging the legality of the consent given by Newcastle City Council to a development application by Annie Street Commercial. Apart from the developer, the other respondents are the Newcastle City Council, the trustees of the headland reserve and the Minister for Crown Lands. The development application approved a 450-seat private function centre and associated parking on the headland. The Newcastle City Council took the view to—colloquially we could express it as—"knock out" our application on the basis of a technicality. The Newcastle City Council took an action in the Land and Environment Court arguing a security for costs case and, thankfully, the court rejected the application.

It is in our submission but it is really important to stress this, Justice Biscoe in the Land and Environment Court said the following at paragraph 63: "The applicant"—that is us—"is seeking to enforce public law obligations on behalf of the council and the Minister. The proceedings relate to the protection of heritage items, including Aboriginal heritage items. The proceedings have been brought to preserve the reserve for its dedicated purpose of public recreation and to preserve the park, which is a public park." We would like to emphasise a number of elements that go to the decision to allow spot rezoning of the headland under the 2012 local environmental plan [LEP]. In 2012 a new Newcastle LEP was made and this rezoned the headland to allow a private function centre. We submit how that rezoning came about warrants investigation by this inquiry. The rezoning was inconsistent with initial advice by Newcastle City Council that adding a function centre as a permissible use is not supported given the land was zoned RE1.

Under the Government Information (Public Access) Act [GIPA] we were able to source a number of email exchanges between Newcastle City Council, the developer, the Lands Department and the Department of Planning, which ultimately supported an amendment to the draft LEP. These emails show a close relationship

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between those parties. I am mindful of the fact, as I said earlier in my opening statement, that these documents have not been made public and it is not my intention to do that. But I think it is really important to quote one part of one of those documents and I will do so in a manner that does not identify them.

The Hon. CATHERINE CUSACK: Sorry, I need to seek some clarification. Mr Chair, can you ask if the witness is about to put on the record material about which a decision was made by this Committee not to publish? I seek an assurance that the witness is not about to do that.

Dr LEWER: If I could speak to that?

CHAIR: Yes.

Dr LEWER: We are unsure as to why the appendices which went with our submission were made confidential. It was not our intention to not have them made public but presumably a decision has been made elsewhere.

The Hon. CATHERINE CUSACK: The Committee has resolved not to make them public.

CHAIR: That was because it is quoting material from the ICAC inquiry and there are certain restrictions on matters before the ICAC.

Dr LEWER: I do not want to be argumentative but does that go for all of the items that were included in the appendices?

The Hon. CATHERINE CUSACK: Just the material that was not published. I am asking you not to put on the record material that the Committee has resolved should not be made public.

The Hon. GREG PEARCE: The Committee has the material you gave to us.

The Hon. CATHERINE CUSACK: We have and I have read the submission.

The Hon. GREG PEARCE: You have drawn our attention to it again. I think that is probably all you need to do.

Mr DAVID SHOEBRIDGE: Could the witness simply identify the nature of the document? If it is a transcript from the Independent Commission Against Corruption, an email or another document that is not from the ICAC then I would like to hear about it.

The Hon. CATHERINE CUSACK: A document the Committee has resolved not to publish, that is the problem.

The Hon. GREG PEARCE: Just tell us which document you want us to look at and then we will look at it.

Dr LEWER: It is appendix six.

The Hon. GREG PEARCE: Let us leave it at that and the Committee will look at it.

Mr DAVID SHOEBRIDGE: We can come back to it.

Dr LEWER: I am mindful that this seat is quite hot. I am also mindful of what happened with a previous witness when a matter about the ICAC was raised so I might just make a small comment. We know that from the ICAC hearing the developer made donations to the election campaign of the incoming, now former member for Newcastle. This was done under a sham invoice. I think that is the only comment we seek to make in terms of the ICAC evidence. Overall in summary, we submit that the spot rezoning decision for the headland trust did not seek the views of the general public on the amendment. How that came about is a mystery to us. The decision to spot rezone the headland ignored the judgement of Justice Biscoe in the Land and Environment Court. The spot rezoning decision fails to recognise the incredible heritage and other values of the headland.

The decision is contrary to the dedication of the land under the Crown Lands Act which means it is open to the public as a right and not a source for private profit. We are also mindful that in some of the submissions that have been made to your inquiry that you have sought our submission as to what we feel should happen. In our view we ask for three things, with your Committee. The first is that the rezoning amendment for the function centre under the 2012 LEP be revoked. The second is that a moratorium be placed on all development on King Edward Park, particularly the headland. Last, we ask that we be made trustees of the headland reserve. That concludes our initial opening submission.

CHAIR: Do you have a photograph that you have marked where you think this development was going to be?

Dr LEWER: I will do that now.

CHAIR: In your submission you refer to a function centre, a kiosk and associated car parking and landscaping.

Dr LEWER: That is correct.

CHAIR: We accept that you are not a designer; you are just giving your personal opinion where you think it would be.

The Hon. LYNDIA VOLTZ: Essentially this is Crown land zoned for recreational use?

Dr LEWER: That is correct, yes.

The Hon. LYNDIA VOLTZ: A decision was made by the council to put out a development application on exhibition to rezone which was rejected by councillors?

Dr LEWER: No. The development application was made under a 2003 LEP.

The Hon. LYNDIA VOLTZ: Yes, there was a development application for that and that was rejected because the original DA was not a permissible use?

Dr LEWER: No, that is the matter that is being litigated in the Land and Environment Court. In our view the development application is inconsistent with the dedicated purpose of the land, that is, it is to be used for public purposes, not for private profit.

The Hon. LYNDIA VOLTZ: When the original development application was lodged it was not a permissible use; it is an amendment to the LEP that was proposed?

Ms OSTINGA: The original application was made under a plan of management. Under the plan of management they proposed a conference centre actually on the site. In 2011 the Newcastle council passed that development application. Since then, Friends of King Edward Park have challenged that decision saying that the plan of management was not validly made. Our submission does not refer to the previous development application it refers to the rezoning schedule 1 that has been added to the LEP for 2012, not the LEP 2003.

The Hon. LYNDIA VOLTZ: That is to allow the function centre to operate?

Ms OSTINGA: Yes.

The Hon. LYNDIA VOLTZ: If you had zoning for a function centre at this spectacular spot on the headland what would you value the land at? Obviously for residential purposes the value would be much higher? Has your committee had a look at the value of land in that area for that kind of use?

Dr LEWER: We have expertise but I would not regard that as one.

The Hon. GREG DONNELLY: Not land valuation.

Ms OSTINGA: Yes we were surprised we got a valuation for a lease for the land originally in 2009 for \$23,000 a year for the application for the developer but that was for a smaller development but we were rather surprised about that.

The Hon. LYNDA VOLTZ: The developer was given a lease for \$23,000 per year?

Ms OSTINGA: I think that is a provisional development agreement.

The Hon. LYNDA VOLTZ: And that was a provisional development agreement?

Ms OSTINGA: Yes, I do not think there is a lease.

The Hon. LYNDA VOLTZ: Do you think \$23,000 is a low cost lease for a small function centre on that piece of land?

Ms OSTINGA: I think it probably includes back when the previous bowling club was demolished so that would be factored into it and maybe modifying the land.

The Hon. LYNDA VOLTZ: Even though there has been a Land and Environment Court decision and a fight, the land is now excised from public use?

Dr LEWER: No. The initial decision by the Land and Environment Court was over the issue of knocking us out on the basis of security of costs. We succeeded against the council in that argument so we are still awaiting the main decision of the Land and Environment Court as to whether the development application is consistent with the dedicated purposes of the land. It is a complicated piece of—

The Hon. LYNDA VOLTZ: No, that is why I am trying to get my head around it.

Dr LEWER: So we are still awaiting the decision of the Land and Environment Court as to the merit of that argument. Justice Biscoe in the Land and Environment Court in the initial matter stated in paragraph 17 of his judgement:

... a purpose cannot be an "additional purpose" within the meaning of s 121A if it is inconsistent with, contradicts or negates the purpose for which the land is reserved;

He goes on to point out that this case is very significant and has major implications for the State of New South Wales. He says:

... the point is novel and there has been no Court decision on any of these statutory provisions, with one irrelevant exception ...

He talks about a distinguished case. Justice Biscoe in that decision points out the significance of our case in the Land and Environment Court for the use of public land in the State of New South Wales.

Mr DAVID SHOEBRIDGE: I will try to do an imperfect thumbnail sketch of where I understand things happened. In the 2003 LEP which the original application was made under said that you cannot have a function centre in this RE1 land unless it is approved under a plan of management that has been adopted?

Dr LEWER: That is correct, yes.

Mr DAVID SHOEBRIDGE: And the council tried to use that and purported to approve it under a plan of management in order to get through that 2003 gateway?

Dr LEWER: That is correct.

Mr DAVID SHOEBRIDGE: When that looked like it was getting into hot water in the Land and Environment Court they then turned around and there was a proposal under the LEP to expressly say the function centres are permissible in RE1 land and the council's own planning staff said that was probably a bad idea and a poor public policy? Yet, despite that the 2012 LEP was eventually made which for this site says that function centres are permissible?

Dr LEWER: That is right, yes.

Mr DAVID SHOEBRIDGE: It is very straightforward. You are saying to the Committee "How did that happen? How can a function centre continue to be proposed and supported? Whose interest is it serving? Is that right?"

Ms OSTINGA: Yes.

Dr LEWER: That is right. We were not invited to provide our views about whether the 2012 draft LEP should or should not incorporate a private function centre. We were not invited to be part of that discussion. The discussion, according to the email exchange that we have been able to secure using the GIPA Act was between, as I mentioned earlier, other parties than us.

Mr DAVID SHOEBRIDGE: Let me get this right. You are in litigation with the council at this point in time in 2012?

Ms OSTINGA: No, this was in June 2011. The court case started in February 2012.

Mr DAVID SHOEBRIDGE: But as residents were you aware that there was this proposal to say for this site there can be a private function centre?

Ms OSTINGA: No.

Dr LEWER: No.

Mr DAVID SHOEBRIDGE: I suppose you are asking the Committee to get to the bottom of that?

Dr LEWER: It is certainly a mystery to us how this came about, yes.

Mr WILSON: We made persistent inquiries as to whether there had been an amendment and we were told "No, there has not been any amendment" and then in 2012 the amendment came out. It had been made. We were never told that an amendment had been made, although we were parties to various issues.

CHAIR: That amendment appears as if it is to prevent the Land and Environment Court being free to make a decision as it did earlier?

Dr LEWER: There are a number of conjectures about this and obviously, you know, if you are building a scenario you could say that if the Land and Environment Court knocks out the development application on the basis of our argument, if that occurred, and should the developer or that site seek to be developed, the 2012 LEP, because it excised the headland out of that, you would imagine that would facilitate the development application. Just to summarise that, if, in fact, the development application gets knocked out by the Land and Environment Court, and should it be proposed that there be a development on that site, well that would be facilitated by the amendment to the LEP 2012.

CHAIR: Sometimes when governments find they do not like a court decision they pass a bill to retrospectively overthrow it.

Dr LEWER: I am shocked. Of course good citizens like us expect the rule of law to apply. After three solid days of hearings by three or four lawyers, including two senior counsels, in the Land and Environment Court the good Justice in the Land and Environment Court makes a decision, I would have anticipated that that member of the judiciary would have expected the decision to apply rather than, says, be overturned by the executive of some other agency.

CHAIR: The Committee has heard about people who want to redevelop Newcastle to make it a modern, go-ahead city. Is anyone arguing that that why the function centre should be there to make it more attractive to tourists and revitalise Newcastle? It is part of the revitalisation plan?

Mr WILSON: I think the original offer for this to be a function centre, or a building to be put there, came from the Crown Lands department. I think their main purpose was to somehow get some sort of income

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from this reserve. I do not think there has been any great appeal from the people of Newcastle that a function centre should be there, rather the reverse.

CHAIR: You also said that the income seemed to be remarkably low at \$23,000 a year for such an important area.

Mr WILSON: An assessment was made of the value in 2009 which was under \$800,000 for that block of land, which seems to be remarkably light. The expected rental was \$23,500 actually which the lessee would have to pay for that function centre which would give very little income to the City of Newcastle

The Hon. GREG PEARCE: Was this the site of the old bowling club?

Mr WILSON: Yes.

The Hon. GREG PEARCE: It went broke, did it?

Ms OSTINGA: I think it failed, yes.

CHAIR: So the answer is, yes, it was the bowling club?

Ms OSTINGA: Yes.

CHAIR: Was the land reserved for the bowling club?

Mr WILSON: The assumption we had was the land would revert to King Edward Park. It had been excised from King Edward Park while the bowling club was functioning. When the bowling club was no longer functioning, the expectation of many of the people of Newcastle was that this reserve would come back to the greater King Edward Park area. But the Crown Lands department, who were trustees of this reserve, decided, "No, we will put a building there and get some sort of income from it".

CHAIR: Did it get any income from the bowling club?

Ms OSTINGA: Yes, I think that was why. The bowling club started in 1895, and in 1963 the city council decided that they were not getting any income, so it was leased to the bowling club so long as it was used as a bowling club, with the explicit caveat that anyone could join who was of good character.

The Hon. GREG PEARCE: Did you say it started in 1895?

Ms OSTINGA: No, this was in 1963, when they leased it.

The Hon. GREG PEARCE: But you said it started in 1895.

Ms OSTINGA: Yes, it started then.

The Hon. GREG PEARCE: It is sad that it failed.

Ms OSTINGA: It was part of the park at that stage.

The Hon. CATHERINE CUSACK: In relation to the proposal for trustees for the headland, how would you like that to work?

Ms OSTINGA: We realise there are various precedents with this, like Centennial Park. We feel that the trustees have not fulfilled their proper fiduciary duties because the land, as you have no doubt seen, is overgrown and surrounded by wire. They have not maintained it in any way and we feel that our membership could help in that respect.

The Hon. CATHERINE CUSACK: Who are the trustees at the moment?

Ms OSTINGA: They were Karen Henbrow and Keith Southall. We have made various inquiries and we cannot find out who the trustees are.

The Hon. CATHERINE CUSACK: Who appoints the trustees? Is it the Minister or the council?

Ms OSTINGA: The Minister.

The Hon. CATHERINE CUSACK: Are you referring to the entire headland or are you talking about just the bowling club site?

Ms OSTINGA: The bowling club site is the King Edward Headland Reserve.

The Hon. CATHERINE CUSACK: Yes.

Ms OSTINGA: It is part of the King Edward Park. It is completely enclosed by King Edward Park.

CHAIR: The trustees would look after the whole headland?

Ms OSTINGA: Yes, but the park is looked after by the council. The council are the trustees of the park and the Crown Lands department are involved in the trustees of the headland reserve.

The Hon. GREG PEARCE: Which is the old bowling club?

Ms OSTINGA: Yes.

Mr DAVID SHOEBRIDGE: Are you saying it would be in a single reserve with the council as the trustee or with a separate trustee modelled on Centennial Park?

Ms OSTINGA: We were proposing that we would become trustees of the headland reserve, which is being excised from the park.

The Hon. CATHERINE CUSACK: Centennial Park is actually a statutory authority and they have commercial development in Centennial Park—the kiosk and things like that.

Ms OSTINGA: I am sorry; I did not hear you.

The Hon. CATHERINE CUSACK: A lot of commercial activity goes on in Centennial Park—events, kiosks, restaurants.

Ms OSTINGA: Yes. In relation to the size of Centennial Park, there is very little development in Centennial Park.

The Hon. CATHERINE CUSACK: Do you want no development, a kiosk or for it to be rehabilitated as a headland?

Dr LEWER: As part of the Land and Environment Court matter we were required to seek mediation with the developer. As part of that process the Friends of King Edward Park developed a series of development principles, if you like. I can answer your question directly: generally speaking the Friends of King Edward Park would prefer no development at all on the headland. If there was to be development it would be very modest, certainly not a 450 seat private function centre with associated car parking. It would probably be a small kiosk, or something of that nature, that would be available to the public.

CHAIR: Thank you for appearing as witnesses and giving insight into another disturbing situation and how it is unfolding.

Dr LEWER: Thank you, Chair, and members of the Committee.

(The witness withdrew)

(Luncheon adjournment)

KRISTEN KEEGAN, Chief Executive Officer, Hunter Business Chamber, and

RICHARD ANICICH, Immediate Past President, Hunter Business Chamber, sworn and examined:

CHAIR: Thank you very much for your cooperation and for appearing before our inquiry. Would either of you like to make an opening statement?

Mr ANICICH: Thank you, Chair. I will take that opportunity. On behalf of the Hunter Business Chamber, thank you for the opportunity to appear before the inquiry hearing today. In these opening remarks, I will make some comments on the terms of reference for the inquiry and make some general comments in support of the chamber's submission. We would also like, either now or during the course of questions, to correct some errors or misapprehensions that we see in evidence given to the inquiry to date. This inquiry appears to result from a motion moved the Deputy Chair of the Committee, Mr Shoebridge, in the upper House on 10 September. It is apparent from Mr Shoebridge's remarks, as recorded in *Hansard*, that the motivation for this motion was the recent ICAC hearing.

Whilst no-one condones the actions of a few people which have been revealed through that hearing, it is important to remember that the report as to the commissioner's findings is yet to be handed down. It is also intuitive to note that a review of the transcript from that hearing, as far as I can see, shows that not one question was put to any of the key witnesses suggesting that they were somehow involved in the making of "the key planning decisions in the Hunter"—which was the phrase used by Mr Shoebridge in speaking on his motion—or that they somehow derived a personal benefit from those planning decisions, or that they somehow had some undue influence over public officials or a public authority charged with making the decisions which have been made.

There is of course one exception to that proposition, which seems to be a glaring omission from the Committee's terms of reference, and that is the evidence of the influence apparently brought to bear by senior members of the previous Government in relation to a proposal for a coal loader on the Intertrade site and the behind-the-scenes moves to discredit the efforts of the then member for Newcastle and Minister for the Hunter in implementing the very decisions that have been the focus of this Committee's attention. Her support for the development of a container facility on the Mayfield site could have brought great economic benefit to this region.

There is one thing that I think Mr Shoebridge did get right when speaking on his motion and that is that the people of Newcastle and the broader Hunter have been demanding action from this Parliament for years. With the greatest respect to the members of the Committee, I am concerned that this inquiry seems to be all about the politics of no, the politics of negativity and the politics of the status quo—all of which have been holding back this region for far too long.

We were fortunate in Newcastle this week, courtesy of the university, to have in town for a public lecture Mr Tom Murphy. Mr Murphy was the Mayor of Pittsburgh for 12 years from 1994 and oversaw the renaissance of that city from the bankrupt former steel city it was to what is now voted as the most liveable city in North America. Mr Murphy shared with us many inspirational thoughts, but they included the statement that it is just not an option anymore to say we want to hang onto what we have got; that we have to think strategically and cannot stay the same.

I am sure if the former member for Newcastle, Jodi McKay, was in the audience she would have been moved to recall her statements, which are set out on page seven of our submission and were quoted in the *Newcastle Herald* on 23 May and again on 23 August this year. In short, she spoke of the decision to remove heavy rail would change the city, which she said was a very positive thing, and that we need to accept change; we need to see the central business district [CBD] move forward. It is just not an option anymore to say that we want to hang onto the status quo. The world is changing and moving on and we want to be part of that.

Chair and members of the Committee, you have heard evidence that this debate has been raging for 20 years. Well, it is much longer than that. In fact, when the rail line to Newcastle was first constructed in 1856 there was a furious debate as to where the terminus should be located—in its present location, or at Honeysuckle Point—believe it or not—where it will now be built. The present location won out because at that time the coal ships moored at the end of Watt Street and the rail was extended to get the coal to the ships. Well, the world has moved on and the coal ships are no longer there. Interestingly though, the forward-thinking coal barons of

Newcastle at that time, James and Alexander Brown, both spoke against that extension beyond Honeysuckle. Alexander Brown said the line extension "will be the cause of great public inconvenience" intersecting "seven or eight streets". His brother James said he believed the proposed extension "would not only be no benefit, but it would be taking the terminus away to the end of town. Honeysuckle Point will be the centre of the town". If only some members of our community now could have the same vision as the Brown brothers did nearly 160 years ago.

Ms Voltz asked a question at the last hearing date, "What are the people getting besides their rail line truncated?" Let me try to answer that question. This is not just about the rail line. It is about a vision for the revitalisation of the Newcastle CBD, of which the transport changes are just a part. It is about continuing to implement the changes that started with State and Federal bipartisan support in the mid-1980s. There was a bipartisan vision for the removal of the old rail yards in the east of Newcastle. This region now needs the same cooperation that occurred then. The vision started then with the removal of the ugly railway yards and the opening up of the foreshore from Queens Wharf to Nobbys. Then we saw the gradual development further to the west, now described as the Honeysuckle precinct. Admittedly, this was slow to get started and did not really start to gain momentum until the late 1990s.

My own business relocated to Honeysuckle 12 years ago. The firm was one of the first businesses to move to the area. Many asked at the time why would we be moving from the "centre of the action" and move away from the courts? My business is a law firm. We did, despite the fact that our Newcastle office had been in the block bounded by Hunter, Bolton, King and Watt Streets for 120 years because we could see that Newcastle was changing and we wanted to be part of that. It was possibly a brave move at the time—and I can assure you a lonely one because we were there on our own for a couple of years; it was difficult to even get a good cup of coffee—until other developments started to spring up around us, and that is now what is happening. The law courts are moving closer to us as well.

I simply say to all of the members of the Committee, "Take the time to think what we could be here in 10, 20, 30 years ' time and what it will take us to get there." The momentum has started and we are getting on with the job. Yes, the trains will stop on that final 1.8 kilometres of track from 26 December, but the lights will not go out in Newcastle because of that. As Tom Murphy said to us this week: Newcastle is a great city, but we can be even greater if we decide to reach and decide to have a vision. As the regional capital of the Hunter, which is a significant contributor to the State and national economies, what is good for Newcastle is good for the whole of New South Wales and the nation. We just want to be left to get on with the job.

CHAIR: Thank you very much and thank you for following the Committee's earlier hearings.

The Hon. LYNDA VOLTZ: Mr Anicich, you say that ICAC identified no-one in the decision-making decision in regards to the recent inquiry?

Mr ANICICH: No, that is not what I said. I said that as far as I can recall from the reading of transcripts—and I stand to be corrected, if I am wrong—not one question was put to any witness before the inquiry as to their direct involvement in any of the planning decisions or any influence that they may have brought to bear on any public authority in making the decisions, which are the subject of this inquiry.

The Hon. LYNDA VOLTZ: So there was no-one that was identified by ICAC of whom a question was asked about whether they brought any decisions to bear on any decisions regarding Newcastle. Is that what you are saying?

Mr ANICICH: I will say it again. I do not recall from reading the transcript—and I have not read every word of every day of the hearing—that was any question put to any of the key witnesses directed towards their alleged, or any alleged, improper involvement in the decisions made by the current Government, by Cabinet, by the Minister for Transport, by the Minister for Planning, by the Department of Planning; that any of those people had any direct bearing or influence on those decisions or any influence on any public authority or any public official in the making of those decisions.

The Hon. LYNDA VOLTZ: So Mr McCloy would not have made any representations to Government?

Mr ANICICH: I am sure that he did make representations to Government, but he did not make the decisions, which are the subject of this Committee.

The Hon. LYNDA VOLTZ: Say, the rail line?

Mr ANICICH: That is a decision by the State Government, not by that then Lord Mayor of Newcastle.

The Hon. LYNDA VOLTZ: But you are saying that he made no submissions on the railway line.

Mr ANICICH: You would have to ask Mr McCloy that, but the Hunter Business Chamber certainly did.

The Hon. LYNDA VOLTZ: What about Mr Grugeon in regards to the purchase of Whitebridge?

Mr ANICICH: You would have to ask Mr Grugeon. I do not know.

The Hon. LYNDA VOLTZ: Right, okay.

Mr ANICICH: But he was not asked any questions to that effect in his evidence before the ICAC.

The Hon. LYNDA VOLTZ: You have raised comments by Labor members such as Jodie McKay. Can you tell me the views of Sonia Hornery, the member for Wallsend, in regards to the train line?

Mr ANICICH: I do not know. Ms McKay was the member for Newcastle and the Minister for the Hunter—more directly involved in the issues around the urban renewal of Newcastle. As I said in my opening address, this is not just about the rail line or the truncation of the rail line. That is a part of the transport solution to the overall vision, if you like, of the revitalisation of the whole of the Newcastle CBD which, I must say in 2009, in a survey undertaken by the Hunter Valley Research Foundation—commissioned by Ms McKay, and I will get the figure right—93 per cent of the respondents to the survey believed that action needed to be taken to improve the image of the CBD.

The Hon. LYNDA VOLTZ: We have already heard about surveys. Could you tell me the date on which the Iemma Government announced that it would truncate the rail line?

Mr ANICICH: I am sorry, I do not have that date. I might take that on notice, if you wish, but I do not have the date.

The Hon. LYNDA VOLTZ: It would be good if you would take on notice the date that the Labor Government announced that it would truncate the rail line. That would be very helpful.

Mr ANICICH: I am not sure that the previous Labor Government did make that decision or make such an announcement because there was certainly support from the local member for that proposal.

The Hon. LYNDA VOLTZ: What about Frank Terenzini, the member for Maitland? Given that you are the Hunter Business Chamber, what were his views on the rail line?

Mr ANICICH: There are people in Maitland and further up the valley, who are opposed to truncation of the rail line.

The Hon. LYNDA VOLTZ: Frank Terenzini in particular, who was the Labor member?

Mr ANICICH: He quite possibly was, as the Labor member at the time.

The Hon. LYNDA VOLTZ: What about the member for Lake Macquarie?

Mr ANICICH: Mr Piper?

The Hon. LYNDA VOLTZ: Mr Piper or, before him, Mr Hunter.

Mr ANICICH: I think it is a while since Mr Hunter was the member for Lake Macquarie. I do not recall Mr Hunter's views, but certainly Mr Piper—I know from reading the press—has tried to put some

legislation before the Parliament in recent times in relation to the truncation of the rail. He has not put a bill before the Parliament saying that the truncation should not proceed.

The Hon. LYNDA VOLTZ: What is Mr Piper's view on truncating the rail line?

The Hon. GREG PEARCE: The witness can hardly give evidence as to what other people's views are. You can simply ask questions of the witness on what his views are.

The Hon. LYNDA VOLTZ: Chair, I would appreciate it if the member would stop interjecting.

The Hon. GREG PEARCE: It is my only interjection.

The Hon. LYNDA VOLTZ: The witness has already given evidence on what he thinks the views are. I think I am perfectly within my rights to ask him, given that he represents the whole of the Hunter, what the views are of those other members of Parliament in the Hunter.

CHAIR: If he knows them. If he does not know them, he cannot answer the question.

Mr ANICICH: Right here and now, I cannot give you a definitive view as to the current view of Mr Piper, no. That view may well have changed from time to time. I do not know.

The Hon. LYNDA VOLTZ: In regards to your submission, have you seen a cost-benefit analysis in regards to truncating the rail line?

Mr ANICICH: That is a fairly open-ended question.

The Hon. LYNDA VOLTZ: Have you seen the cost-benefit analysis?

Mr ANICICH: There are cost-benefit analyses—some data in the 2009 Hunter Development Corporation report.

The Hon. LYNDA VOLTZ: And what are those cost-benefit analyses based on?

Mr ANICICH: You would have to ask the people who prepared that report.

The Hon. LYNDA VOLTZ: So you have seen no cost-benefit analysis in regards to the truncation of the rail line?

Mr ANICICH: That is not what I said. I said there was some information in the 2009 Hunter Development Corporation report.

The Hon. LYNDA VOLTZ: And what was that cost-benefit analysis based on? Was it based on the building of the university?

Mr ANICICH: Well, you asked that question a moment ago and I said you would have to ask the people who prepared the report. I did not prepare the report.

The Hon. LYNDA VOLTZ: I did ask the people who prepared the report and they just seem to have forgotten that they had done it when I asked them. I asked what else were they getting besides the rail line?

Mr ANICICH: Yes.

The Hon. LYNDA VOLTZ: In regards to removing a rail line of two kilometres and replacing that with two kilometres of light rail, which is the current proposal, what other investment is happening within the CBD?

Mr ANICICH: Before I answer that, can I just take you back to page 6 of the 2009 Hunter Development Corporation report, which has those economic analysis figures in it. What are the benefits?

The Hon. LYNDA VOLTZ: What other investment I said, not benefits?

Mr ANICICH: I draw your attention to a comment in our submission, for example, of an article in the *Newcastle Herald* on 5 July which reported some 18 apartment buildings and hotel developments in and around the Newcastle CBD.

The Hon. LYNDA VOLTZ: No, State Government investments.

Mr ANICICH: I am sorry?

The Hon. LYNDA VOLTZ: State Government investments?

Mr ANICICH: The State Government is committed to spend \$460 million in the city.

The Hon. LYNDA VOLTZ: That is good. What are they, other than the rail line?

The Hon. GREG PEARCE: He does not speak for the State Government.

The Hon. LYNDA VOLTZ: He has raised the issue.

Mr ANICICH: There are a range of works which are currently underway, by the way, around, yes, the changes to the transport system and urban renewal. There are other commitments—\$250 million or \$260 million, I think, for the inner-city bypass, which was announced earlier this year as well. There is a commitment to the duplication of the Toole Street Bridge, which is now going to cost \$80 million or \$90 million because the former Government did not have the vision or the initiative to spend an extra \$20 million a couple of years ago when the current bridge was built.

CHAIR: We will move on to Mr Shoebridge.

Mr DAVID SHOEBRIDGE: Thanks for coming, Mr Anicich.

Mr ANICICH: My pleasure.

Mr DAVID SHOEBRIDGE: We were discussing earlier that this is second time I have seen you at a parliamentary committee. I think the last time I agreed with you. We might test your views this time. As the Hunter Business Chamber I assume that you look closely at the business case that is put forward for the future of the city?

Mr ANICICH: There have been—correct me if I am wrong, Ms Keegan—but 20-odd reports commissioned by various instrumentalities, I think, over the last 10 or 15 years.

Mr DAVID SHOEBRIDGE: But you have brought one of them with you?

Mr ANICICH: Yes.

Mr DAVID SHOEBRIDGE: You have brought the 2009 report that was done by the Hunter Development Corporation and Ernst; you have that with you?

Mr ANICICH: Yes, and that is annexed to our submission because we thought it was appropriate for the Committee to have that in front of them.

Mr DAVID SHOEBRIDGE: I appreciate that. You have read that because you are a competent, careful businessperson and in your role as the chair of the Hunter Business Chamber that is something that you clearly would have read, isn't it?

Mr ANICICH: Yes, at some stage I have, yes.

Mr DAVID SHOEBRIDGE: So you know, don't you, that the cost-benefit analysis that has been put forward is predicated on the decision of the university. It says that the decision of the university to relocate is contingent upon the truncation of the railway line and therefore it adds into the cost benefit the activity

CORRECTED

generated by the university and you know that is wrong, don't you, because you have heard from the university that it is not contingent upon the removal of the railway line?

Mr ANICICH: Fortunately the university development is happening despite that so, yes, the economic impact from that move will feed into the same data.

Mr DAVID SHOEBRIDGE: So the only cost-benefit assessment that has been done by any government agency is fundamentally flawed—

Mr ANICICH: No.

Mr DAVID SHOEBRIDGE: —because the notional positive benefit of the university development is not contingent upon chopping the railway line?

Mr ANICICH: Well, as you so kindly said, Deputy Chair, last time we agreed; this time we disagree. Whether that was the case or not, as I say, the reality is that the university has now committed to spending the \$90-odd million in its redevelopment so whether or not at the time this report was done in 2009 that was contingent on that or not, the fact is here in 2014 that commitment has been made, that money has been spent and work has started on the site already and so whether or not it was notional in 2009, the reality is that as at today that spend is happening and so it is appropriate, in my view, for that spend to be taken into account in the economic analysis.

Mr DAVID SHOEBRIDGE: The university told us earlier today that it was never contingent upon a chopping of the railway line. Did you ever, in your role as the president of the business chamber, go to the Hunter Development Corporation and say, "How did you get it so wrong that your only cost-benefit analysis is so fundamentally flawed?" and seek a correction so that we spend public money based upon a rational assessment, not just on the wishes of some developers?

Mr ANICICH: We can go round and round in circles about this. The fact is that the State Government—

Mr DAVID SHOEBRIDGE: Just let me go back and forth on it?

Mr ANICICH: The State Government has committed also to make a contribution, I think, of \$25 million to the university's development, along with some Federal funding but the point that I do not think you are hearing in my response, with respect, Mr Shoebridge—and I was not here to hear the university's evidence, although I understand from what has been said in the press maybe that is the case and I think someone from the university made that statement in the press in very recent times—

The Hon. GREG PEARCE: Somebody who started working there in 2013.

Mr DAVID SHOEBRIDGE: We will get to you, Greg.

Mr ANICICH: But the fact is that whether or not in 2009 and whenever this analysis was being undertaken the university's plans were contingent or not contingent on anything around the rail in my respectful submission now is irrelevant because the university has now committed to spend those funds and is in the process of doing so.

Mr DAVID SHOEBRIDGE: No, what is relevant is the fundamental assessment of the cost-benefit assessment; it is wrong, you know it is wrong and you have never belled the cat and told anyone. Can you explain that?

Mr ANICICH: I do not think it is wrong.

Mr DAVID SHOEBRIDGE: Well, black is white, Mr Anicich. Are you just saying black is white?

Mr ANICICH: I do not think it is wrong for the reason that you are putting forward because of the answers I have given that the fact is that that spend is now in the process of being undertaken.

Mr DAVID SHOEBRIDGE: And it was never contingent on the chopping of the railway line and you know that and you have never insisted on it being corrected even though you are the head of the business chamber; you are meant to be the one with the money sense.

Mr ANICICH: As I have also tried to say to you and to this Committee, this debate, which has been raging for so long, is not singularly about 1.8 kilometres of railway line. It is about the vision and the passion that so many people have for the revitalisation of the Newcastle CBD to take its place as the regional capital of the Hunter, the second city in New South Wales, and the transport changes which are part and parcel of the enabling factors to get that underway, and to continue what I have said started in 1988 is part of it, yes, but it is not what this is all about singularly.

Mr DAVID SHOEBRIDGE: My time has expired, sadly.

CHAIR: Thank you again for appearing before the Committee. Just to clarify some of the items in your submission. You have stated that your business chamber commends the New South Wales Government on the decision to utilise a BRT system to replace the heavy rail service to Newcastle. What do you regard as a BRT system?

Mr ANICICH: When the chamber issued its Newcastle central proposal document—I think in September 2012—that was prior to the State Government's decision to adopt the light rail proposal. That Newcastle central document again is included in the material before the Committee and at that time we said that light rail would be something which should be implemented in the future. But at that time we came up with a proposal for a rapid bus transit system in a figure eight loop around from the new interchange that we were proposing at Wickham, through the inner suburbs, up along the beaches, out to the inner suburbs like Merewether, The Junction to Hamilton and to Broadmeadow—a system which ran in a figure eight loop, with buses running every 10 minutes during the day and slightly less frequently perhaps at other hours.

A seamless transport system, which we put forward as being proven in the transport facilities in Newcastle so that young kids, for example, coming from Maitland or beyond with their surfboards and wanting to get to the beach did not have to get off the train at Newcastle station and walk a few hundred yards or whatever it is to the beach and only go to Nobbys or Newcastle beach. They could get off the train here at Wickham, get on one of these buses, which would give them the option not only of going to Newcastle or Nobbys but to Bar Beach, Dixon Park or to Merewether. It would give people the opportunity to get to the Junction to the markets on the first Saturday coming from up the valley—to get to the Olive Tree Market on a Saturday morning, for example. We were putting forward a proposal to improve and enhance the transport options for the inner suburbs, inner city and surrounding suburbs of Newcastle.

CHAIR: Now the Government is talking about a light rail system. Which do you prefer out of those two—the bus rapid transit or the light rail?

Mr ANICICH: I think they are complementary and can work together. In the May 2013 budget there was also a figure of \$10 million allocated to undertake a feasibility study, in addition to the money allocated for the initial, what I call the first stage of the light rail. There was \$10 million allocated to a feasibility study to undertake a study as to the further expansion of that light rail and that is what should happen. Until the 1940s and 1950s trams ran all around the inner suburbs of Newcastle to Merewether Beach, to Wallsend. I look forward to the day when there is light rail running from the new Newcastle terminus around the inner suburbs to the stadium at Broadmeadow, to the John Hunter Hospital, to the Mater Hospital, to the airport, to the university. People need to think, not about today or tomorrow but 10 years, 20 years, 30 years time and you need to get started; you need to have the vision of what can be and have the passion to get there.

CHAIR: In view of what you have outlined, which is very promising, what do you think will happen on Boxing Day? Will it be a bus rapid transit system or will it be a light rail system? What will people use on Boxing Day?

Mr ANICICH: The first thing is that the lights won't turn out in Newcastle, but you have to direct that question obviously to the Minister for Transport and the Minister for Planning who will implement those decisions. As an interim, as I understand it, the trains will terminate at Hamilton whilst the work is done on the line and the work is done on the new terminus at Wickham and presumably the sort of concept that we had with the rapid bus transit system running from Hamilton and eventually Wickham will operate through the CBD.

CORRECTED

CHAIR: Do you anticipate that bus rapid transit system being in place by Boxing Day, seeing as we are almost at the beginning of December.

Mr ANICICH: I would imagine, yes. The answer is yes.

The Hon. GREG PEARCE: We have had quite a few unseemly attempts to slur Government members and others by some of the witnesses here. You have indicated twice in your opening remarks and also to the Hon. Linda Voltz that in your review of the ICAC reports and transcripts you did not see anything that related to the issues before this Committee today. Can I just get you to revisit that and confirm for me that you have not seen anything in those transcripts that have affected the planning decisions?

Mr DAVID SHOEBRIDGE: Point of order: I am sure that the Hon. Greg Pearce did not mean it but this witness did not say "reports". He never mentioned ICAC reports.

The Hon. GREG PEARCE: No, I did mean transcripts, thank you.

Mr ANICICH: To answer the question, subject to the caveat that I have not read every line of every day of the transcript, but in what I have read, as I said in my opening, I cannot recall any question being put to any of the key witnesses asking them, point blank, the question as to what influence they personally brought to bear on any of the decisions which are now the subject of this inquiry. And that is the theme, I guess. I also included, as the final annexure to the Chamber's submission to this inquiry, a copy of an opinion piece that I had published in the *Newcastle Herald* I think in late August, which was commenting on those sorts of issues.

Mr DAVID SHOEBRIDGE: ICAC was about breaches of the donation laws, not about what we are looking at. We are looking at a quite different thing.

CHAIR: Mr Shoebridge, you have had your turn.

The Hon. GREG PEARCE: We have also had a fair bit of evidence from some councillors who seem to represent the minority on the Newcastle Council.

Mr DAVID SHOEBRIDGE: Not any more.

The Hon. GREG PEARCE: They may not any more—who have alleged that, notwithstanding their own attendance at the council, apparently the council was not functioning properly. They are understood to be making these allegations in hindsight and perhaps an alternative view would be that these councillors were either asleep at the wheel or incompetent.

The Hon. LYNDA VOLTZ: Point of order:

CHAIR: He is coming to his question now.

The Hon. GREG PEARCE: Have you seen any evidence or have you had anybody complain to you about dysfunction of the council over the last couple of years?

Mr ANICICH: Over the last two years, did you say?

The Hon. GREG PEARCE: Yes.

Mr ANICICH: No.

CHAIR: Thank you for appearing.

Mr ANICICH: One final thing before we are excused, if we may. Kristen Keegan has here the surveys that we are talking about and I just wanted to correct the record by reference to those surveys and table them for the benefit of the Committee.

CHAIR: Thank you.

CORRECTED

Ms KEEGAN: We noted in the inquiry on 7 November that there was reference to two surveys that were conducted. One was conducted in November 2008, and that was prepared for the GPT Group and done by the Hunter Valley Research Foundation. Another was done on 24 July 2009 and that was commissioned by Jodi McKay. We felt some of the evidence that was given by certain members at the previous inquiry meeting was somewhat biased and wrong, in terms of stating that the Hunter Valley Research Foundation was biased and was paid off. If you know anything at all about the Hunter Valley Research Foundation, it is a highly regarded, independent organisation and to provide that particular slur to that research institution is simply unacceptable.

Also, the first report was prepared by a woman by the name of Robin McDonald. Robin unfortunately passed away unexpectedly in 2009, at the age of 54, of a heart attack. If you know Robin at all—and a lot of people in this community did and have high regard for her—certainly the last thing you would say is that someone would have been able to pay Robin off. So much so that now there is a \$5,000-a-year scholarship for young researchers in her name that is awarded by the Foundation. So we would like to have that noted. I am happy to leave you with these two surveys.

CHAIR: Thank you for that and for your attendance and for the detailed submissions you have provided for the inquiry.

(The witnesses withdrew)

ALAN SQUIRE, Convenor, Hunter Transport for Business Development, sworn and examined:

Mr SQUIRE: The Hunter Transport for Business Development is a not-for-profit organisation. We are interested in ensuring the best transport system in the area. I was a member of the Hunter Independent Public Transport Inquiry and I am a retired corporate lawyer.

CHAIR: Would you like to make a quick opening statement?

Mr SQUIRE: Yes, I will deal firstly with Mr Anicich. He said that it is all about urban renewal and, of course, it is. But in the NURS document, it says in three places that the urban renewal contemplated by the document could go ahead, whatever public transport option was chosen. What the Government has chosen is the worst public transport option. So there is no need for transport to suffer in the name of urban renewal. They are complementary. Kristen Keegan talked about the survey and the inquiry should be in no doubt that that survey was flawed, even though Robin McDonald did it.

If you have a sample in which 80 per cent of the people live in Merewether and other suburbs not related to the rail, and no-one is included from Maitland or Lake Macquarie, and you have got four opportunities to support the truncation of rail decision and one not to, that is a survey which is swayed in a direction and I am surprised that the Hunter Research people produced that.

The other thing I would like to say is that the man from Colliers this morning talked about business suffering if the rail is not cut. We have been in talks recently with small to medium businesspeople, and they are saying the opposite. On Boxing Day, if the rail is cut, their businesses are going to suffer. They would also suffer if there is a construction period in Hunter Street to put the light rail in in the future. So, it is not simply a matter of business suffering, there are all sorts of businesses, there are small and medium ones as well.

So we are in a position now where the cost-benefit study in the HDC report has been wiped out. It is simply wrong. And the university people I believe this morning made that quite clear. So we have got a position where the only cost-benefit analysis is that one, which has been discredited. The Government has refused to make available cost-benefit studies and business cases on the current decision to cut the rail and I invite the inquiry to think about its view on that. To us it says either those studies do not exist or, if they do, they do not support the Government proposal, otherwise they would be trumpeting them from the roof tops. So it is significant that they have not done that. And that is symptomatic of the planning processes going wrong in this situation.

I would like to make a submission, to start with, as to what the findings of the inquiry would be, having regard to the evidence and the other submissions. And the decision in December 2012 to cut the line does not appear to be based on evidence that would stand professional scrutiny because of those flawed reports. This means the inquiry would find that the planning processes have been flawed in themselves. The decision to run light rail down Hunter Street, there is no analysis whatsoever on that in the documents disclosed, no cost-benefit, no indication at all as to why it is a good thing.

The Government originally agreed with a proposal that we put forward—which was to run light rail down the corridor and from Hamilton to Newcastle station, incidentally at a price half the cost of the Government proposal. Now, the Government agreed with that at one stage, in July 2013. That was the announcement of Mr Baird and later that was overturned, once again with no analysis whatsoever. What the Government did was to give three options to the community, none of which involved the running down the corridor from Hamilton to Newcastle. The community was denied that opportunity. So that is another example of the planning processes gone wrong.

The decision to cut the rail: We went to see Mr Hazzard's minder, Mr Cirillo, in his department, to make sure that they were aware of the defects in the HDC report and that the cost-benefit analysis in particular was just totally flawed. We went through the critiques put forward by Professor Dick, who will be speaking today and Dr Bruce McFarlane and made it clear that they should be read so the new Government knows the position. And Mr Cooper undertook to read those documents.

We heard nothing more for a while and then, in December 2012, the decision was made to cut the rail. Whether Mr Hazzard was told of the critiques, which really discredited the HDC report or not, we do not know.

But if he was, he ignored them and maybe he was swayed by proposals from UrbanGrowth and GPT. But there we are—with the rail being cut with no evidence whatsoever to support its cutting.

Now, the decision about the light rail, I have told you there that they first upheld our proposal for light rail down the corridor and then got rid of it, with no analysis whatsoever. The only things we can find on the file are letters from Mr McCloy—very many of them—suggesting, amongst other things, that the rail must be cut because he has umpteen million dollars-worth of projects on the go and they cannot get started until the rail is cut. But they are the only things we find on the file. We do not find a planning rationale or a transport rationale for it.

Likewise, Mr McCloy wrote to UrbanGrowth suggesting that UrbanGrowth and GPT write to the Hon. Gladys Berejiklian saying that it is a marvellous idea to run the trams down Hunter Street. That will not be a marvellous idea. If it ever comes to fruition, it is going to be absolutely disastrous for this place. That is what those small businesspeople in Hunter Street are worried about. They can see that it is not going to help them or help their businesses, at all.

It seems that there are a lot of conflicts of interest in this. The basic conflict of interest is that the HDC itself has as its mission to coordinate the redevelopment of surplus railway. So, it seems odd to ask that organisation to decide whether or not the rail should be cut because they stand to gain themselves. They get the land to sell and their project philosophy is to be self-funding. Then you have got UrbanGrowth, which is heavily involved in this process with HDC in making the recommendations. UrbanGrowth has a conflict of interest. They and GPT both said in public, this mall project will not go ahead unless the rail is cut. So you have got HDC, GPT and UrbanGrowth wanting the rail cut, for their own benefit.

The great problem now is that we have got no cost-benefit analyses whatsoever justifying these proposals; we have no planning analysis; it is simply going to the inquiry and I am going to ask the inquiry that—

The Hon. GREG PEARCE: Mr Chair, will there be any time for questions?

CHAIR: Yes. I am just allowing him to finish the sentence.

Mr SQUIRE: I will just finish this one. The sort of submission we would ask the inquiry to consider is that the decision in December 2012 to cut the rail line was not based on evidence that would withstand professional scrutiny, and included flawed reports. The decision to run light rail down Hunter Street was not based on evidence that would withstand professional scrutiny, but was strongly influenced by the vested interests and conflicts of interest to HDC, GPT, UrbanGrowth, the McCloy Group and the Property Council.

The Hon. GREG DONNELLY: Mr Squires, thank you for your submission and the detailed annexures. On the second page of your submission you comment, "We request the inquiry to find" and then point 2 states, "That the planning processes and reports purporting to justify the decision for rail removal and light rail along Hunter and Scott streets were flawed. Secondly, that breaches of Government Acts and codes of conduct were significant." Could you elucidate on your understanding or belief about breaches of Government Acts and codes?

Mr SQUIRE: There is a section in the general public service code that it is maladministration to make decisions that involve waste. I am suggesting there that it is waste for the Government to put forward a proposal costing \$460 million to truncate the rail, shift the railway line 20 metres, in effect, to Hunter Street, and incur that cost when there are alternatives available which would avoid all that waste. You have also got to take into account the investment in that infrastructure that is there already.

The Government spent \$70 million re-ballasting and putting in new lines recently. It is there. It can do the job. All you have to do is put a light rail vehicle on it and you have got the answer. Also, those codes talk about impartiality. It is pretty clear from what I have said and other people's submissions that this decision has not been impartial. It does not appear to be taking into account the interests of the community. The community is being left out in this and I can tell you the way that happened in the consultation sessions that we had. I went to the Town Hall expecting to speak on the rail—

The Hon. GREG DONNELLY: Sorry to interrupt you, but could you give us a time line for this session you are about to refer to—that is, what year, what month roughly?

Mr SQUIRE: What is that?

The Hon. GREG DONNELLY: The consultation.

Mr SQUIRE: That session?

The Hon. GREG DONNELLY: Yes.

Mr SQUIRE: I think that was in 2012. We got there and the room was full, hundreds of people, and the adjudicator or the facilitator said, "There will be no discussion of the rail issue. That's a given. It's going to be truncated and that's it." Nobody in that hall was prepared to put up with that, including me. I got up and everybody else who got up wanted to talk about the rail. On another occasion I went to an information session of community groups. Once again this was about what route the light rail should take. Of course, we were getting Hobson's choice here; we are getting only routes that do not include running it all the way down the corridor; they are all Hunter Street routes. The facilitator tried to suppress that discussion, but everybody in the room, except one person—one wonders what community group he belonged to—it was Andrew Fletcher from the Property Council was the only one who spoke in favour of light rail down Hunter Street.

The Hon. GREG DONNELLY: Who was conducting these consultation meetings?

Mr SQUIRE: The first one was a public servant at the Town Hall.

The Hon. GREG DONNELLY: On behalf of whom?

Mr SQUIRE: On behalf of the Government, I suppose. Probably Transport. There are all sorts of codes that apply to public servants. I think the second facilitator may well have been an outside person, but the other situations we had like this were the information sessions conducted at the Croatia Wickham bowling club. I said to one of the fellows there, the engineer from Transport, Greg Mullins, "Why on earth are you coming down Hunter Street with the tram? It just doesn't make transport sense." He said, "Oh, well, that's what Mr McCloy wanted." That is a strange thing to say.

The Hon. GREG DONNELLY: Could you repeat that?

Mr SQUIRE: Sorry?

The Hon. GREG DONNELLY: Could you repeat what you just said?

Mr SQUIRE: He said, "That's what Mr McCloy wanted."

The Hon. GREG DONNELLY: A public servant gave that response to you?

Mr SQUIRE: He did.

The Hon. GREG DONNELLY: Publicly or privately?

Mr SQUIRE: It was not privately. There were a number of people around at the time. I thought it was a curious thing to say, but that is what he said. The other event like that was the same session I spoke to Caroline Scott of Transport. I said, "Look, this doesn't seem to make sense from a transport point of view. How did a Transport department come to a conclusion like this, that you would have an interchange at Wickham", which is about the worst place you could put one. The answer was, "Well, we, Transport, wanted the light rail to come down the corridor but we were overborne by Planning department." I said, "Well show me who the Planning department person is." She said, "Oh, they're not here." So that was a little bit inconvenient for us. Those are the sorts of things that went on.

Mr DAVID SHOEBRIDGE: Could you give us some precision about exactly when and where those two conversations happened?

Mr SQUIRE: It was at the Croatia Wickham bowling club. It was at a time when the proposals were on display. It was more of a marketing exercise than an explanation of how it was done. The Government had

obviously given briefs to various engineers to do parts of the process, but none of them had been asked whether it was a good idea overall, and they could only answer questions about their own segment.

Mr DAVID SHOEBRIDGE: I invite you, if you could, to take on notice, I think you have seven days in which to respond, to simply try to put as best you can the words that were exchanged between you and those two public servants and the exact time and date. I would appreciate that.

Mr SQUIRE: Yes. All right. With Greg Mullins, I said to him—

CHAIR: You do not have to do it now.

Mr SQUIRE: Do you want to do it now?

Mr DAVID SHOEBRIDGE: If you can remember it now, feel free to do so.

Mr SQUIRE: I will do it the best I can.

Mr DAVID SHOEBRIDGE: Yes.

Mr SQUIRE: I was criticising what they were doing and I said to him, "I can't understand how a transport engineer could come up with this idea" of a Wickham interchange and light rail down the corridor. "How did that happen?" He said, "Oh, well, that's what Mr McCloy wanted." They were his words.

CHAIR: Light rail down Hunter Street?

Mr SQUIRE: Pardon?

CHAIR: You said light rail down the corridor.

Mr DAVID SHOEBRIDGE: You mean down Hunter Street?

Mr SQUIRE: Sorry. I meant Hunter Street, sorry. Yes.

Mr DAVID SHOEBRIDGE: The second conversation you had was with the official from the Ministry of Transport?

Mr SQUIRE: Yes.

Mr DAVID SHOEBRIDGE: Was that on the same occasion?

Mr SQUIRE: The first one was on a different occasion, actually. Then the last one with Caroline Scott was at the Croatia Wickham bowling club. I said to her similar to what I said to Mr Mullins. I said, "How on earth did a transport department with its experts come up with such a bad decision about transport matters?" She said, "Well, actually, we, Transport, wanted the light rail to come down the existing corridor to Newcastle station and we were overborne by Planning."

Mr DAVID SHOEBRIDGE: The precision about when and where—

The Hon. GREG PEARCE: Time is up.

Mr DAVID SHOEBRIDGE: —we would be very grateful if you could provide that on notice.

Mr SQUIRE: I can do that on notice, yes.

CHAIR: In your submission you have made two recommendations: to find and recommend that the decisions of the Government to rezone the mall land for high rise be set aside and the height limits under the previous LEP be reinstated?

Mr SQUIRE: Yes.

CORRECTED

CHAIR: What are the height limits, instead of the high rise.

Mr SQUIRE: There was a SEPP which increased the height limits. It tripled them. It went up to about 80 metres.

CHAIR: Three or four storeys?

Mr SQUIRE: Higher than the—

The Hon. LYNDA VOLTZ: It is 24 metres.

Mr SQUIRE: The existing LEP only provided about eight storeys. The new one—this is very significant because UrbanGrowth and GPT entered into a business partnership. GPT sold property for which they paid \$100 million to UrbanGrowth for \$20 million and then after that agreement had been reached we get the SEPP, which increases the height, which, of course, improves the value of those properties. UrbanGrowth is a corporate agency of the Government and GPT is a private developer. They are working together for gain and UrbanGrowth is acting virtually as the regulator making decisions on whether height should be increased. It also is the developer.

So they are going to be able to sell that land and make a profit. Now it seemed to us, and that is the reason for my submission, that that should be set aside. That is outrageous. It should not happen. But the important point about it is that both UrbanGrowth and GPT made it very clear that they wanted the rail line cut otherwise their proposal would not go ahead. What has happened in this is that all the people involved in this—GPT, UrbanGrowth, HDC, the McCloy Group, some of whom are on the steering committees—have got exactly what they wanted out of this proposal.

CHAIR: Your other recommendation is, "As the planning processes of the Government were so flawed, there were such conflicts of interest involved, that the inquiry recommends that the Government set aside its decision to cut the rail at Wickham and to run trams or light rail along Hunter and Scott Streets." Do you still strongly hold to that recommendation?

Mr SQUIRE: Certainly, Mr Chairman, yes.

CHAIR: Obviously, you are on a different track to the Hunter Business Chamber, almost exactly the opposite?

Mr SQUIRE: Yes.

CHAIR: What is your membership compared to theirs?

Mr SQUIRE: I do not know what the Hunter Business Chamber membership is. We have on our website about 900 supporters.

CHAIR: Does that include actual businesses?

Mr SQUIRE: Some of them would be businesses, yes.

CHAIR: Or mostly individuals?

Mr SQUIRE: They were people who responded to our website where we put our rail down the corridor proposal up. These are the people who supported it.

The Hon. GREG PEARCE: I am a bit curious about that answer. Could you just clear up for me: I think you said Hunter Transport for Regional Development was a not-for-profit organisation?

Mr SQUIRE: It is, yes.

The Hon. GREG PEARCE: What is it, an unincorporated association?

Mr SQUIRE: That is right.

The Hon. GREG PEARCE: What position do you hold in it?

Mr SQUIRE: I am convenor of that organisation.

The Hon. GREG PEARCE: You are the convenor?

Mr SQUIRE: Yes.

The Hon. GREG PEARCE: You would not be paid for that, obviously?

Mr SQUIRE: No. None of us are handling money.

The Hon. GREG PEARCE: How many members do you actually have?

Mr SQUIRE: We have a core group of people who actually do the work.

The Hon. GREG PEARCE: Yes, how many?

Mr SQUIRE: We have not sought to get members as such. We have got support.

The Hon. GREG PEARCE: No, but how many members do you have?

Mr SQUIRE: Four.

The Hon. GREG PEARCE: Four members?

Mr SQUIRE: Yes.

The Hon. GREG PEARCE: I think you said you are a retired corporate lawyer?

Mr SQUIRE: Yes.

The Hon. GREG PEARCE: Do you have any qualifications or experience in transport planning or transport delivery?

Mr SQUIRE: A lawyer has to learn his brief.

The Hon. GREG PEARCE: So can I take it that you do not have any transport experience?

Mr SQUIRE: No formal qualifications. I did work in shipping transport for a long time.

The Hon. GREG PEARCE: Do you have any experience or qualifications in economics or financial planning or budgeting?

Mr SQUIRE: Yes, I have a degree in commerce.

The Hon. GREG PEARCE: You have a degree in commerce?

Mr SQUIRE: Yes.

The Hon. GREG PEARCE: Did you study cost-benefit analysis?

Mr SQUIRE: I certainly did.

The Hon. GREG PEARCE: Good, all right. Do any of the other three members of your association have transport planning experience?

Mr SQUIRE: Yes, and this is the important point. I am glad you asked this.

CORRECTED

The Hon. GREG PEARCE: That is why I want you to tell me.

Mr SQUIRE: Dr Bruce McFarling is an economist. His PhD was in transport and development, which is spot on with this. He is not only an economist, but he has an encyclopaedic knowledge of transport and all the technical material in our submissions comes from that man. He will be speaking on Monday.

The Hon. GREG PEARCE: Good. I am happy to forego the rest of our question time.

CHAIR: Thank you Mr Squire.

(The witness withdrew)

CORRECTED

GRAHAM BOYD, Secretary, Hunter Commuter Council, sworn and examined:

HOWARD DICK, Faculty of Business and Economics, University of Melbourne, and

JOHN SUTTON, former councillor, Newcastle City Council, affirmed and examined:

CHAIR: As there are three of you, we cannot have three statements so is there anyone who was going to make a statement, or would you wish to just answer questions?

Prof. DICK: I wish to make a statement.

Mr SUTTON: I would like to make a short statement too.

CHAIR: Please make it very brief.

Prof. DICK: I have made a submission; I merely add to it. In a democratic society the fundamental protections of the public interest are evidence-based decision-making, sound analysis, transparency and accountability. What we have in Newcastle, unfortunately, is poor decision-making, based heavily on opinion, self-interest, insider collusion and a lot of ego. International planning expert, Jan Geyl, has stated that a good city landscape and a good public transportation system are two sides of the same coin. Newcastle is the only city I know where urban renewal will begin by making public transport worse, ignoring heritage and culture. It is contrary to all sound transport and planning practice and the underlying reasons for this deplorable state of affairs are unsound bureaucratic structures and weak checks and balances.

In particular, NSW Long Term Transport Master Plan 2012 calls for integration but Newcastle has the most extraordinary exemption whereby transport has become a planning matter and it is only one side of the coin. The Department of Planning and Infrastructure, in turn, has sublet planning to its agencies, Hunter Development Corporation [HDC] and UrbanGrowth; both have vested interests. As real estate developers, they are proponents. GPT is on the inside as a private developer. Both have direct access to the Minister for Planning and Minister for Regional Infrastructure and Services, and the Minister for the Hunter. Neither has public transport expertise, heritage or cultural expertise. Their legal planning authorities in regard to the wider city and region under section 7 (2) (a) and (b) of the Growth Centres (Development Corporations) Act 1974 are flimsy. Both have statutory obligations to secrecy and they have been secretive.

It is human nature for HDC and UrbanGrowth to believe that what is good for them is good for the public, but the public interest must be substantiated. Independent evidence-based traffic and social impact studies and independent robust and current cost benefit analysis are the minimum. Only in this way can consensus be achieved in this fractured city and public moneys properly accounted for. Transport for NSW and the Department of Planning are abdicating their responsibilities and letting vested property interests be the New South Wales Government in Newcastle. By insider dealing and collusion, they are extracting large public subsidies and conferring windfall gains on those property interests.

Transparency, consultation and accountability in Newcastle have become their pretence. There are massive failures of governance and they are giving rise to bad policy. I believe, as a professional, that cutting the rail line without due process will be reckless and set a most deplorable precedent. Likewise, building high-rise residential towers in the heritage precincts of Australia's second oldest city is official vandalism. There are foreseeable consequences and they will haunt the next New South Wales Government. I believe it is in the best interests of the Government itself to pull back from this precipice. I would suggest that loss of public trust in Government is the most dangerous thing and it will be timely if this Committee of Parliament made strong bipartisan recommendations for governmental reform. Thank you, Mr Chairman.

Dr BOYD: The Commuter Council has operated for 40 years to bring together various commuter and public transport advocacy organisations into the single peak body to seek consensus of commuter issues for exchange with the Minister for Transport and the senior transport bureaucrats of the day. We are not legal practitioners, nor do we have any privileged access to government or bureaucratic information. However, we contend that the Government has taken a position of secrecy, making only segments of what they are planning to do for urban renewal and transport services in Newcastle available for consideration and this has made it impossible to know what is ultimately intended. In addition, the Commuter Council has enjoyed consultative access to the Minister for decades, but the current Government has restricted this relationship during this

process. So rather than being informed and consulted, we seem often to be the last to know what change in plans has occurred, which have considerably reduced commuter input for consideration during the too infrequent public consultation.

Our members have brought three key issues to the fore for this inquiry. First, we believe the planning seems to have been unnecessarily rushed and has resulted in inadequate public consultation. For example, I was at two of the meetings that Mr Squire mentioned and we were certainly told we could not discuss the truncation of the railway line at the meeting that supposedly had been held to consider transport priorities and we were told at the light rail consultation that we had to choose one of the three options that was available, even though the proposal for Scott Street is an unmitigated disaster for public transport. When we proposed the original tram line configuration, which was that trams went east in Scott Street and west down Hunter Mall, we were told that UrbanGrowth did not want trams in the mall. That was the end of the discussion. Clearly that was not a transport-based decision.

Secondly, our members tell us that there seems to be no rationale for replacing expensive infrastructure with even more expensive infrastructure. As has been previously stated, millions have been spent upgrading the railway line, upgrading the stations, upgrading the signalling system, upgrading the level crossings. Instead, we are going to not use that. We are going to build a tram line down Hunter Street and Scott Street for \$400 million at the risk of causing great disruption to traffic, particularly the replacement bus service. The initial proposal for the replacement bus service will take 15 to 20 minutes to do the four-minute train journey and when you start digging up Hunter Street, the buses will be queued up with all the cars, which will take more than 20 minutes. Transport for NSW realises they have a planning dud on their hands because their environmental impact statement for the Wickham interchange is based on a 23 per cent reduction in passenger numbers.

Thirdly, our members say that what is proposed by the Government is a transport solution to support UrbanGrowth but it clearly is not a public transport improvement and we have had senior officers of Transport for NSW agreeing with that assessment; yes, that is what you are stuck with. This is to build urban growth; it is not about improving the public transport system. So these key issues concern the membership of the Commuter Council. As I have said, these are peak bodies across the region. It convinces us that the urban renewal and transport plan has been done in unprofessional haste, certainly without a mandate and without sufficient consultation with the people affected. We are very concerned that throughout this whole process commuters and users of public transport have not been held in regard. Thank you, Mr Chairman.

Mr SUTTON: I begin by thanking you for the opportunity that this inquiry provides for the community. I have read quite a number of the submissions and whilst I can see that some of them are not directly relevant to the terms of reference, what you are seeing is a venting and outpouring of the kind of frustration that this community has been feeling for so long at what has been going on. To me, the processes that have led to the decision to cut the Newcastle rail line demonstrate a serious and ongoing breakdown in the basic standards that citizens are entitled to expect from a proper public policy decision-making process. That failure vitiates so many aspects of this process. You can see it in the failure to properly consider and investigate reasonable alternatives for cutting the rail line. I could quote a proposal from the HDC, from its own consultants recommending the investigation of crossings that cross the existing rail line, which they have never followed through. The misleading response you always get is, "There is a policy by the Government against putting new crossings in." In fact, that policy is stated in a document and the very next point of that same document explains the process by which you go about getting a new crossing put in.

When alternatives are considered to cutting the railway line, we get grossly inflated costs associated with them. I could give you examples of that. We see evidence of pressure placed on consultants who were preparing the 2009 city centre renewal report to include data that would be detrimental to the rail line. I have given the reference to those in my submission. Most importantly, we have seen crucial information and data that is demonstrably false and/or misleading and a chronic failure to do anything about correcting that information, while at the same time continuing to present it as credible and legitimate. The conclusion of the 2009 cost benefit analysis was quoted at the very last hearing of this inquiry as though it is still a credible document when it is based entirely on a discredited analysis that has literally hundreds of millions of dollars of errors in it stacked up against retaining the rail line.

We have seen tick-a-box consultation with a lack of transparency and accountability in the associated processes. When I was a councillor on Newcastle City Council and we had a consultation process, we would have presented to us a matrix of the outcome of that consultation by the officers. They would state the various issues that were identified in the consultation, they would have a column saying what their response was and

another column saying what they would do about that. Where are those matrices in these cases? We have never seen them. We have to assume they do not exist. There is a lack of transparency and accountability that is still evident today in the continuing refusal to release basic relevant documents, even documents that are specifically referenced in other documents that are on public exhibition. We cannot get those documents.

New issues arise all the time. Yesterday there was a statement by the chair of the Hunter Infrastructure and Investment Fund that, on the surface, implies that that body seems to have allocated \$60 million worth of funding in a way that is not in accordance with its own guidelines. It would be apposite for this Committee, I might say, to view the application document that accompanied that decision and ascertain who lodged it and the basis on which the funding decision was made. In conclusion, the problems with the process that have culminated in the decision to cut the Newcastle rail line have been serious and egregious. As you consider the evidence presented to you during this inquiry process, you may not find colourful and spectacular evidence of brown paper bags in the back of Bentleys, but what you will find is a house of cards built on a tissue of lies and misrepresentation constructed by a cabal of vested interests that have been allowed to capture Government decision-making on this matter. Thank you.

The Hon. LYNDA VOLTZ: Professor Dick, in your submission you put forward this view:

... it never made much sense why GPT would invest \$600 million in a new retail complex in such a restricted area with small population and access when it was investing heavily to expand a very successful complex just 10 kilometres away in Charlestown. Delays with the project were explained by delays in truncating the rail line but the suspicion remained that it had only ever been a landbanking operation to block any other entrant.

Could you explain that theory to the Committee?

Prof. DICK: I should draw to the attention of the Committee that I advised of one correction to my submission. I pointed out that UrbanGrowth NSW was paying \$20 million for a two-thirds stake. I hope that amendment was noted. The only person who can answer for the GPT's motivations is GPT itself. I know that its representatives will be appearing after me. It is significant that after that investment was made the global financial crisis hit and GPT had to refinance. Clearly there were financing issues with that property, but it was argued that the railway line decision was the underlying factor. I think that argument is difficult to sustain.

Clearly, GPT had identified it as a non-core asset and was looking for an exit strategy. The Government has helped UrbanGrowth NSW with that exit strategy. However, that is a matter of commercial risk and commercial decision-making. It is not a matter that should have required any form of public subsidy, either in cash or by amending regulations. One could draw the conclusion perhaps that this is a case of socialising losses that should have been a matter of commercial risk-taking.

The Hon. LYNDA VOLTZ: There are three different people with three different views, so I will have to switch and swap a bit. Dr Boyd, you have spoken about other options that were discouraged and examined. The major concern with regard to the railway line is the disconnect between one side of the city and the other side. Have options other than removing the heavy rail been examined and have any cost-benefit analyses been done?

Dr BOYD: Certainly not through this process. This has been an ongoing issue for 30 years or more. Consideration has been given in the past to putting road bridges over the railway line, to building above the railway stations, to making them shopping areas that people could access across the line, to putting in more level crossings so people can across the line, and to sinking the railway line and putting it into a tunnel. This process has only been about truncating the railway line.

Mr SUTTON: Can I add to that?

The Hon. LYNDA VOLTZ: Of course.

Mr SUTTON: I do not think that any of those options have ever been subjected to a cost-benefit analysis. They have never arrived at that point.

Dr BOYD: That is correct.

The Hon. LYNDA VOLTZ: Has anyone ever explained why no other options have been considered? Given how much tunnelling is going on in Sydney at the moment it would appear to be an option because you own the line already.

Dr BOYD: After 20 years on the Commuter Council of NSW, the simple answer is that this is Newcastle. It does not matter what we put up, it is all too hard because this is Newcastle. All we ever get is cast-off buses and cast-off trains. Thank goodness for the bicentenary or we would still have cast-off ferries.

The Hon. LYNDA VOLTZ: I refer to the development of the city and urban growth. There is a view that not allowing that access to both sides of the city creates a disincentive to build, particularly commercial properties, and jobs growth. How is the train line impacting on that? Why does the business council believe that it is impacting on the growth of the city?

Prof. DICK: Obviously I cannot answer for the business council, but there are always two issues with transport. Jan Gehl argues that transport and planning are two sides of the same coin. There are issues of accessibility and circulation. If the Hunter is to be a regional capital—as the vision suggests and I support that view—then clearly we have to be able to get people quickly and efficiently in and out of the city, whether from Maitland, further up the Hunter or down the Lake Macquarie-Central Coast line. That is the problem that is affected by truncation. It makes no sense in transport planning terms to develop a university and a new legal precinct and to have cultural facilities, the town hall and the city centre here at Civic and to pull the railway back down the line. That would have to be very well justified, and it has not been so far.

There is an issue of circulation and the lack of ease of crossing the line, and that needs to be resolved. I simply do not understand, and I am incredibly frustrated as a transport specialist, that these two problems cannot be solved simultaneously. We can have one but not the other. There are many ways of getting the best of both worlds without paying such a high a price. It really worries me for the future of the university campus, our cultural facilities, and business at this end of town—the smaller businesses. What will the future be if we make journeys significantly longer, as they will be, and also much less reliable? That is really the crunch. I appeal to everyone to reach a sensible consensus where we get the best of both worlds. Everyone is half right, at least, but we cannot settle these things on the basis of opinion. That would be my view.

Dr BOYD: From 2008 to 2012, I was a councillor on Newcastle City Council, I chaired the Transport Committee and I was on the Traffic Committee. So I had a picture of both infrastructure and services. When the development applications came up for the law court and when we were in discussions with the university about building in the inner-city, both of those projects were predicated on the assumption that the trains would be running and that people would alight at Civic. The law courts were approved by our council and the university was approved by the incoming council. However, they were both approved without any likelihood of the parking allocations meeting the council's requirements because the railway was across the road.

Mr DAVID SHOEBRIDGE: Thank you all for appearing before the Committee. I will ask my question to all three of you and you can each answer as you see fit. In the past week some documents have come to light showing that a master planning group meeting was held in Newcastle. I think it met at the then lord mayor's office. It included representatives from the council, UrbanGrowth NSW, the Hunter Development Corporation and also a private developer—the GPT Group. The group had regular meetings to consider the urban future of Newcastle. What observations do you have about those meetings happening behind closed doors involving State and local government representatives and also seemingly privileging a single private developer?

Mr SUTTON: I am happy to leap in on that one. I suppose it is a matter of what you consider to be reasonable standards of governance. This is a group of government agencies. I must say that I have some concerns about some of those government agencies, but at least that is what they are. They are sitting around a table talking about the future of the city. That is one thing. It is quite a different thing when a major retail corporation that is in partnership with one of those government agencies on a city site is given a ticket to the table to discuss the future of the entire city. That is quite a different thing. I think we are entitled to be outraged about that, and particularly so in the context of a reference

Documents that have come out of the call for papers reveal that an UrbanGrowth NSW representative observed there may be a risk of delays to the SEPP approvals process and that that might then result in delays to the development application. The document states that GPT was depending on UrbanGrowth NSW's connections with the Department of Planning and Environment to minimise those risks. That is code for, "We

are in partnership with you and you are a government agency. Go and see your other government agency mates and get this moved on quickly." That has to be a worry to anyone.

Dr BOYD: The Commuter Council of NSW had no inkling that these meetings were taking place. Unless the code of conduct for councillors has changed since I was a councillor, I think questions might need to be asked, although I believe the person involved is no longer a councillor. It raises that whole issue of whether this process is designed to ease the path of an earlier decision. It certainly is not a process designed to allay concerns or to improve public consultation about how a decision might be reached.

Prof. DICK: When I was working in Indonesia I discovered the acronym KKN, which stands for "corruption, collusion and nepotism". In my view this is collusion. The fact that it has been done in secret is most unfortunate. Things should not be done that way; it is not due process.

CHAIR: I would like to follow up a statement in your submission, Professor Dick. You state:

The forceful self-interested role of HDC [Hunter Development Corporation] and UrbanGrowth along with very aggressive developer lobbying are sufficient, combined with the destruction of checks and balances in decision-making structures to give rise to bad decisions.

You say that is the reason they want to cut the railway line on 26 December. What is the "forceful self-interested role of the HDC"? How does it benefit from these changes, or are the senior executives trying to improve profits to maintain their jobs or their bonuses?

Prof. DICK: I would like, perhaps as much as you would, to have a clear answer to that question. Clearly there is no problem with companies and big organisations having a firm view on these matters. However, when it comes to matters of public policy, it is surely for Government to ensure that a rigorous process is followed to determine the public interest. No matter how strongly views may be held, that is why we call for evidence-based decision-making and for the analysis process that leads to those outcomes to be publicly transparent. It is a valid suspicion and it is sometimes true.

Clearly, the process must be seamless where property is being bought and sold and the price is at issue because it will be affected by truncation. There are substantial landholdings at Wickham and there are assurances that the interchange will be seamless. It cannot possibly be seamless; in fact, the benefit for the landholders will be precisely through the frictions that are created. To hold custom at that point is what translates into high land values. The extra storeys, which happen after amendments to the height code, likewise increase market values. These are windfall gains. As for how bonuses are negotiated, I cannot say without inside knowledge.

CHAIR: I have one quick question that demonstrates how confusing this issue is. In your submission you say that it would be a great deal more sensible to truncate the railway at Woodville. That is a completely new ballgame.

Prof. DICK: The Hunter Independent Public Transport Inquiry, of which I was a member, considered the issue at length. We were firmly of the view that, while there was an argument to keep the line as it was and to improve it, there was also a good argument to develop a new inner-city multimodal interchange at Woodville. There were many good reasons to do that, including the greater potential for light rail and improved connectivity with roads and buses. We could see no public transport benefit in the intermediate case of a terminus at Wickham.

It is impossible to assess those other two options rigorously without proper studies being done, but we believe they should be done and, again, it should not be a matter of opinion as to which one you prefer. We would like the matter to be resolved by professional studies, which we believe is the only valid way to satisfy us here that good long-term decisions are being made. Let me add, the transport master plan for New South Wales is a fine document—I applaud the Government and the Minister for it—but, please, let it be applied to Newcastle.

The Hon. GREG PEARCE: The Committee has received a very broad range of evidence and material. We have heard allegations of dysfunction in the operation of the council, which have been referred to the Department of Local Government and hopefully will be dealt with there. We have heard allusions to some of the unfortunate and terribly wrong things that have been discovered at ICAC, and clearly ICAC is the place that will initially be dealing with those and then any other consequences following that. But I am concerned that the

Committee does not seem to be getting much help with something that Professor Dick commented on. He talked about massive failures of governance in the processes and that is actually the core of what this Committee is supposed to be reviewing. Professor Dick, would you please outline to the Committee the instances you are talking about so we can try to particularise what we are talking about and hone in on some of those things.

Prof. DICK: I appreciate the difficulty you are having. I have tried to set out as clearly as I can in paragraph five of my submission what I would identify as those weaknesses. I don't know whether I have time now to go through those five very quickly.

The Hon. GREG PEARCE: I would like you to because it is really the core of this Committee's inquiry and they are the questions we need to address.

Prof. DICK: Right.

The Hon. GREG PEARCE: A lot of this other stuff is all very interesting, and conspiracy theories are good and so on, but that is what the Committee is trying to address.

Prof. DICK: Then I shall do so as quickly as I can in the order in which they appear. Loss of in-house departmental expertise I think is a significant underlying long-term factor. The nature of the SES service where senior staff are on short-term contract, I think there is now a serious reluctance to give frank and fearless advice—not by all of those staff but by some certainly. Sub-paragraph (c) is a critical one for this inquiry: Undue influence of private vested interests that are able to secure inside access to Ministers. Now it is not a bad thing that they do and, of course, the Premier himself is now releasing details of those meetings. But there is no doubt that someone with a professional interest such as myself has a much harder time in getting that kind of access than someone who stands to make money out of a development. I think that is just a difficult issue for government to grapple with.

I am particularly concerned by sub-paragraph (d): Exercise by commercial statutory corporations such as UrbanGrowth and HDC of regulatory powers and insider influence. I do believe that UrbanGrowth is becoming a juggernaut in New South Wales and that is bringing back all the worse features of bad urban planning in the 1950s and 1960s. I think best practice urban planning today has learnt from those mistakes. I think it is in the interests of both government and opposition to bring UrbanGrowth under control so that the proper regulatory checks and balances are in place. The downgrading of the regional offices of the departments of Planning and Transport I think are particularly unfortunate because I think it is the role of those regional offices that is being usurped by UrbanGrowth and HDC.

Finally, I think the merger of planning and infrastructure into a single Department of Planning and Infrastructure—no Minister, however brilliant and however honest, can be the left hand and the right hand, the left ear and the right ear. I think let us have robust and independent processes and pull those departments apart. I think it would be a wonderful thing if the Baird Government would make a commitment to do that. I think it would really cut one of the Gordian knots in this whole problematic situation.

The Hon. GREG PEARCE: Mr Sutton, when were you on the council?

Mr SUTTON: 1991 to 1999.

The Hon. GREG PEARCE: Quite a while ago. You made a reference to the discussion of crossings.

Mr SUTTON: To the what?

The Hon. GREG PEARCE: Rail crossings, pedestrian crossings.

Mr SUTTON: Yes.

The Hon. GREG PEARCE: What document was that?

Mr SUTTON: A document that was prepared by Sinclair Knight Merz for the HDC. I think it was in 2001 that it was produced, so it goes back a way. It is not the first time that the issue of crossings across the existing rail line has come up. It was the first document I had ever seen that had actually recommended to HDC itself that they should pursue that option, but they never did.

The Hon. GREG PEARCE: I do not think we have seen that document.

Mr SUTTON: I have got a copy of that document and I am happy to provide it.

The Hon. GREG PEARCE: If you would, that would be great.

The Hon. GREG DONNELLY: Earlier on you spoke about other options that have not really been fully examined in terms of being able to—

The Hon. GREG PEARCE: It was Dr Boyd.

The Hon. GREG DONNELLY: Could you explain the actual real options from your past research and examination of the issue that could be examined in relation to the rail crossing?

Dr BOYD: As I stated before, there are no cost-benefit analyses for any of the proposals and that, of course, is the Achilles heel of putting up an alternative, but all of those proposals are engineeringly feasible.

The Hon. GREG DONNELLY: Could you run through the existing options as you understand them?

Dr BOYD: If you are thinking of the railway line as a barrier the most logical is to sink it into a tunnel; however, alternate suggestions have been to build road bridges over the railway line at certain points, to increase the number of pedestrian crossings across the railway line at certain points, and to build over Wickham and Civic stations so that the shopping sort of rises up over the stations and goes down on the other side if you like to think of it in those terms. But the most logical would be to sink the railway line east of Railway Street, which is west of Wickham station.

The Hon. GREG DONNELLY: Do either of you gentlemen wish to add to that issue?

Mr SUTTON: I suppose the only thing I would add is that there was an option presented from the very beginning of the debate about cutting the railway line, which was in the late 1980s, by the community—I think it was actually the Parks and Playgrounds Movement that presented it and I think the Committee will find that that option is still on its website. It was a very sensible option and it would cost very, very little—a fraction of the cost of the current proposal involves. It was a proposal to landscape the rail line, narrow it in certain places, and provide controlled pedestrian crossings across it. It has never been costed.

Prof. DICK: Can I make the brief observation that I grew up in Melbourne. I grew up from the time I was a boy crossing railway lines without even the control gates that are there nowadays; it was simply something you did. You were able to grow up in Melbourne with trams, and obviously the fact that I am here suggests that I have not been run over yet.

The Hon. GREG DONNELLY: If you did, you survived.

Prof. DICK: The technology is there now to have safe, controlled at-grade crossings. Best practice urban planning is to have crossings at grade, not to have underpasses or overpasses.

The Hon. GREG DONNELLY: Would you please repeat that?

Prof. DICK: Best practice urban planning is wherever possible to have at-grade crossing. In other words, there are always difficulties in people having to go up or down unless there are escalators and proper moving walkways. The technologies are there, the urban design expertise is there to be quite innovative in the way that this is done. It is much, much easier to do these things, as John Sutton has suggested, at the end of a railway line where you can slow trains down. You can have a happy train arriving at Newcastle slowing down and making the most of what is after all a rather wonderful experience as you come into Newcastle station.

I don't think there is any reason to argue with the chamber or anyone else that we can improve connectivity across the railway line. It can be done. Let us as a city sit down and work out what are the best ways we can do it, how much does it cost, and how does that stack up against other proposals such as a tunnel, such as the necessity let me say of a proper modern intercity rail terminal at the point where the three railway lines cross at Woodville Junction. That ought to be something that we can make a long-term commitment to.

I think there are a lot of things that we can do if, instead of trading opinions and insults, we just sat down together, which is why I would hope that the Government—I think there is not a lot to gain from a quick closure on 26 December. I think there is a lot of gain for the city, and for both sides of politics, if we could just take stock over the break for a few months I do not think that will be so traumatic for everybody. We know, and it is the experience around the world, that cities, communities that work together are far more successful with urban renewal than ones that are arguing with each other. I think we can do much better.

Mr DAVID SHOEBRIDGE: Professor you come with 35 years of experience as an economist looking at cities, regionalisation and urban development issues. What is your considered expert view of the quality of the cost-benefit analysis that was provided by the Hunter Development Corporation in March or so of 2009?

Prof. DICK: It is absolutely a shoddy piece of work that simply does not stand-up to scrutiny. I did submit my critique of it as appendix B to my submission. I don't think it actually was published with the submission but I would be happy to table that document now, if I have leave to do so.

Mr DAVID SHOEBRIDGE: I would appreciate that.

Prof. DICK: It is not only the matter of the status of the university; there are quite a number of other issues of distortions and omissions.

Mr DAVID SHOEBRIDGE: Feel free to summarise those, if you would.

Prof. DICK: False assumptions: the university one has been discussed. The net benefit of GPT's proposed development, now no longer proceeds so that item of benefit simply lapses altogether. The savings in travel time: there are no savings in travel time from truncation, quite the contrary. A new station at The Mall is a furphy. Saving vehicle transit times; and inflated cost of signalling. The Stewart Avenue overpass would be problematic—in fact, if truncation goes ahead we are likely to have more traffic congestion at Wickham. The contingencies are not built into it. The increase in travel time and the increased travel time for existing bus journeys; the cost of extra buses; and the increased congestion impact upon motorists and parking—they would be, very crudely as I have summarised them here, some of the problems that have to be done again in light of new circumstances. There is no way that the decision can be justified by the 2009 study.

CHAIR: Professor Dick, you said that you could think of no reason why the 26 December truncation should not be delayed. The Committee has received a letter from the Premier in answer to its request that the truncation be delayed to allow us to make our final report. The Premier said, "I am further advised the delay of the truncation beyond 26 December 2014 is estimated to cost a minimum of \$220,000 per week." Do you have an understanding of the justification for that cost?

Prof. DICK: I imagine that would be because of contracts entered into. But I do believe that the unanticipated costs, if you like, of premature truncation—it is not a minor point that we do not yet have the details of how interchange will occur in the interim or the long term. There is considerable confusion on both of those points. We do not yet know the final determination of the light rail route so the benefits are largely notional, the costs are still at this stage largely notional, so the point would be taken about costs of a deferral, but I think it is a case of repent at leisure.

The Premier has shown in the past a willingness to have an open mind when the facts are put before him. I think on balance there is a strong case for getting the best long-term outcome. I emphasise the point again, New South Wales has, for the first time, a long-term Transport Master Plan. It is a good document. It is unfortunate it does not apply to the Newcastle end of the line. But let us go back to that and take long-term transport planning and strategy, looking at the impacts upon the system as a whole and work on that basis. It is a sensible basis and I think that is what we should be doing.

(The witnesses withdrew)

ANGUS GORDON, Development Manager, GTP Group, sworn and examined:

CHAIR: Do you want to make an opening statement?

Mr GORDON: I do. As you know, I am the Development Manager at GPT, and I have been responsible for the Newcastle East End project since June 2013. I am appearing at this inquiry on behalf of the GPT Group and will be able to answer questions based on the terms of reference set out by the Committee. As you would be aware, GPT made a submission relating to the State Environmental Planning Policy Amendment Newcastle City Centre 2014, the Newcastle Urban Renewal Strategy and DA 2014/323 Newcastle East End Development. I was responsible for making these submissions for GPT.

By way of background the GPT Group, the oldest property trust in Australia, is an ASX550 property group which owns and manages assets across retail, office and logistic and business parks and undertakes selective development. Some of GPT's most notable assets in New South Wales include: the MLC Centre, Australia Square, Sydney; the recently expanded Wollongong Central Shopping Centre; and the award-winning Rouse Hill Town Centre. In total the group has assets under management of \$16 billion. It is worth noting that GPT has been recognised for its corporate responsibility and sustainability with the highest awards that a company can achieve. One of the most respected benchmarks for corporate responsibility that GPT has received is as a sector leader on the Dow Jones Sustainability Index.

The Committee would also be aware that GPT also owns a one-third stake in the Newcastle East End land holding, with the remaining two-thirds owned by UrbanGrowth NSW. UrbanGrowth NSW purchased a two-third stake in the landholding from GPT in 2012 for \$20 million. The purchase followed an open-marketing process. Since a scheme for the site was prepared in 2008-09 the market for retail and residential development in Newcastle has changed dramatically. This has resulted in the retail component of the scheme being reduced from 60,000 square metres down to somewhere between 15,000 to 25,000 square metres. This has placed a greater emphasis on the mix of land uses other than retail, in particular, residential which is considered a major driver for successful mixed use urban regeneration in city centres.

The arrangement between GPT and UrbanGrowth in 2012 lay the pathway for our submission to the Newcastle Urban Renewal Strategy [NURS] and the NURS SEPP guidelines for development on the site owned by GPT and UrbanGrowth NSW. GPT and UrbanGrowth NSW have continued to work on the concept Master Plan for the site, based on the aspirations and vision for the city centre, activation of the ground plan to drive a vibrant East End, consideration of view corridors to the Cathedral, commercially viable options and market forces. Key to these plans is the marketing of a site which will be developed through the injection of third-party capital. I am happy to answer any questions Committee members may have to the best of my ability, and I thank you for this opportunity.

The Hon. LYNDA VOLTZ: What was GPT's original vision for the site?

Mr GORDON: Our original vision for the site back prior to 2010 was to be a predominantly retail development of approximately 60,000 square metres.

The Hon. LYNDA VOLTZ: Did you purchase this site after you had already purchased the Charlestown site?

Mr GORDON: Yes, we were the original owners and developers of the Charlestown site, I think back in the 1970s.

The Hon. LYNDA VOLTZ: How many metres of retail is there on that site?

Mr GORDON: Up at Charlestown Square?

The Hon. LYNDA VOLTZ: Yes.

Mr GORDON: Approximately 80,000 square metres now.

The Hon. LYNDA VOLTZ: Now GPT has reduced the current proposal to 15,000 to 20,000 square metres of retail that it has put forward?

Mr GORDON: For Newcastle?

The Hon. LYNDA VOLTZ: You said you have reduced retail from 60,000 to 15,000 to 20,000 square metres?

Mr DAVID SHOEBRIDGE: For the East End.

Mr GORDON: For the Newcastle central business district project, yes, that is correct.

The Hon. LYNDA VOLTZ: The rest will be residential?

Mr GORDON: And some commercial space as well.

The Hon. LYNDA VOLTZ: Why is the truncation of the rail line so important to your development?

Mr GORDON: When we initially purchased the sites we undertook a number of elements of research, including our traditional or more common market research but in this case we also broadened that quite significantly to look at, I suppose, urban scale and what makes cities work. We commissioned a piece by the Hornery Institute that undertook quite a significant body of research for us to look at what really drives successful urban regeneration of city centres that are, maybe, not quite what they once were. When they undertook that piece one of the key items they identified from their perspective was that reconnecting the central business district back through to the waterfront was a key outcome to actually deliver that revitalisation back into Newcastle central business district.

The Hon. LYNDA VOLTZ: Why was that such an important thing?

Mr GORDON: I think if you look at Newcastle central business district there are two key factors at play. It is a very long and stretched out city which means, I suppose, you have a lot of frontage for a central business district to actually cover but then on the flip side it has got fantastic natural amenity on the beach and the harbour and to be cut off from one of your best assets, being your harbour and your waterfront, which is currently very difficult for cars, pedestrians and other uses to get to, we see as a key factor as to why it is not sustainable.

The Hon. LYNDA VOLTZ: Which part of the population did they identify as not being able to access the waterfront from the central business district where your development is?

Mr GORDON: They identified that there was a general restriction in how easy it was to transfer from one part of the city to the other.

The Hon. LYNDA VOLTZ: Did they say why people were transferring from one part to the other?

Mr GORDON: They identified that people were not transferring from one part of the city to the other and that was one of the reasons why the central business district was suffering.

The Hon. LYNDA VOLTZ: Was it the people living on the water, say, in the Honeysuckle development to come across to your side, or was it people from this side going across to that side?

Mr GORDON: General movement between both sides of the city by people who live and work there and also visit the city centre.

The Hon. LYNDA VOLTZ: It may be commercial-in-confidence but can you provide the Committee with a copy of that report?

Mr GORDON: I would be happy to provide the Committee with a copy of the Decay to Destination report—that would not be an issue.

CHAIR: Thank you.

The Hon. LYNDA VOLTZ: In regards to GPT, does it concern you that whenever the truncation of the rail line is raised, at the front and centre is your development?

Mr GORDON: We have always been on the public record saying that we supported the truncation of the heavy rail. I respect that not everyone would necessarily agree with that position but we are confident with the research we have undertaken and the drivers we have identified and we accept that some people would disagree with that, but that is our clearly stated position, and the reasons for it we believe are sound.

The Hon. LYNDA VOLTZ: To whom did you provide that report in government?

Mr GORDON: The Decay to Destination report? Look, I would have to take that question on notice because I am not sure but I would be happy to get back to you on that.

The Hon. LYNDA VOLTZ: Have you looked at the Hunter Development Corporation cost benefit analysis for the truncation of the rail line?

Mr GORDON: I have not done that, no.

The Hon. LYNDA VOLTZ: Is that set around the development of your site and the university. Did they ask you to provide any input to it?

Mr GORDON: My understanding is that piece of work was completed a number of years ago which was before my involvement on the project. Again I will take that on notice and get back to you but I do not have an answer for you at this stage.

The Hon. LYNDA VOLTZ: GPT already has the Charlestown retail site, which is a very large site and a very good shopping centre, I might say, as I go there. When you decided to buy the East End site what was your view on the retail outcome for the Newcastle region in terms of growth in the retail sector?

Mr GORDON: We made that decision to purchase Newcastle pre-GFC. Our research at the time indicated we thought we could provide an alternate retail offer that had a strong point of difference to what we provided at Charlestown, and that was the foundation of what literally made that investment into that site and looked to, I suppose, progress that particular scheme at that point in time.

The Hon. LYNDA VOLTZ: Given the change that you have now in regards to the major reduction of retail and the shift towards residential, do you think that your original report about the movement across the city to the waterfront still holds?

Mr GORDON: I think it still holds, definitely.

The Hon. LYNDA VOLTZ: Why?

Mr GORDON: If you look through the Decay to Destination report it is not just talking specifically about our site but the city as a whole. I think if you look at that from the city perspective it is still the right outcome for the city.

The Hon. LYNDA VOLTZ: I am trying to get my head around where people find a restriction to get across, as there are already crossings at different points.

Mr GORDON: I think a really good example is if you were to look at the submissions we have made to the Department of Planning where we put forward our proposition for additional height. There is a fantastic photograph in it of looking from the old market square that used to be on the site where it is today, looking down where the cross-over bridge currently is. It is a fantastic vista level which shows you how, I suppose, how easy it was to go from one part of the city to another. It is quite an engaging photo and I think it shows quite clearly the connection that is currently lost with the heavy rail going through the city centre.

Mr DAVID SHOEBRIDGE: Thank you, Mr Gordon, it is not the easiest audience and it is probably not the easiest set of questions, but I am impressed by your appearance here today.

Mr GORDON: That is okay.

Mr DAVID SHOEBRIDGE: How many meetings of the master planning group did GPT go to?

Mr GORDON: I went two meetings of the master plan meeting group. I do not know specifically how many other meetings GPT attended but I could take that on notice and get back to you.

Mr DAVID SHOEBRIDGE: Were you invited to all of them? GPT was an invitee, right?

Mr GORDON: That is correct.

Mr DAVID SHOEBRIDGE: Did you find it strange that you were there as a private property trust developer and the only private property trust developer with all these government agencies? Did you think that was peculiar?

Mr GORDON: No, I did not think it was peculiar.

Mr DAVID SHOEBRIDGE: Is that business as usual in New South Wales? You just have one developer sitting there at the table with other government agencies and local government authorities?

Mr GORDON: I think if you look at the Newcastle Urban Renewal Strategy document it identifies those three city blocks as a catalyst project for renewal in the city. I think if you look at urban regeneration in city projects around the world, and you look at best practice examples, it is not unusual to have collaboration between the private sector and the public sector. The master plan working group was simply a working group to try to ensure we had a coordinated response that was strategically looking at the key issues for regeneration.

Mr DAVID SHOEBRIDGE: So you as a single developer with one site, sat there to get a coordinated response from all the other government authorities—that has got to be in your commercial interests, does it not?

Mr GORDON: Our motivation was for the best outcomes for urban regeneration.

Mr DAVID SHOEBRIDGE: Mr Gordon, I am happy to accept that you might personally have that view but you are a for-profit corporation whose goal is to maximise the profit for your unit shareholders in the trust, and that must be your motivation when you are sitting at those meetings.

Mr GORDON: Our motivation is to provide a long-term return to our shareholders. Long-term returns for our shareholders are achieved by delivering communities that function really well and are vibrant and active. And that goes well beyond just what landholding we may have but the whole community in which we operate.

Mr DAVID SHOEBRIDGE: Do you think there might be other corporations who would have liked to have been at the table and getting the same opportunity to have this behind closed doors, one-to-one communication with the decision-makers?

Mr GORDON: I do not know exactly who had access to those meetings and whether other people were able to attend or not.

Mr DAVID SHOEBRIDGE: Could you provide to the Committee all of the invitations and the agendas that were sent to GPT?

Mr GORDON: I can take that on notice and get back to you, sure.

CHAIR: He was not running those meetings.

Mr DAVID SHOEBRIDGE: He can supply the documents that GPT has. The witness has said that he will take it on notice.

Mr GORDON: Yes, I will take it on notice. That is fine.

Mr DAVID SHOEBRIDGE: You see, Mr Gordon, it looks very much like you are getting privileged access to key decision-makers. Indeed if you look at your transaction with UrbanGrowth NSW, it looks like you were willing to cut a deal with UrbanGrowth. That is partly about the finance and the cost of the development

but also that you knew having UrbanGrowth, as a government authority within the planning department, was the best way of schmoozing, if I could say that, an outcome on the State environmental planning policies [SEPP]. You had the inside running because you had a conflicted Government authority in your corner ensuring that you got the best and most profitable outcome.

Mr GORDON: My apologies but I am not sure what the question is.

Mr DAVID SHOEBRIDGE: You chose UrbanGrowth as a partner because when you had UrbanGrowth as your partner you had a conflicted Government authority, in your corner, in the heart of the planning department pushing to maximise the returns for your site and theirs. That is why you chose UrbanGrowth, was it not?

Mr GORDON: As I said in my opening statement, we actually took the sites to market twice, in 2010 and 2011. We were unable to find a purchaser for that site. Subsequent to those two marketing campaigns, where we put the assets on the open market through CBRE, we entered into a partnership with UrbanGrowth. We worked with UrbanGrowth previously when they had been in the role of Landcom, and we think we delivered a fantastic outcome at Rouse Hill Town Centre. We do not think we have received any special treatment by being in partnership with UrbanGrowth.

Mr DAVID SHOEBRIDGE: Even the 16-day notification period on the SEPP that massively increased the yield on your site? Do you not think that is a particular benefit?

The Hon. GREG PEARCE: Mr Chair, I think Mr Shoebridge's time has finished; and the witness has already indicated that GPT did not receive any benefit.

Mr DAVID SHOEBRIDGE: There was a 16-day notification period on a SEPP that massively increased the return on your site. Do you not think that was a special benefit?

Mr GORDON: The period for notification decision was made by the department of planning not by UrbanGrowth.

CHAIR: Obviously your company was invited because of your major investment in the mall project, which was about \$600 million. Would that be right?

Mr GORDON: On completion it would have a value of somewhere between \$450 million and maybe \$600 million.

CHAIR: And that investment was not made in anticipation that the rail line would be removed or truncated at Wickham?

Mr GORDON: We have always been on the public record as saying that we think the removal and truncation of the rail line is a key outcome required for the revitalisation of the city centre.

CHAIR: You have obviously, as other members have said, worked very closely with UrbanGrowth and the Hunter Development Corporation. Were they the people who attended those meetings?

Mr GORDON: They were present at the master plan meetings; that is correct.

CHAIR: Did they raise at those meetings their commitment to ensure that the rail line was truncated at Wickham? Is that something that was discussed?

Mr GORDON: No commitments around the truncation of the rail line were discussed at those meetings.

Mr DAVID SHOEBRIDGE: You were not at all of those meetings though, Mr Gordon?

Mr GORDON: Well, that was not discussed at the ones I was at.

CHAIR: You may have had other representatives from your company at the other meetings?

Mr GORDON: I can take that on notice and get back to you.

CHAIR: So the invitation would go to you initially but you could delegate someone from your firm.

Mr GORDON: The meetings started before I took over the project in June 2013.

CHAIR: How long have you been with the company?

Mr GORDON: I have been with GPT since June 2010.

CHAIR: Have you always been based in Newcastle?

Mr GORDON: No, I was working in another capacity for a number of years—as one of our sustainability managers—and then transferred into a development management role.

CHAIR: Was your earlier role in Newcastle?

Mr GORDON: No, it was in our head office at the MLC Centre in Sydney.

CHAIR: So you are new to Newcastle as a city?

Mr GORDON: Yes, I am.

CHAIR: Do you now live in Newcastle?

Mr GORDON: No, I do not. I still live in Sydney.

Mr DAVID SHOEBRIDGE: There is nothing wrong with that, Mr Gordon.

The Hon. LYNDA VOLTZ: But Newcastle is nice too.

Mr GORDON: For the record, I did catch the train up today.

CHAIR: So it would be more convenient for you personally if the train continued to where it currently goes, would it not?

Mr GORDON: No, it would not.

CHAIR: It would save you having to get off the train at Wickham and catch the bus.

Mr GORDON: On that note, to catch the train here this morning I had to change trains at Chatswood. Changing transport modes is quite common throughout Sydney and around the world.

CHAIR: There is one other question at the back of my mind. You have the project at Charlestown and the one at the mall. So they are not competing with each other but rather complement each other, do they?

Mr GORDON: That has always been our intent, correct.

CHAIR: And that is working to the company's satisfaction?

Mr GORDON: At this stage the central business district [CBD] project is in a planning phase so it is not operational. But the intent is that it is a complementary offer.

The Hon. GREG PEARCE: Mr Gordon, thank you for coming along today. I can tell you from past experience myself that anything that does not kill you makes you stronger. There is obviously a lot of passion on both sides as to whether or not the truncation should occur. Just for the record, you have been very clear that it was always the contention of GPT, on the basis of the studies and expertise of GPT, that the truncation was the best option?

Mr GORDON: Yes, that is correct.

CORRECTED

The Hon. GREG PEARCE: And there are several reasons why GPT did not proceed with the development here, not only the global financial crisis but also the truncation issue?

Mr GORDON: That is correct. At the time Newcastle was not the only project we put on hold. We put Wollongong Central on hold. It is clearly on the record that the global financial crisis was a tough period not just for GPT but for most property trusts. I think if you look across the Australian market, and even the global market, you see that property trusts have reviewed some of their decisions over that interim period.

The Hon. GREG PEARCE: I assume that many of your unit holders are what we call "mum and dad investors" who are relying on the dividends payments from their investments?

Mr GORDON: That is correct.

The Hon. GREG PEARCE: And on the circumstances of the sale of the two-thirds site, there was no collusion of any description with UrbanGrowth or anybody else—you went to the market three times effectively to get a sale, did you not?

Mr GORDON: That is correct. As I said, we ran an open process through CBRE on two occasions to look for purchasers and find what the fair value or best price we could achieve for the site was at that point in time of the market cycle.

The Hon. GREG PEARCE: Notwithstanding The Greens interpretation, the fact is that GPT has been invited by the relevant Government departments, in a collaborative sort of way, to try to get the best outcomes for planning in Newcastle?

Mr GORDON: Absolutely.

Mr DAVID SHOEBRIDGE: Which Government departments invited you? You just agreed with the comments of Mr Pearce. Who invited you?

Mr GORDON: As you asked me earlier about the master planning meetings, I took that to be the context of the question.

The Hon. GREG PEARCE: Yes.

The Hon. LYNDA VOLTZ: I have one more question. If there had not been a Government announcement on the truncation of the rail line then why did GPT take the risk of buying the property?

Mr GORDON: Are you asking me about what happened back in 2007?

The Hon. LYNDA VOLTZ: The Labor Government never announced they were going to truncate the rail line. Why did your company take the risk of purchasing the property based on the truncation of the rail line?

Mr GORDON: I was not at GPT back in 2007. I would have to take that question on notice and get back to you.

CHAIR: Mr Gordon, thank you very much for appearing before our inquiry. You would gather that some of the audience do not agree with some of your decisions or policies. We thank you for coming, you could easily have said no. I appreciate you being here.

Mr GORDON: Thank you very much for having me.

(The witness withdrew)

(Luncheon adjournment)

(Committee proceeded to public hearing)