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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**

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At Sydney on Monday 24 November 2014

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The Committee met at 9.00 a.m.

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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

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CHAIR: Welcome, ladies and gentlemen, we will get our hearing underway. One of the Committee members has been delayed and will be here shortly. Welcome to the third and final hearing of the Select Committee's Inquiry into the Planning Process in Newcastle and the Broader Hunter Region. Before I commence, I acknowledge the Gadigal people who are the traditional custodians of this land. I also pay respect to the elders, past and present, of the Eora nation and extend that respect to any other Aboriginals who are present.

Today we will hear from a range of stakeholders, including the Department of Planning and Infrastructure, UrbanGrowth NSW and the Property Council of Australia. Before we commence, I will make some brief comments about the procedures for today's hearing. 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 issues raised by the inquiry's 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 a 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 from the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that they must take responsibility for what they 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 time frame, 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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CAROLYN McNALLY, Secretary, Department of Planning and Environment, sworn and examined:

BRENDAN O'BRIEN, Executive Director, Department of Planning and Environment, affirmed and examined:

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

Ms McNALLY: No, Chair.

Mr O'BRIEN: No, Chair.

Mr DAVID SHOEBRIDGE: For the record, I have a communication from Ms Voltz. For the public's awareness, she had to go to hospital last night. She is running a little late today, but she will be here. She gives her apologies for running late.

CHAIR: Thank you.

The Hon. GREG DONNELLY: Thank you for making yourselves available today. I take you to submission No. 253, which is the Government's submission. As you would be aware, we have had inquiry meetings in Newcastle. There has been a lot of concern expressed at those hearings about the decision to terminate the rail line at Wickham. In particular, it has been alleged by a number of people who have given evidence on this particular matter that in regard to the consultations that have taken place on various occasions, it was put by the facilitator of the workshop or group to people present at the meeting that questions could be raised and spoken about on various options but not the issue whether or not the truncation at Wickham would or would not take place because that was essentially a settled matter. In other words, the line was going to be truncated at Wickham and all that could be discussed were matters other than that.

The Hon. CATHERINE CUSACK: And eventually he asked a question.

The Hon. GREG DONNELLY: What do you say about these consultations that have taken place in Newcastle regarding the question of the termination of the rail line at Wickham that all matters could be discussed except the issue about whether or not the termination would take place at Wickham?

Ms McNALLY: The Department of Planning and Environment did not lead those consultations, so the terms of reference for those consultations was not something within our remit. I cannot really comment on how they were run, or the approach taken. The consultations, as I understand, were to focus on options. That was the remit those officers probably would have been given. In regards to the actual consultations, they were not conducted by the Department of Planning and Environment.

The Hon. GREG DONNELLY: Were you informed about the outcome of those consultations in respect of the preparation of your submission?

Ms McNALLY: In respect of what kind of outcome?

The Hon. GREG DONNELLY: I am asking if you were informed by those who conducted the consultations of the outcomes.

Ms McNALLY: We were aware the consultations took place. There was a range of discussions and route options that were discussed. I am not really sure what you are getting at in respect of—

The Hon. GREG DONNELLY: In your submission at point six you mention the nature of those consultations and the outcome of those consultations regarding the decision to terminate the rail line at Wickham and any proposal to construct light rail. You obviously relied on what you were told was the outcome of those consultations. Is that correct?

Ms McNALLY: That is correct.

The Hon. GREG DONNELLY: Yes. Did you just accept on face value what you were told about how those consultations were conducted and what the outcomes were?

CORRECTED

Ms McNALLY: We were provided information from a range of agencies and we took that information as accurate.

The Hon. GREG DONNELLY: What agencies provided you with that information?

Ms McNALLY: We provided information—

The Hon. GREG DONNELLY: No, which agencies provided you with information about the consultations?

Ms McNALLY: UrbanGrowth.

The Hon. GREG DONNELLY: Would you elucidate on that? What were you told?

Ms McNALLY: I was not specifically told anything—me personally.

The Hon. GREG DONNELLY: Let me put it this way. You have made a submission. The submission has a chapter six which deals with the decisions to terminate the rail line at Wickham and contains a table with various comments and detail. The question is who provided you with that information?

Ms McNALLY: The relevant agency under the heading that is provided there.

The Hon. GREG DONNELLY: And you took on face value the details provided to you?

Ms McNALLY: That is correct.

The Hon. GREG DONNELLY: Did you ask any questions about the nature of the consultations or how they were done, or you just accepted holus bolus what you were provided?

Ms McNALLY: Well, in Government there is a long process where information is provided and the discussions take place for a period of time. We basically asked agencies to make sure this was accurate. We basically accepted their verification that this information was accurate.

The Hon. GREG DONNELLY: You just accepted faithfully what you were told by the agencies about the bona fides of those consultations and the way in which they were conducted. Is that right?

Ms McNALLY: That is correct.

The Hon. GREG DONNELLY: You asked no further questions about how it was conducted or the nature of the questions and how they were posed at those meetings?

Ms McNALLY: No, we did not ask that specific level of detail.

The Hon. GREG DONNELLY: In respect of the options that were put to people at those meetings with respect to the consultation over the Wickham truncation, did you ask any questions about those options that were put to people and how they were discussed or, once again, that was not discussed between you and the relevant agency?

Ms McNALLY: I was aware of the options that were being discussed during the course of the process.

The Hon. GREG DONNELLY: What options were they?

Ms McNALLY: There was an option to put the rail line down the corridor, another one to put it down Hunter Street and there was a hybrid option; it was a combination of both.

The Hon. GREG DONNELLY: What about the option of in fact not ceasing the train line service at Wickham and to continue it to Civic? In other words, to retain the line as it presently is. Was that put as an option for discussion?

Ms McNALLY: Not that I am aware of.

The Hon. GREG DONNELLY: Did it exercise your mind that that was quite unusual, that in fact a very explicit option, which is to retain the present service, was not put on the table and discussed with people at consultation meetings?

Ms McNALLY: I understand that matter has been consulted on prior to that. The Government had taken a decision at that time to truncate the rail line and to put in light rail, and that that meeting was specifically about which options would meet that particular decision.

The Hon. GREG DONNELLY: To make this clear to everyone, your evidence is that there was a series of meetings about the truncation.

Ms McNALLY: That is correct.

The Hon. GREG DONNELLY: It was not about whether or not the current service could continue. Rather, it was predicated on the fact that the service would be terminated at Wickham and the meeting was held to discuss other options. Is that your understanding?

Ms McNALLY: That is correct.

The Hon. GREG DONNELLY: Can you tell the Committee, as best you possibly can, when you understand the Government decided to terminate the service at Wickham—on what precise date or what time was that decided?

Ms McNALLY: I do not know whether I have that date specifically.

Mr O'BRIEN: The decision to terminate was made in 2012—the same day that the government strategy was announced.

The Hon. GREG DONNELLY: Can you repeat that evidence so that we are very clear on this? When was a decision made to terminate the line?

Mr O'BRIEN: I do not know when the decision was made. However, it was made by Government and I know that it was announced on the same day that the urban renewal strategy was announced in 2012.

The Hon. GREG DONNELLY: Do you have that information?

Mr O'BRIEN: It is in the submission.

Ms McNALLY: The light rail was announced in the budget in May 2013.

The Hon. GREG DONNELLY: Is that announcement in the budget taken to be the date when the Government announced it?

Mr O'BRIEN: The Newcastle Urban Renewal Strategy exhibition and the rail truncation were announced in December 2012.

The Hon. GREG DONNELLY: Right. Does it cause you any concern whatsoever that what was publicly advertised and announced to the community in Newcastle about the truncation of the rail service for public discussion and consultation gave people in the community an understanding that this was going to be an opportunity to consult about the future of the railway line? Does it also cause you any concern that on that pretext people were invited to these various meetings only to find out when they arrived that they could not discuss that matter because it was off the table?

Ms McNALLY: UrbanGrowth NSW organised those meetings. It would be best to direct questions to UrbanGrowth NSW about the terms, how the meetings were advertised and the information provided.

Mr O'BRIEN: Or if the meetings were organised by Transport for NSW.

The Hon. GREG DONNELLY: I beg your pardon.

CORRECTED

Mr O'BRIEN: If the meetings that you referred to were pre-2012, they were organised by Transport for NSW.

The Hon. GREG DONNELLY: Okay.

Mr DAVID SHOEBRIDGE: Thank you for appearing before the Committee. I refer to the oversight of the Hunter Development Corporation. How does it fit within your department?

Ms McNALLY: It was set up under the Growth Centres (Development Corporations) Act. The employees of the department are employees under the Government Sector Employment Act.

Mr DAVID SHOEBRIDGE: The employees of the development corporation?

Ms McNALLY: That is correct.

Mr DAVID SHOEBRIDGE: So they are your department's employees?

Ms McNALLY: That is correct.

Mr DAVID SHOEBRIDGE: Does that include the general manager?

Ms McNALLY: That is correct, and the secretary sits on the board of the Hunter Development Corporation.

Mr DAVID SHOEBRIDGE: So you are currently on the board of the Hunter Development Corporation?

Ms McNALLY: That is correct.

Mr DAVID SHOEBRIDGE: How long have you been a member of the board?

Ms McNALLY: I was permanently appointed to this job on 28 July. So I have been permanently on the board for the August, September, October and November meetings.

Mr DAVID SHOEBRIDGE: Did Mr Hawes attend those meetings?

Ms McNALLY: Yes.

Mr DAVID SHOEBRIDGE: In what capacity?

Ms McNALLY: As the general manager of the Hunter Development Corporation.

Mr DAVID SHOEBRIDGE: Did you discuss matters relating to Newcastle's urban renewal at those meetings?

Ms McNALLY: We did.

Mr DAVID SHOEBRIDGE: Did you discuss the truncation of the railway line?

Ms McNALLY: We discussed the timing of the truncation of the railway line.

Mr DAVID SHOEBRIDGE: So that is a "yes".

Ms McNALLY: Yes.

Mr DAVID SHOEBRIDGE: Did you discuss actions to ensure that it progressed?

Ms McNALLY: I did not attend the August meeting; one of my officers attended that meeting. The first meeting I attended was the September meeting. The members of the board were seeking an update on

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UrbanGrowth NSW's progress in relation to urban renewal activities, including the truncation of the railway line. The board was concerned to ensure that it had clear information about current progress.

Mr DAVID SHOEBRIDGE: Did Mr Hawes declare a conflict of interest at that meeting because he owned property at Wickham railway station where the railway line will be truncated?

Ms McNALLY: Not that I recall.

Mr DAVID SHOEBRIDGE: Do you believe he should have?

Ms McNALLY: We were not in a position to make any formal decisions at that meeting. The Hunter Development Corporation does not have a decision-making role in regard to the truncation of the railway line or to urban renewal activities. That meeting was more about provision of information rather than any formal decisions, recommendations or provision of any advice to anyone. It was seeking an update on activity.

Mr DAVID SHOEBRIDGE: That was on the board's agenda?

Ms McNALLY: That is correct.

Mr DAVID SHOEBRIDGE: The general manager was there. He owns property at Wickham railway station and he did not declare a conflict of interest, and you think that is okay?

Ms McNALLY: The issue of conflict and the issue of interest really need to be considered in terms of the fact that he had declared he had an interest.

Mr DAVID SHOEBRIDGE: Did you know that at that meeting?

Ms McNALLY: We were not making any decisions at that particular meeting. We were not formulating any advice to the Government or to anyone else. He was simply asked to provide an update of his understanding of the progress.

Mr DAVID SHOEBRIDGE: So Mr Hawes was providing information; he was giving an update?

Ms McNALLY: That is correct.

Mr DAVID SHOEBRIDGE: He was the core figure giving you, as the secretary, information about this?

Ms McNALLY: Mr Evans provided some information and I had some information. It was really a general discussion about the progress of the urban revitalisation activities.

Mr DAVID SHOEBRIDGE: When Mr Hawes was giving you as the secretary of the department an update about these matters, were you aware that he owned properties at the centre of the proposed project?

Ms McNALLY: I became aware that he did; I am not clear that I was aware at that first meeting, no.

Mr DAVID SHOEBRIDGE: I ask you again: Were you aware when he was sitting there briefing you as the secretary of the department that he owned properties at the centre of the project?

Ms McNALLY: I am not clear that I was aware at that first meeting. I have become aware since then.

Mr DAVID SHOEBRIDGE: Ms McNally, you keep saying that you are not clear. I am asking you for your recollection. Were you aware or were you not aware?

Ms McNALLY: I do not recall that I was aware at that time.

Mr DAVID SHOEBRIDGE: Does that mean you were not aware and you were not told?

Ms McNALLY: That would be correct.

CORRECTED

Mr DAVID SHOEBRIDGE: It took a long time to get there. It would be easier if you simply answered the questions clearly and succinctly.

Ms McNALLY: I am trying to ensure that people understand that there was no formal process at that Hunter Development Corporation meeting that I attended. I do not know the specific date on which I became aware of Mr Hawes' interest. As far as I can recall, I do not believe I was aware at that meeting.

Mr DAVID SHOEBRIDGE: When did you become aware of Mr Hawes' interest, as you say?

Ms McNALLY: Some time in the last three months; probably before four or five weeks ago. I do not have a specific date in mind.

Mr DAVID SHOEBRIDGE: Can you provide the specific date on notice and the way in which you became aware of his conflict of interest?

Ms McNALLY: I can, yes.

CHAIR: Thank you again for appearing before the Committee. Are you aware of the letter that the Premier of New South Wales sent to the Committee in response to a request to postpone the truncation of the line?

Ms McNALLY: No, I am not aware of that letter.

Mr DAVID SHOEBRIDGE: I think it was given to us on the twenty-first.

Ms McNALLY: Was it dated 21 November?

CHAIR: Yes. The letter is a response to the Committee's request to delay the truncation of the line to allow further consideration. The Premier states:

I am further advised that the delay in truncating beyond 26 December 2014 is estimated to cost a minimum of \$220,000 per week.

Do you know what those costs would be?

Ms McNALLY: Not specifically. However, they may relate to the work being undertaken by Transport for NSW and by UrbanGrowth NSW. I do not have that level of detail with me. The Department of Planning and Environment is not involved in the detailed project work; we are not leading that work, we are taking more a planning approvals role. I do not have that information with me.

CHAIR: Can you provide an answer to that question on notice?

Ms McNALLY: I think that question probably—

CHAIR: That is a large cost to the Government per week.

Ms McNALLY: I think that question is probably better directed to Transport for NSW or UrbanGrowth NSW. I would have to obtain the information from them, so it is best directed to those agencies. It is not my role to provide information from those agencies.

The Hon. GREG DONNELLY: The New South Wales Government submission on your—

The Hon. CATHERINE CUSACK: Ms McNally is assisting us. We should simply write to the Premier and ask for the detail. That is easy.

Mr DAVID SHOEBRIDGE: It is an important question.

The Hon. CATHERINE CUSACK: It is, but we should write to the Premier asking for details.

CHAIR: I would like to continue asking my questions.

Ms McNALLY: I understood that I was appearing today in my capacity as the secretary of the Department of Planning and Environment. I was not aware that I was here representing the Government as a whole. I am happy to take any questions about the role of our department and the matters in which I am involved. That matter should be directed to the relevant agencies that have the funding, and that does not include the Department of Planning and Environment.

CHAIR: Your submission No. 253 is from the New South Wales Government.

Ms McNALLY: We sought information from those agencies.

CHAIR: Do you have any suggestions for the Committee about what those costs might be?

Ms McNALLY: No, not at all.

CHAIR: Do you have any idea of the time line for the light rail?

Ms McNALLY: I understand that the light rail project is continuing and the truncation will occur at around the end of this year or early next year.

CHAIR: The light rail construction will start—

Ms McNALLY: After that. They have to truncate the railway line before they can commence the light rail. However, Transport for NSW would be doing a lot of work around the detailed planning for that. It would be doing a lot of engineering analysis and bus service planning. It would also be determining how to move people in and out of the central business district. A number of experts would be working on those aspects of delivering services following the truncation of the railway line.

CHAIR: Do you think it would have been better to have done all that preparation before actually truncating the line on Boxing Day?

Ms McNALLY: If you are going to truncate the railway line, you need to have clarity about what services you will put in place. That work needs to be done. It would be very hard to do that work without a decision to truncate the railway line because you would be spending all that money without knowing the end point. Does that make sense?

CHAIR: Yes. But my point is that the truncation of the railway line itself could be delayed while all that work was being done in preparation.

Ms McNALLY: I think that work has been going on for a number of months since the decision was made. That work has been occurring so that they are ready when they truncate the railway line to move immediately to put the other services in place.

CHAIR: You just said that they are doing preparation on bus timetables and other things.

Ms McNALLY: They have been for the last number of months so that they are ready on the date of the truncation.

CHAIR: Do you have a time line for when physical construction will start on the light rail? When will it be operating for passengers?

Ms McNALLY: No, I do not have that information.

CHAIR: Just approximately—it is one year, five years, 10 years or 20 years away?

Ms McNALLY: I would have to check that with Transport for NSW.

CHAIR: Please take that question on notice.

Ms McNALLY: Yes.

The Hon. GREG PEARCE: We have heard many conspiracy theories and complaints from a minority of councillors so far in this hearing, but there is one issue that needs some explanation from your agency. I refer to the short time frame for the advertising of the draft State Environmental Planning Policy Amendment (Newcastle City Centre) 2014. The Committee has heard repeatedly that the exhibition period was two weeks and some of the councillors claim they were not given an opportunity as a council to respond. Anyone hearing glibly the complaint that it was a very significant rezoning where the Government owned or had a two-thirds ownership of some of the most affected properties would say on the face of it that a two-week exhibition period sounded a little unusual. Can you take us through the process and the reasons for that?

Ms McNALLY: I will have Mr O'Brien take us through that.

Mr O'BRIEN: Yes, it was a very important strategy in the SEPP amendment. The SEPP amendments relate to the entire strategy. Those strategies and proposed potential amendments were exhibited twice. They were first exhibited in 2013—14 December 2012 to 19 April 2013. That was a four-month exhibition period so that was unusual too because it was very long.

The Hon. GREG PEARCE: They were the strategies that were ultimately adopted?

Mr O'BRIEN: The bulk of it was ultimately adopted. So that was the first document, 2012 and associated amendments, and that covered the entire city centre. In response to that consultation period there were some submissions made, in particular about the University of Newcastle and the UrbanGrowth GPT site. Both those proponents made submissions, which we considered, and to put that into effect we decided it was important to re-exhibit for a second time—that is the period to which you refer. That exhibition period was in March 2014 and that was 16 or 17 days.

Mr DAVID SHOEBRIDGE: Sixteen.

Mr O'BRIEN: That was put out for public consultation. Again, those amendments were just portions of the overall strategy. That exhibition viewing closed but we continued to receive submissions for another three months post that. So whilst it was a short exhibition period we continued to receive submissions for three months and we considered all of those submissions in our finalisation report.

The Hon. GREG PEARCE: Did you make it publicly known that you were continuing to receive submissions?

Mr O'BRIEN: Yes, if people rang up and asked to make a submission.

Mr DAVID SHOEBRIDGE: A phone call from an individual is not "publicly known".

The Hon. GREG PEARCE: But there was no public advertising or anything that it would continue?

Mr O'BRIEN: No, but we continued to receive the submissions and analyse them.

The Hon. GREG PEARCE: Can you take the Committee through precisely what amendments were made from what was exhibited in 2012 and what was adopted in 2014?

Mr O'BRIEN: What was adopted in 2014 applied to the entire city centre, so much of what was adopted applied to the 2012 proposals. What was different between 2012 and 2014—if that is what you are asking?

The Hon. GREG PEARCE: Yes.

Mr O'BRIEN: Primarily the two most significant changes related to the university site and the UrbanGrowth GPT site. The university site floor space ratio [FSR] was increased from 4:1 to 5:1, and on the UrbanGrowth GPT site there were significant changes in height associated with that site to allow them to better proportion the FSR that was ascribed to it.

The Hon. GREG PEARCE: Just take us through the detail because this is really the nub of many of the complaints.

Mr O'BRIEN: Sure.

The Hon. GREG PEARCE: On the UrbanGrowth GPT site have you said the height was increased to allow better usage of the FSR. So the FSR itself was not increased?

Mr O'BRIEN: The way in which we ascribed the FSR from 2012 to 2014 was not exactly the same. So it is a case of apples and oranges but it essentially was comparative.

The Hon. GREG PEARCE: Was it red apples and green apples or was it apples and oranges?

Mr O'BRIEN: Red apples and green apples. It was comparatively the same FSR across the entirety of the site.

The Hon. GREG PEARCE: Can you give me the ratio?

Mr O'BRIEN: The ratio was 4:1.

The Hon. GREG PEARCE: So it stayed 4:1?

Mr O'BRIEN: And the height—

The Hon. GREG PEARCE: Was that a yes that it stayed at 4:1?

Mr O'BRIEN: Yes.

The Hon. GREG PEARCE: And the height went from what?

Mr O'BRIEN: There was a range of heights, so the street wall height increased up to 24 metres, 18 to 24 metres.

The Hon. GREG PEARCE: So it went up from 18 to 24 metres.

Mr O'BRIEN: No, the heights in the original submission were 20 metres and it went up to 27 metres. Then there are three towers associated with that site, the tallest of which was proposed to be 65 metres.

The Hon. GREG PEARCE: That was not included in the original 2012 exhibition?

Mr O'BRIEN: Correct.

The Hon. GREG PEARCE: Who actually approved the exhibition period? Who in the department approved the 14- and 16-day exhibition?

Mr O'BRIEN: It would have been signed off by the director general at the time.

The Hon. GREG PEARCE: It would have been the director general?

Mr O'BRIEN: Yes, I believe so.

The Hon. GREG PEARCE: Can you check that for us?

Mr O'BRIEN: I can take that on notice, yes.

The Hon. GREG PEARCE: With hindsight, do you think that there might have been some legitimate questions raised when you have got this very significant change taking place right in the centre of Newcastle and the Government is two-thirds owner of the sites that are affected with additional heights? Do you think that is a very good look in terms of transparency and community opportunity to comment?

Mr O'BRIEN: I think the amendments proposed in the second exhibition were significant, and that is why we put them on exhibition, but I do not believe they were complex to understand. I think people had appropriate time to form a view and make a submission on that, and we received many submissions at the time.

I think on the matter of height people make their point of view very quickly as to whether they are for or against. At the time we went to exhibition there was a lot of publicity so it was well known that these amendments were out for comment.

The Hon. GREG PEARCE: Perhaps another way of putting it is that there was a lot of publicity or it might have been a lot of controversy. Ms McNally, I know you were not engaged at the time but you are now the director general. In the same circumstances do you think that 16 days exhibition for those changes would have been sufficient? I know it is a hypothetical question but it is important that the community has an understanding of how the departments operate.

Ms McNALLY: I cannot comment about what happened at the time. My understanding is that a lot of people did take the time to put in submissions and given that they took that time it seemed to be reasonable. The way I operate is to try and understand the issues for each particular proposal that comes before me. So without sort of sitting there and going through that in detail I would be hesitant to form a view. I have been in the job for three months and I have learnt that there are clearly concerns in the community about a range of things. Every proposal I am involved with seems to have a high level of interest. I have set up what I call a community and stakeholder engagement division in the department since I have joined and the remit of that group is to provide me with advice about how we can better engage with the community on a wide range of issues. That group has now been formed and reports directly to me. So I am hearing it generally on a range of things whether it is Newcastle or other things that the community wants to be engaged in throughout the process. So I would take advice from the officers with the expertise, based on their involvement in the project, the complexity by which the issues need to be considered and so on.

The Hon. LYNDA VOLTZ: I apologise both for being late and in case I should ask you a question that you have already been asked. Mr O'Brien, can you explain what you meant when you said that the height increase was for a better use of floor space ratio?

Mr O'BRIEN: The proposal was to include more residential and when you have a residential floor plate you obviously cannot have it as bulky or as large as, say, a commercial floor plate. There are certain guidelines that apply to the design of residential buildings such as SEPP 65. That means to get a sustainable and liveable residential floor plate it typically gets squeezed up into what would be like a tower, as opposed to a larger, flatter commercial building.

The Hon. LYNDA VOLTZ: How many residential were envisaged in the original proposal and how many after the amendment?

Mr O'BRIEN: From whose point of view? From UrbanGrowth's point of view?

The Hon. LYNDA VOLTZ: Yes, from the developer.

Mr O'BRIEN: The first exhibition put out the floor space maps and the height maps. UrbanGrowth GPT made a submission in response to that community consultation to say that it was not achievable to do what they were looking to do with the way in which we put the FSR maps and height maps together. So we took that on board; they made a series of submissions and we analysed that.

The Hon. LYNDA VOLTZ: But you are saying that the better use of FSR actually related to a shift towards residential. So I am assuming that the original intention was largely commercial and retail?

Mr O'BRIEN: I do not know what the original intent of UrbanGrowth or GPT was but our floor space ratio maps and height maps in this part of the city are for a mix of uses, so we are trying to encourage a mix of uses on the site.

The Hon. LYNDA VOLTZ: GPT has informed the Committee that they propose 500 residential units on that site. Given that you are looking at the planning yield and a lot of the work in Newcastle is built around development in the west end, how will 500 residential units at the east end affect the west end's capacity? Will there be an oversupply of residential apartments in the market? Do you see putting that in the east end as appropriate? Will it impact on what people are going to do to the west end?

CORRECTED

Mr O'BRIEN: I cannot comment on oversupply, that is a matter for a valuer. But what I can say is that the urban renewal strategy aims to get more people living across the city centre of Newcastle to increase the viability, the integrity, the housing mix and affordability of the city centre.

The Hon. LYNDA VOLTZ: I understand that, but there is a view that the west end needs development and that is the end of Newcastle where people are expecting development. Will this change to put 500 residential at the east end impact on the west end? As the planning guys you must look at this.

Mr O'BRIEN: That was not a change. The strategy has always been clear that we want development across the entirety of the city centre and the west end was focused on commercial space and increasing floor space for jobs. We want residential living across the city centre and the east end is part of that.

The Hon. LYNDA VOLTZ: So it is carte blanche. So what is your projected population growth in the Newcastle CBD?

Mr O'BRIEN: Six thousand dwellings, 10,000 jobs.

The Hon. LYNDA VOLTZ: Over what period?

Mr O'BRIEN: I believe it was a 20-year strategy.

The Hon. LYNDA VOLTZ: And you do not have any view as to whether it should be west end or east end?

Mr O'BRIEN: No, the strategy is clear. It focuses on the CBD moving to the west end. It also says that the east end is to be a retail hub, including residential, and there is obviously the Civic end. So the strategy sort of identifies the three nodes across the city.

The Hon. LYNDA VOLTZ: Would you agree that a change from 20 metres to 65 metres is a significant height change?

Mr O'BRIEN: Yes.

The Hon. LYNDA VOLTZ: How many of the submissions you received supported that height increase?

Mr O'BRIEN: I will have to take that question on notice. I doubt that there were any submissions that particularly focused on support of the height. Many submissions would have supported the development and the increase in vitality in the area, but then many submissions opposed the height.

The Hon. LYNDA VOLTZ: So the majority of submissions opposed that height increase?

Mr O'BRIEN: The majority of the submissions received for the second exhibition period opposed the height.

The Hon. LYNDA VOLTZ: So how does that translate to be a better use of FSR? I am interested to know, if there is not general support for increasing from 20 metres to 65 metres, how does planning work community concerns into that?

Mr O'BRIEN: There are two parts to that question. The strategy is very clear about trying to encourage development at the UrbanGrowth GPT site to which you refer and getting the retail uses back into that area, plus some residential. So the strategy absolutely supports the uses on the site. The second part of your question is: how did we take the community's views into consideration? Well, we did. The views expressed concerned height, views and heritage impacts particularly on the cathedral and that is why we made the recommendation to reduce the height of the tallest tower to make sure that it did not exceed the parapet of the nave of the cathedral.

The Hon. LYNDA VOLTZ: You did not reduce it, you increased it.

Mr O'BRIEN: We reduced it from what was on exhibition, taking into consideration—

The Hon. LYNDA VOLTZ: What was on exhibition?

Mr O'BRIEN: What was on exhibition were RL heights. We used RL heights and so it was about the equivalent to a 20-storey tower.

The Hon. LYNDA VOLTZ: Which is how many metres?

Mr O'BRIEN: I have not been working off metres.

CHAIR: How many floors?

The Hon. LYNDA VOLTZ: Have you ever seen a development application that does not go for the highest possible outcome because everyone knows you put in the impossible and then you can say you have reduced it?

Ms McNALLY: I do not really think we can speculate.

Mr O'BRIEN: This is an urban renewal strategy.

The Hon. LYNDA VOLTZ: Has the Government decided on the route of the light rail line?

Ms McNALLY: I think it has, yes.

The Hon. LYNDA VOLTZ: What prohibits work being completed on the light rail line, if it is not using the existing rail line, and being undertaken at some point before you truncate the line?

Ms McNALLY: What was the first part of the question?

The Hon. LYNDA VOLTZ: If the option is to go down Hunter Street what prohibits work starting on the light rail now before you truncate the line, given it is not using the existing rail line?

Ms McNALLY: Basically you would need to talk to the transport department about what its proposal and methodology is but typically what happens is that you make a decision about what route you are going to undertake then you have to go out and contract your various people to do the various bits of work. I would have to speculate in terms of they would be seeking to contract the whole lot in one go, and be clear about their time frames. So not being part of the transport department I have not had detailed information, it is hard for me to be clear, but typically you do not go out in a piecemeal fashion for something like this, you go out in a holistic way.

The Hon. LYNDA VOLTZ: I am referring to that holistic way. I apologise for asking transport questions but the Department of Transport did not appear before the Committee so it is a bit of tag-you-are-it for the Government, I am afraid. If I want to do something and I want the community to see a seamless transfer, I would undertake the work so they were clear about what they were going to get. I would have thought in planning it is very important to know where your transport nodes are going to be because you would want to build your growth around those nodes, and undertake that work so the community had surety on it before you actually truncate the line. At the moment we are getting a truncation of the line with a maybe in five years we will build the light rail as opposed to saying, "We are beginning work on the light rail" so when the line is truncated you might get a 12-month lag but the community can see that you are building the light rail given that you are not using the existing rail line.

Ms McNALLY: It is quite complex to put in a new rail line, whether it is a light or heavy rail line. As you have seen, those people who are aware of work that is happening in the central business district, you need to undertake a lot of investigations about relocation of utilities, impact on various businesses around stops and so on. So often the most difficult and longest part of a project is doing that detailed investigation up-front. So truncating the rail line really allows them to get on and do that work holistically. It raises questions that may be best directed to UrbanGrowth who are working more closely with transport than the Department of Planning and Environment did.

Mr DAVID SHOEBRIDGE: Ms McNally, Mr Hawes is an employee of your department, correct?

CORRECTED

Ms McNALLY: That is correct.

Mr DAVID SHOEBRIDGE: Was your department advised about his ownership of the property at Wickham at the time that he was engaged by your department?

Ms McNALLY: Yes.

Mr DAVID SHOEBRIDGE: Who advised you?

Ms McNALLY: He basically completed a conflict of interest declaration in 2011.

Mr DAVID SHOEBRIDGE: Who in your department analysed that conflict of interest and thought it was appropriate that somebody who owns two properties right at the point where it is proposed to truncate the railway line was an appropriate employee and general manager for the Hunter Development Corporation? Who formed the view about that?

Ms McNALLY: That would be the director general of the day.

Mr DAVID SHOEBRIDGE: Could you please provide to this Committee the paperwork that shows how that conflict of interest was reviewed and considered by the director general?

Ms McNALLY: I can.

Mr DAVID SHOEBRIDGE: Was the board of the Hunter Development Corporation informed of Mr Hawes' conflict of interest at the time that they engaged him?

Ms McNALLY: I would have to take that on notice.

Mr DAVID SHOEBRIDGE: Again could you take it on notice and provide the Committee with the papers that show if or how the board was advised?

Ms McNALLY: Yes, I will take that on notice.

Mr DAVID SHOEBRIDGE: When Mr Hawes' interest in one of the properties—I think, according to the register, it is 1-9 Beresford Street, Newcastle West—increased from a 25 per cent interest in his declaration on 21 November 2011 to a 50 per cent interest in his declaration on 9 February 2013, will you please advise whether he notified the board of the increase in his ownership of the properties that creates the conflict?

Ms McNALLY: I would have to take that on notice.

Mr DAVID SHOEBRIDGE: Are you aware if he did, other than through that declaration?

Ms McNALLY: I am aware that his form that he filled in at the time showed that there was an increase in his interest.

Mr DAVID SHOEBRIDGE: Are you aware of your department's policy on how it deals with conflict of interest and a code of conduct?

Ms McNALLY: Yes I am, Mr Shoebridge.

Mr DAVID SHOEBRIDGE: Are you aware that it suggests that the best way of resolving a conflict of interest is to remove the conflict of interest?

Ms McNALLY: It does highlight that as a strategy for dealing with that.

Mr DAVID SHOEBRIDGE: Why was that not insisted upon in relation to Mr Hawes?

Ms McNALLY: I have not got that information.

Mr DAVID SHOEBRIDGE: I am happy for you to provide it on notice.

Ms McNALLY: I am happy to have a look and see what I can find.

Mr DAVID SHOEBRIDGE: What are you doing now to review the situation where you have the general manager of probably the most influential statutory corporation in the Hunter owning properties that put him with a very substantial conflict of interest right at the centre of the most controversial issue in the Hunter, which is the truncation of the railway line? What are you doing to manage that conflict of interest?

Ms McNALLY: I am aware that Mr Hawes' has those interests. I am ensuring that he is not party to any decision-making processes that relate to anything to do with the Hunter Development Corporation. I have raised the matters directly with him. I am also seeking advice on a whole range of activity.

Mr DAVID SHOEBRIDGE: Perhaps you will provide the Committee with a detailed answer on notice about what the advice is?

Ms McNALLY: I am happy to do that.

Mr DAVID SHOEBRIDGE: Some questions were asked by the Hon. Greg Pearce about the 16-day exhibition period for the most recent change to the east end development. Mr O'Brien, what communication did you get from UrbanGrowth in relation to that exhibition period?

Mr O'BRIEN: The first exhibition period back in 2012 they made a formal submission. So from that day they had been preparing new proposals and new work and we had a meeting with UrbanGrowth where they presented that work. Their consultants presented prior to exhibition.

Mr DAVID SHOEBRIDGE: When was that?

Mr O'BRIEN: Prior to exhibition.

Mr DAVID SHOEBRIDGE: When was that? You can provide the date on notice, if you like.

Mr O'BRIEN: I think it is our submission but I can take it on notice.

Mr DAVID SHOEBRIDGE: Ms McNally, UrbanGrowth is not an independent entity; it sits again within the oversight of your department, does it not?

Mr O'BRIEN: No, that is not correct.

Mr DAVID SHOEBRIDGE: It sits within the Premier's department?

Ms McNALLY: No, it reports directly to the Minister for Planning.

Mr DAVID SHOEBRIDGE: The Minister for Planning has responsibility for both UrbanGrowth and for your department?

Ms McNALLY: That is correct.

Mr DAVID SHOEBRIDGE: The Minister for Planning signed off on any changes to the SEPP? Is that correct?

Ms McNALLY: That is correct. The SEPP is ultimately approved by the Governor.

Mr DAVID SHOEBRIDGE: But it is signed off by the Minister?

Ms McNALLY: That is correct.

Mr DAVID SHOEBRIDGE: Do you see the fundamental conflict of interest in having the Minister responsible for the department assessing the increase, being the same Minister as the one responsible for the entity seeking the increase which has a substantial financial gain from getting the increase? Do you see that fundamental conflict of interest?

Ms McNALLY: It is not really up to me to have a view about the way the Government organises itself.

Mr DAVID SHOEBRIDGE: No, I am asking you as the secretary of the department that is assessing the matter your opinion on the conflict of interest. It is clearly within your remit. What do you make of it?

Ms McNALLY: I am sorry, I do not really understand how what the Minister does is within the department's remit. We provide advice to the Minister.

Mr DAVID SHOEBRIDGE: Yes.

Ms McNALLY: And the Minister is responsible for administering the Act and that is the position that she has got.

Mr DAVID SHOEBRIDGE: The Minister to whom you are providing advice has got one agency, UrbanGrowth, seeking to make a killing from the increase in the height and another agency notionally independent, the Department of Planning, providing advice about the planning. How can the Minister resolve that conflict?

Ms McNALLY: You would have to ask her that question.

Mr DAVID SHOEBRIDGE: But she did not turn up, Ms McNally; she sent you and that is why I am asking you.

The Hon. LYNDA VOLTZ: Again, tag.

Ms McNALLY: I am sorry I cannot form that view on her behalf.

CHAIR: I note from the time line in the Government's submission on page seven it appears that the first time the truncating of the rail line at Wickham was mentioned was in 2009. The Hunter Development Corporation report also discussed options for an integrated transport strategy for the city centre including the potential termination of the railway line at Wickham. Is that the first time that the truncation was raised as a result of the officials of the Hunter Development Corporation recommending it?

Mr O'BRIEN: The truncation has been spoken about for a long time in Newcastle but to my knowledge that is the first time the Government produced a report discussing it.

The Hon. GREG PEARCE: The Committee has received evidence it has been discussed since 1857 when the rail line was opened.

CHAIR: I know things can be discussed but I refer to when it becomes part of an official report. The first time you mention it in your own submission is 2009, "including the potential termination of the railway line at Wickham". The confirmation of that decision originated with the Hunter Development Corporation and I go back to the question of the conflict of interest and whether the Hunter Development Corporation is driving the termination of the railway line at Wickham and whether there was any advantage to individuals through that decision. I understand there was an earlier discussion about terminating it at Civic railway station and that it was not always at Wickham.

Ms McNALLY: My understanding is the Government made the decision to terminate the rail line—that was not made by the Hunter Development Corporation. It obviously formed a view in 2009 that it was a way to achieve greater connection with the waterfront—

Mr DAVID SHOEBRIDGE: And lobbied for it for three years.

Ms McNALLY: In relation to Hawes, I understand he started with the Hunter Development Corporation in 2011. So the Hunter Development Corporation had been working obviously on that matter well before that time.

The Hon. LYNDA VOLTZ: No, he had been contracted to them before that.

Mr DAVID SHOEBRIDGE: He provided the consultants' reports years before to get them on line. Do you know that history?

Ms McNALLY: I am not aware of that history, no.

Mr DAVID SHOEBRIDGE: I suggest when you are giving advice on conflict you actually look, even perhaps read the *Newcastle Herald* to get an idea of what is going on.

CHAIR: Will you take that on notice when Mr Hawes became involved in a consultative or in the capacity of a contractor and what influence he had on those decisions?

Ms McNALLY: I am happy to take that on notice.

CHAIR: Earlier I asked about the comment in the Premier's letter about the \$220,000 cost per week if the line is not truncated on 26 December. Will you take that on notice and provide the Committee what you believe would be the composition of that \$220,000 per week or whether the figure has been plucked out of the air?

Ms McNALLY: I will take that on notice and see what I can do.

CHAIR: The Committee has asked you about this already but it seems strange to truncate a heavy rail line, particularly on Boxing Day right in the middle of holiday season, that carries a lot of passengers before there is any attempt to provide alternative light rail transport. It seems back to front to create that pressure on the people who use the heavy rail, especially the hundreds of people from neighbouring regional centres at Maitland and Dungog. That is why there has been such a large protest against the termination of the line on Boxing Day. Do you have an explanation why there has been no attempt to provide an alternative means of transport rather than just advising people to get on a bus. People carry surfboards and bicycles which can be carried on heavy rail but not on a bus. It will create a lot of tension and pressure on passengers.

Ms McNALLY: My understanding is that Transport for NSW is looking at those particular issues. I understand that typically Transport for NSW tends to make any significant changes to transport services in a non-peak commuting period. So this would be within the holiday period.

CHAIR: Anyhow, if you could provide any further information on notice as to why the heavy railway line is truncated before there is any acceptable alternative transport then that would be good.

Ms McNALLY: I am happy to take that question on notice.

The Hon. GREG PEARCE: In relation to the proposed light rail, will rezonings be required to enable the light rail to be built and used?

Mr O'BRIEN: Light rail is typically approved through an environmental impact statement process. It is a different process, and that is really a matter for Transport for NSW.

The Hon. GREG PEARCE: So the Department of Planning and Environment will not be running that process or participating in that process?

Ms McNALLY: Basically, if there are any rezonings required then the Department of Planning and Environment will need to make an assessment of those. That is the normal planning assessment process. The Department of Transport will need to provide the relevant information.

The Hon. GREG PEARCE: Could you just outline the process then, Mr O'Brien, for getting the approval so that we can see that there is adequate opportunity for people to become aware of what is proposed and to have their say? I am just talking in general terms.

Mr O'BRIEN: This is not my area so I am not intimately familiar with this, but in general terms Transport will prepare an environmental impact statement. That will be put on public exhibition and assessed in due course, that is for the construction of infrastructure.

The Hon. GREG PEARCE: So there will be opportunities for the public to make submissions and to see this?

Ms McNALLY: Under the legislation an environmental impact statement is required to go on exhibition.

The Hon. GREG PEARCE: In relation to the current rail corridor, is it possible for it to be used for purposes other than rail? If so, what is the process for that to occur?

Ms McNALLY: It is possible for it to be used for purposes other than rail. Really it would be a matter of putting forward an approval process, which would probably happen through the council, and then for that to be approved through a typical approval process.

The Hon. GREG PEARCE: Does it need rezoning?

Ms McNALLY: I would have to take that question on notice. It depends what the purpose is.

The Hon. GREG PEARCE: In any event, if there was to be any proposal to re-use any part of it then it would have to go through a public approval process?

Ms McNALLY: That is correct.

The Hon. GREG PEARCE: We would hope that there would be more than 16 days of exhibition for anything significant.

Ms McNALLY: That is a matter for the council.

CHAIR: Following up on that question, are you aware of any plans to use that railway land for any purpose in the future?

Ms McNALLY: I think UrbanGrowth is still formulating its view about how best to use that corridor. The Minister has come out previously saying that there will be a process of consultation. So that work is still in progress.

CHAIR: As you are probably aware, there is not just a single railway line; this is a very large amount of land with three or four tracks.

Ms McNALLY: Yes, I have been to Newcastle and had a look.

CHAIR: So you could actually construct 20-storey buildings on this land.

Ms McNALLY: That is a matter for whatever comes out through the consultation and development process.

CHAIR: So there have been no discussions that you are aware of as to how the land could be used?

Ms McNALLY: I think UrbanGrowth is still formulating its view in that respect. I would expect that once it formulates its view, and it has the responsibility within Government for the urban revitalisation, that it would need to go out and consult.

The Hon. LYNDA VOLTZ: I have a question here. I note your problem with answering questions which go to the department of transport. We have spoken to a number of government agencies—the Hunter Development Corporation, UrbanGrowth and yourselves—and we quite often get the answer, "Well, you will have to ask someone else." A view has been put forward that planning in Newcastle is being done in a piecemeal way and that a holistic approach should be taken. Perhaps the rail line is a good example. If the Government's argument is that it wants to open up the waterfront then what will become of this significant piece of land to ensure that it remains part of that community access? That is not the brief of UrbanGrowth; the brief of UrbanGrowth is to deliver a return to Government—a dividend. How is this coordination actually happening across Newcastle? You are approving State environmental planning policies [SEPPs] with large high-rise development on them. There have been huge traffic implications. Yet you are saying that the traffic implications

need to be answered by the department of transport. Is there a view here that there should be a more coordinated way of doing this?

Ms McNALLY: The urban renewal strategy went out to set the framework for what should happen in that area. Within that strategy various proponents, whether from the private sector or the government sector, will put forward their initiatives. Council will take an active role in how that area is developed, as many councils do right across the State. Then the planning approval process looks at a number of those issues. For example, if there were going to be traffic impacts from a building or from some development that was going to occur then that would need to be assessed as part of that particular approval process.

The Hon. LYNDA VOLTZ: You say that they put forward their view. Let us go back to the Hunter Development Corporation, and I know that is not in your department. They included in their report a cost-benefit analysis that included the university development as the reason for truncating the line. The university said they certainly did not make any submissions in regards to the truncation of the line. The university development would have happened anyway. Where does the oversight come in here? There is the 2009 report from the Hunter Development Corporation which people are using to argue that there is a basis for truncating the line. Yet the very basis on which that cost-benefit analysis was done is obviously incorrect, because it included developments that would have happened anyway and that did not rest upon the truncation. In fact it was not part of the plans for that development. Where is the oversight to say, "Hang on a second, what is actually going on?"

Ms McNALLY: How it is working in Newcastle is pretty much how it works right across New South Wales planning.

The Hon. LYNDA VOLTZ: You are saying that they put forward their views. So the Hunter Development Corporation put forward their view, and their view is that the line needs to be truncated. Their cost-benefit analysis is incorrect.

The Hon. GREG PEARCE: In hindsight.

The Hon. LYNDA VOLTZ: It is not in hindsight.

Ms McNALLY: I think the issue is that the Government has already made that decision.

The Hon. LYNDA VOLTZ: I understand that the decision has been made by the Government. But surely the department of planning fulfils a fundamental role in that decision-making process—you provide the advice to the Government. What was your department's advice to the Government in regards to those issues?

Ms McNALLY: I would have to take that question on notice. The department of planning does not typically provide advice on those sorts of matters—we tend to basically, once a project is going ahead, do the assessment. We do the overall strategy. We did the urban renewal strategy. We do the State environmental planning policies. We take more of an assessment role on the individual initiatives.

The Hon. LYNDA VOLTZ: In regards to the truncation of the rail line, one of the arguments put forward for the truncation of the rail line is that it will improve traffic flow—in particular on Stewart Avenue. Five per cent of traffic on Stewart Avenue is interrupted by the train line. How would that compare—and you will probably have to take this question on notice because it is not your area—with Marsh Street at Granville where the Carlingford line crosses Parramatta Road?

Ms McNALLY: I will have to take that question on notice. It is fairly technical.

The Hon. LYNDA VOLTZ: I thought you might. I understand the Government has expressed a view about closing the Carlingford line—that has certainly been in the media. Part of that would be about the crossing of Parramatta Road by that rail line. In Newcastle their argument is also about removing the rail crossing at that intersection. What is the efficacy of closing rail lines rather than finding alternatives to allow traffic through? Everyone is saying that Newcastle is getting \$130 million for light rail. But it is getting light rail that replicates an existing rail system. So where is the efficacy in spending \$130 million to replicate something rather than dealing with the traffic flow problems? Does the Government have any alternative to closing the rail lines?

Ms McNALLY: I cannot really comment on that. The decision to close the rail line has been made. In terms of how that relates to other sites, such as the one on Parramatta Road you mentioned, each one would be looked at on its merits. There are 10 new crossings that are going to be put across with the removal of the rail lines. The Government would have looked at the objectives. One of the objectives was about connecting people more closely with the waterfront.

The Hon. LYNDA VOLTZ: Yes, but who does not have access to the waterfront now that is going to have access by doing this? Who is currently being prohibited from accessing the waterfront?

Ms McNALLY: I think there was a general view—this issue has been debated for a long period of time—about how to actually open up this area and get better connection to the waterfront.

The Hon. LYNDA VOLTZ: People want to get rid of the Cahill Expressway at Circular Quay—there are arguments about that too. We can always say that there are these discussions going on. But where are the figures that say people are saying, "I do not get access to the waterfront"? Most people go to Nobby's Beach or down to Newcastle Beach, and they are not actually cut off by the rail line.

Ms McNALLY: As we said earlier, this issue has been under debate for many years.

The Hon. LYNDA VOLTZ: I know it is an issue. Everyone says it is an issue. People can say various things but where are the statistics that say this is an issue? Where is the report that says, "There has been an ongoing concern in the community et cetera"? I have never seen anything that says, "We have gone out to the community and 80 per cent of people say that they do not go down to the waterfront because of the railway line."

Mr O'BRIEN: The urban renewal strategy is to reconnect with the waterfront and increase connectivity and permeability.

The Hon. LYNDA VOLTZ: Yes, I get that that is a strategy.

Mr O'BRIEN: So it is not blocked off now. But creating 10 new connections will improve permeability, walkability and access to that area.

The Hon. LYNDA VOLTZ: Yes, but who is going to do that?

Mr O'BRIEN: It will increase development opportunities in the area and that will increase the need for people to connect through.

The Hon. LYNDA VOLTZ: Let us follow the logic here. The logic is that if you make the crossings then you can sell more development on the central business district side?

Mr O'BRIEN: It is about reinvigorating and renewing Newcastle.

The Hon. LYNDA VOLTZ: But that is reinvigorating, is it not?

Mr O'BRIEN: It is part of the answer, yes.

The Hon. LYNDA VOLTZ: So you are building parks on that side, are you?

Mr O'BRIEN: Yes, there are parks on that side.

The Hon. LYNDA VOLTZ: I know there are parks. Are you building more parks?

Mr O'BRIEN: The Hunter Development Corporation has just completed a park on that side.

The Hon. LYNDA VOLTZ: They have completed one and the train line is still there. Are you building parks?

Mr O'BRIEN: The final strategy for the corridor is yet to be determined, and the implementation is yet to be determined. So parks could be a part of that.

The Hon. LYNDA VOLTZ: They could be, but you do not know that?

Mr O'BRIEN: The strategy is not complete.

The Hon. LYNDA VOLTZ: And do you think that worries people in Newcastle—that the strategy is not complete?

Ms McNALLY: I think the issue is that they need to be involved in the development of that strategy.

The Hon. LYNDA VOLTZ: That is difficult if there is a notification period of only 16 days. Not even the councillors saw that or made a submission. The council had a view. The councillors did not get to view it—

Mr O'BRIEN: I made a presentation to the full council.

The Hon. LYNDA VOLTZ: You made a presentation?

Mr O'BRIEN: Yes.

The Hon. LYNDA VOLTZ: Did you then take on board the views of council when you made that presentation?

Mr O'BRIEN: The presentation was for information and they were invited to make a submission.

The Hon. LYNDA VOLTZ: They were invited to make a submission?

Mr O'BRIEN: As everyone was invited to make a submission.

The Hon. LYNDA VOLTZ: Did that submission go to the council? Was that a council submission? Did that come from the general manager or the mayor?

The Hon. GREG PEARCE: I do not think the department can really answer that.

The Hon. LYNDA VOLTZ: I really think the department can answer that—

The Hon. GREG PEARCE: Perhaps the question could be put on notice for the council.

The Hon. LYNDA VOLTZ: If I can just finish my question, we are getting complaints from the council that decisions are being made that they do not have time to form a view on. Submissions have been made that the council are either prohibited from amending mayoral minutes or they are not seeing submissions. In fact when we asked the council to appear at this Committee the general manager of the council did not pass that information on to the council—he dealt with it himself. How do you know what the views of the councillors are?

Ms McNALLY: Why would that information not be passed on?

The Hon. LYNDA VOLTZ: That is a very good question. We would like to know that as well. Unfortunately, the general manager, despite numerous attempts by us to get him here including teleconferencing and offering a number of dates, has been unavailable to tell us.

Mr DAVID SHOEBRIDGE: Ms McNally, before you make a city-changing decision, such as ripping up the railway line, surely good planning would suggest you would have an answer about what you want to do with the corridor? Putting your planning hat on, before you rip up something very contentious, surely good planning would say you should work out what you are going to do with it after you rip it up?

Ms McNALLY: Planning happens in many different ways.

Mr DAVID SHOEBRIDGE: It happens badly and it happens well.

Ms McNALLY: The general view was that there was a need to revitalise Newcastle and a focus needs to be on economic development. The rail line was impacting on the ability to engage on the opportunities for that particular sector.

Mr DAVID SHOEBRIDGE: But you and Mr O'Brien told us that the Government does not even know what it wants to do with the corridor. All it knows is it does not want trains. How can you assess what is best for the city, the current arrangement or some future arrangement, unless you know what the proposed future arrangement is at the time you make a decision?

Ms McNALLY: Basically, that area is identified as somewhere there can be a whole range of uses.

Mr DAVID SHOEBRIDGE: UrbanGrowth could easily want to put a whole lot of commercial and retail development on it.

Ms McNALLY: They would have to get approval for that, if it is what they saw as their vision.

Mr DAVID SHOEBRIDGE: They could convince your department to write a proposal to the Minister to sign off on a SEPP and change the planning controls to put a whole lot of commercial and retail on it, could they not?

Ms McNALLY: I do not know about the comment about convincing the department. Our department looks at the facts.

Mr DAVID SHOEBRIDGE: Would you be surprised to know that in an internal handover sheet from Julie Rich of UrbanGrowth she had this to say as recently as February about her organisation's relationship with the Department of Planning and Environment on the east end project:

Agreement has been reached between UGNSW and GPT that the project be accelerated. The timeline to support the master plan DA is presently end March 2014. The latter is placed in jeopardy the longer the re-exhibition of required changes to the proposed LEP. We are not able/willing to submit a DA that is not conforming to the planning framework.

GPT are aware that the end February target may not be achieved due to delays with DPI. They are relying on UG's relationship with DPI to manage this risk on the project's behalf.

Does it trouble you that UrbanGrowth is saying it has a special relationship with your department to manage risk?

Ms McNALLY: I would have to take that on notice and look into that matter.

The Hon. LYNDA VOLTZ: Maybe we could provide that document.

Mr DAVID SHOEBRIDGE: I am happy to provide you with a copy of the document on notice.

Ms McNALLY: That would be good. I am happy to have a look at it.

Mr DAVID SHOEBRIDGE: Do you not see that it really stinks, from an outsider's perspective, when you have one government agency with a close relationship with the Department of Planning and Environment advocating for such a short exhibition period to deliver such a windfall?

Ms McNALLY: I am not prepared to offer my opinion I do not have all the facts for.

Mr DAVID SHOEBRIDGE: Mr O'Brien, you were there throughout this time, were you not?

Mr O'BRIEN: I have been at the department for a year.

Mr DAVID SHOEBRIDGE: What submissions did you get from UrbanGrowth about the exhibition period?

Mr O'BRIEN: As I said before, we had a meeting with UrbanGrowth prior to exhibition where they presented their proposal.

CORRECTED

Mr DAVID SHOEBRIDGE: Can you provide us with the documents that UrbanGrowth presented to you?

Mr O'BRIEN: All those documents were placed on public exhibition during the exhibition period.

Mr DAVID SHOEBRIDGE: Was there any communication between UrbanGrowth and the department, apart from the documents that were seen on public exhibition about this?

Mr O'BRIEN: In relation to this matter?

Mr DAVID SHOEBRIDGE: Yes.

Mr O'BRIEN: I meet with UrbanGrowth regularly on a range of matters. In relation to their proposal they provided us with the documents which we put on public exhibition and which we assessed.

Mr DAVID SHOEBRIDGE: Then they spoke to you about it, did they not? Then they said they wanted a short exhibition period because there were financial risks if there was a longer exhibition period?

Mr O'BRIEN: No, that is not true.

Mr DAVID SHOEBRIDGE: Could you provide on notice any communication that UrbanGrowth had with your department about the exhibition period and whether or not it involved the DPI managing the risk, as suggested by Ms Rich?

Mr O'BRIEN: I can take that on notice. I do not recall any communication about the exhibition period. That was a decision made internally in the department.

Mr DAVID SHOEBRIDGE: Who made it?

Mr O'BRIEN: As I said before, it was ultimately a decision made by the director general at the time.

Mr DAVID SHOEBRIDGE: Could you provide us with the briefing document that the director general had?

Mr O'BRIEN: I have said before I will take it on notice.

Mr DAVID SHOEBRIDGE: Ms McNally, in 2012 there was a briefing note provided to the then Minister, Brad Hazzard, which attached a letter from Jeff McCloy. The briefing note was urging the Government to move with urban renewal and truncate the railway line because a series of landowners were supporting it. There is a covering letter that was signed off by Mr Hawes, who was one of the landowners. What do you make of that, given there was no identification of his conflict of interest in the communication he provided to your former Minister?

Ms McNALLY: Which letter?

Mr DAVID SHOEBRIDGE: It was a letter from Mr McCloy saying he had four properties that were waiting on the truncation of the railway line before he would invest further—he would not buy any new properties unless they got on with it. Mr Hawes sent a briefing note and a memorandum to your former Minister recommending the Minister respond in a positive way to the truncation of the railway line, yet Mr Hawes had not disclosed that he also had property.

Ms McNALLY: I would have to look into it.

Mr DAVID SHOEBRIDGE: I will provide the entire documentation to you and you can provide your answer on notice.

Ms McNALLY: I am happy to do that.

CHAIR: To clarify the issue of light rail, could you take on notice the proposed time frame for the commencement and the completion of the light rail in Newcastle if you do not have the answer with you now?

Ms McNALLY: I will do so.

CHAIR: Another matter that has caused concern is the lack of consultation. I noted in your submission, under Transport for NSW, it says there was a regional forum in April 2012 with 100 members of the community. It seems there was not sufficient consultation with the community and that is why we are having such a reaction to the truncating of the railway line and so on. The Newcastle community and the regional centres are not happy with why that was not picked up in the original consultation meetings. There was a thought that the people invited to the consultation meetings were from a certain part of Newcastle and were not particularly worried about it. They were from Merewether and so on, and the consultations were stacked with people from a certain area who had no objections to the railway line being truncated.

Ms McNALLY: Was that the question?

CHAIR: Yes.

Mr DAVID SHOEBRIDGE: Is that good process?

CHAIR: Do you think there was adequate consultation with a wide range of residents of Newcastle and the surrounding areas, people using the railway line?

Ms McNALLY: I think there has been consultation in a number of ways over a long period. Different views have come out of the consultation. A survey was undertaken in 2009 and 67 per cent of people involved in the survey supported the termination of the railway line.

Mr DAVID SHOEBRIDGE: That is the very survey the Chair just asked you about.

CHAIR: It was based on a certain region of Newcastle and surveyed people who were not particularly worried about the railway line.

Ms McNALLY: I have information that the survey was undertaken and what the results were, but I do not have any information with me on the methodology. I would have to look at the methodology to form a view.

The Hon. GREG PEARCE: Evidence has been given that casts doubt on it. It has been tested. If you could take it on notice—

Mr DAVID SHOEBRIDGE: And review the methodology.

The Hon. LYNDA VOLTZ: Perhaps we could send the evidence that has been provided.

CHAIR: If you could take the actual method of that survey on notice. The Government appears to put a lot of weight on that survey.

Ms McNALLY: I am happy to take that on notice.

The Hon. GREG PEARCE: We have heard the doom and gloom stuff. Could you run through some of the benefits expected from the renewal strategy? I have been going to Newcastle for a long time and it is certainly looking better all the time.

Mr O'BRIEN: The headline is the framework and strategies to deliver on 10,000 jobs and 6,000 homes within the city centre. This strategy as exhibited has nine key guiding principles that relate to increasing the vitality of the whole area. Bringing retail back in and bringing the university in, with students living within the city, will be a key to meeting those objectives. The amendments to the funding framework will promote activity, development and well-located land uses. There will be physical improvements to the city's key public spaces. The economic initiatives will support the urban renewal. There will also be improved transport access and connectivity to within the city centre.

The Hon. GREG PEARCE: Do you have an idea of the economic benefits and multipliers that you expect will change?

Mr O'BRIEN: I do not have that.

The Hon. GREG PEARCE: You talked about 10,000 new jobs. What is the current employment number in the City of Newcastle?

Mr O'BRIEN: I will take that on notice. The long-term vision is to increase the CBD uses around Wickham and the west end.

The Hon. GREG PEARCE: Is there a view on the university's proposal for the vexed issue of car parking? There has been considerable non-expert concern about the number of car spaces. We have heard some detailed evidence from the university as to how it expects to meet the parking requirements. Can you add to that?

Mr O'BRIEN: Our strategy is that we want to encourage the establishment of the city campus. We believe that would be very effective in revitalisation of the city. We have allowed the framework and the strategic planning to facilitate that. The detailed car-parking rates are a matter of assessment, and that is a question for the City of Newcastle.

The Hon. GREG PEARCE: Do you have any rules in relation to the level of car parking that is required for an institution like a university? It is not an office tower and it is not a residential tower or a shopping centre. It is a place where students come and go for short periods, so there is a lot of movement through it. The evidence from the university was that world's best practice is that you do not have a lot of on-site parking at universities.

Mr O'BRIEN: Certainly that is the trend in universities around the world. Our practice is to get them into the city centre and to make that work. There is a focus to provide accommodation for students to live within the city centre so they do not have to commute, although obviously there will always be a level of commute.

The Hon. GREG PEARCE: Would you expect part of the additional 6,000 dwellings to be student accommodation?

Mr O'BRIEN: Absolutely. We hope that accommodation will increase supply and affordability, and therefore be available for students.

The Hon. GREG PEARCE: Ms McNally, we touched on the consultative committee strategy put in place. I indicated that I was a little troubled with some of the consultation time. Could you elaborate on that process, who has been involved, whether it has worked anywhere and how it is going to work in the future?

Ms McNALLY: Since I have been in this position for the last few months I have been meeting with a range of people who have been giving their views about what works well in the planning system, what does not work well in the planning system, what their concerns are and how they believe those issues should be addressed. I have been listening to that advice and have met with a lot of community representative groups and individual members of the community. I have been happy to meet with anyone who wants to spend time giving me advice about how things should go forward. One of the things raised with me is the need for a systematic approach to consultation, rather than just consulting on matters on a one-off basis.

We are looking at key points of contact. Recently we have announced that we will put in some planning coordinators, so there are key points of contact and they are not passed around the department. Also, we have been looking at whether we should have regular meetings with councils, so many per year, and people are aware of when those should be held, and that there are community meetings alongside that to talk about a broader range of issues behind a specific project or initiative or a broader range of issues related to that particular area. But the most feedback I have had is that there is no systematic way within the planning system of engaging with the community. People get to comment on the EIS when it goes out, but there needs to be an ongoing effort and dialogue. I have set up a group. We are recruiting to fill that team and their job will be to establish those processes in the planning system.

The Hon. GREG PEARCE: Have you decided at this stage whether there will be a coordinator for the Newcastle region—he or she who will be the first port of call for concern?

Ms McNALLY: No, I have not decided that yet.

The Hon. GREG PEARCE: You might take that on notice.

Ms McNALLY: Yes, I will take that on notice.

The Hon. GREG PEARCE: Have you met with any of the Newcastle community groups at this stage?

Ms McNALLY: No, I have not. I have met with some people, local community reps that were involved in a coordination group for the Hunter area and there are a couple of people there. But most of the consultations have been undertaken specifically by UrbanGrowth. In the three months or so I have been permanently in the job I have been trying to meet with people who have asked to meet with me. A lot of people have written me documents about how they think things could be done differently, and I have welcomed all of that.

The Hon. LYNDA VOLTZ: There are lots of them.

Ms McNALLY: I am keen to make the system as transparent as possible and that people feel there is a fresh approach to planning. So I am happy to take on board any advice.

The Hon. GREG PEARCE: This Committee has received hundreds and hundreds of submissions on planning issues and we have had lots and lots of witnesses and lots of people we could not accommodate. So I take it from what you have said that if people want to make contact with you—

Ms McNALLY: I am more than happy to meet with them. The way I am working—my involvement in the HDC board meetings is I travel up there every second meeting and I do a teleconference for the meetings in between. For example, Hunter Thoroughbred Breeders Group have come and met with me recently and they asked if I would come and have a look at their issues. I met with the Hunter Valley Chamber coordinator and some of the community members have asked me if I will come and meet with them as well. So I have agreed to do all of that.

CHAIR: Does your department have any objections to a delay in the truncating of the railway line until this Committee tables its report in February? That is one of the tensions in our Committee. We are discussing these matters and the Government seems to be just, in a headline, rushing down to do it anyhow. We then say, "We do not think you should have done it" and they say, "It is too bad, we have done it. We have ripped up the line." They were going to put bulldozers in there on Boxing Day.

Ms McNALLY: The role of government departments is to serve the government of the day, so if the Government has made that decision, the role of government departments is to implement the Government's decision. I could not really make a comment other than that. Our department is not involved in the implementation or design, but we will be involved in any planning assessment processes or we will be doing a due diligence to make sure that any community impacts are properly considered.

CHAIR: Thank you again for appearing before our Committee. We appreciate the time you have given to us.

(The witnesses withdrew)

(Short adjournment)

PETER ANDERSON, Head of Wholesale, Projects Division, UrbanGrowth NSW, sworn and examined:

CHAIR: Do you wish to make an opening statement?

Mr ANDERSON: The Committee has raised a number of aspects in relation to the planning processes in Newcastle and I would like to address those specific aspects related to UrbanGrowth's role in the region. As the New South Wales Government's lead agency responsible for urban transformation, our work has been tasked with the living and ambition program to transform Newcastle's city centre. The Newcastle Urban Renewal and Transport Program was established by UrbanGrowth in February 2014 to deliver the transformation and address the underperformance of the city. The program is being led by UrbanGrowth NSW, working closely with Transport, Hunter Development Corporation and Newcastle City Council. The program is responding to government policy and, in particular, the Newcastle Urban Renewal Strategy, the truncation of the heavy rail line and the introduction of the new light rail system. Its target is 6,000 new homes and 10,000 new jobs by 2036.

The program aims to boost activity and reinforce the city's role as a twenty-first century regional centre by reconnecting the city to the waterfront, delivering a new light rail system, facilitating urban renewal, delivering a substantial increase in attractive and safe public open space, and facilitating economic development in Newcastle. In establishing the program, UrbanGrowth NSW has consulted widely with the Hunter community and other stakeholders to better understand their needs and aspirations for their city and to obtain input and feedback into the pros of light rail.

In relation to the truncation of the heavy rail—an announcement made by the planning Minister in late 2012 that the heavy rail in Newcastle will be cut—while the decision was made prior to the establishment of our program, the views are entirely in keeping with the Government's objectives to reconnect to the waterfront. UrbanGrowth is currently considering the future uses of the rail corridor. Once the heavy rail line is moved it is yet to make any recommendations to government on how the rail corridor could best contribute to the renewal of the city centre. Any recommendation will be consistent with the objectives of the program.

In relation to the light rail, in February and March this year UrbanGrowth led a robust community engagement process on three possible routes. Over 300 members of the community attended those sessions and we received 1,000 feedback forms. The findings of the engagement were strong support for the light rail in the city centre. Finally, in relation to UrbanGrowth's role in the Newcastle east end development, UrbanGrowth paid \$20 million for two-thirds of a holding in a 1.8 hectare site, the east end of Hunter Street Mall, owned by GPT Group, with GPT retaining one-third. The site has long been identified as a catalyst future renewal project and one that will help deliver the overall urban renewal and transformation of Newcastle.

In March 2013 UrbanGrowth and GPT made a joint submission to the exhibition and the draft Urban Renewal SEPP. The submission argued the case for amending planning controls proposed by the Hunter Street Mall site to better provide urban design outcomes for that site. The stage one application was lodged by UrbanGrowth and GPT with Newcastle council in March 2014 and placed on public exhibition for 30 days. Following the gazettal and the amendment of the Urban Renewal Strategy, UrbanGrowth and GPT are now considering how the proposal might respond to the amendments of those controls. In closing I would like to put on the public record that at all times UrbanGrowth has followed proper process and acted with propriety and integrity in relation to this matter. Thank you.

The Hon. LYNDA VOLTZ: Just going to your statement, you said you held community meetings that 300 members of the community attended. By 300 members of the community what do you mean?

Mr ANDERSON: That was in regards to the light rail options.

The Hon. LYNDA VOLTZ: When you say light rail options, was retaining the heavy rail one of the options?

Mr ANDERSON: No, that was not considered at that meeting. The decision on that heavy rail was made by the Government in 2012.

The Hon. LYNDA VOLTZ: You had four options. What were the four options?

Mr ANDERSON: No, there were three options. The three options that were publicly exhibited were the option to go down the existing corridor, the option to go down Hunter Street and the hybrid option, which was a combination of both.

The Hon. LYNDA VOLTZ: Who were the 300 members? Were they just random people who—

Mr ANDERSON: They were people who turned up to the process. There was an exhibition period that was run for five weeks and 300 people attended that exhibition period.

The Hon. LYNDA VOLTZ: They were all just random members of the community? They were not from organisations, they were not from the Business Chamber, they were not from any of those kinds of places?

Mr ANDERSON: They were right across a broad spectrum of the community.

The Hon. LYNDA VOLTZ: Who did you invite?

Mr ANDERSON: We advertised. We put an advertisement in the paper to say that these were our options. There were pamphlets and distributions—I think there were over 800 distributed leaflets or invitations to attend.

The Hon. LYNDA VOLTZ: You distributed invitations to attend. Who did those invitations go to?

Mr ANDERSON: To local residents.

The Hon. LYNDA VOLTZ: Local residents only? It was not the Chamber of Commerce, it was not—

Mr ANDERSON: It was to the community, the local community.

The Hon. CATHERINE CUSACK: Everyone could attend?

Mr ANDERSON: Yes.

The Hon. LYNDA VOLTZ: I understand everyone could attend. I am asking did you send invites to community organisations as well as to local residents? You said you sent 800 invites. How did you decide who the 800 invites went to?

Mr ANDERSON: There was a post note of 800 postals, but there was advertising in the local paper as well.

The Hon. CATHERINE CUSACK: Everyone was invited?

Mr ANDERSON: Everyone was invited; nobody was excluded.

The Hon. LYNDA VOLTZ: I get that.

The Hon. CATHERINE CUSACK: That is the answer to your question.

CHAIR: Order! Let the member ask the question please.

The Hon. LYNDA VOLTZ: The 800 that you sent out, were they people who rang and requested or were they invites that you sent out?

Mr ANDERSON: I think they were invites sent out. But I can take that question on notice if you want.

The Hon. LYNDA VOLTZ: If you could, and provide the list, thank you.

The Hon. GREG PEARCE: The list?

The Hon. LYNDA VOLTZ: Yes, provide the list.

The Hon. CATHERINE CUSACK: Everyone who read the ad in the paper?

The Hon. GREG PEARCE: I think there would probably be a few privacy concerns about that.

The Hon. LYNDA VOLTZ: It is fascinating that you guys cannot just sit there quietly while people are asking questions. In regards to the GPT site that you have purchased two-thirds of, what was GPT's original intention for that site?

Mr ANDERSON: GPT had an original intention to develop it as a regional shopping centre.

The Hon. LYNDA VOLTZ: As a regional shopping centre. They purchased that site after they had already purchased Charlestown. Is that correct?

Mr ANDERSON: I am probably answering on behalf of GPT but I believe that the Charlestown development was already there. So I imagine the timing of when they purchased the land may have been after that, but GPT is probably best placed to answer that question.

The Hon. LYNDA VOLTZ: Charlestown would have to be the biggest retail facility in Newcastle. Is that right?

Mr ANDERSON: I would have to check that for you. I am not quite sure how large that facility is.

The Hon. LYNDA VOLTZ: Trust me, I have been there, it is pretty big. Given that you are building a huge retail facility that is going to take a huge part of market share, would buying more retail property within the CBD naturally run into trouble?

Mr ANDERSON: I cannot answer on behalf of GPT why they made that decision.

The Hon. LYNDA VOLTZ: Why did that original retail facility require the rail line to be truncated? What GPT said to us was that when they purchased it it was always on the basis that the train line would be truncated. Given that there was no announcement by the Government that the line would be truncated, why would you purchase a property that was contingent on that?

Mr ANDERSON: That is a question I cannot answer on behalf of GPT.

The Hon. LYNDA VOLTZ: You are a wholesaler—you are the Head of Wholesale, you understand purchasing of property. Why would you purchase a property to build a retail facility that is contingent on an announcement of government that it has not made? Is that not a huge commercial risk?

Mr ANDERSON: It may be but, as I said, I really cannot answer on behalf of GPT. The decisions they made to purchase the property were based on their structure, their funds manager. It was at a time prior to the GFC, so some of those decisions may have been linked to that.

The Hon. LYNDA VOLTZ: What was GPT's reason for putting the properties on the market and your purchase of two-thirds of that property?

Mr ANDERSON: GPT had made a statement, and I think it was around about 2010, where they had actually said that they were exiting out of Newcastle. I am aware that they have long held a view that they believe that for the revitalisation of Newcastle there were certain things that would have to happen within the city for them to invest. They made a decision they were going to withdraw their capital and withdraw from the project in 2010.

The Hon. LYNDA VOLTZ: But they had already invested.

Mr ANDERSON: Yes, and that is why they were withdrawing.

The Hon. LYNDA VOLTZ: UrbanGrowth then buys two-thirds of the site?

Mr ANDERSON: Yes, that is correct.

The Hon. LYNDA VOLTZ: Whose decision was it to put in for an amended State Environmental Planning Policy? The SEPP was amended?

Mr ANDERSON: The first question is the purchasing of the two-thirds of the site. We did purchase two-thirds of that site and that transaction was completed in June 2012. The decision to put in a lodgement for the amendment of the SEPP was a joint lodgement of the co-owners.

The Hon. LYNDA VOLTZ: Which was you?

Mr ANDERSON: Yes, as UrbanGrowth.

The Hon. GREG DONNELLY: Could you provide to the Committee the details of that transaction and the cost of it?

Mr ANDERSON: We purchased two-thirds of the site for \$20 million.

The Hon. LYNDA VOLTZ: You have made a decision now to put in an amended SEPP that moves significantly away from the large retail site and changes the floor space ratio significantly towards residential?

Mr ANDERSON: There were two questions there. One was about the moving away from the retail and then about the floor space. With regards to the retail there were a number of studies that were undertaken at the time. The Department of Planning may have undertaken similar studies but I cannot answer on their behalf. There were studies undertaken saying what is the quantity of retail that is required in this area, because the planning process and the strategy had identified that the plan and the strategy put forward was to do a commercial area at the west end; a civic precinct, which was more about where the law courts were and the council; and then the east end precinct that was then focusing on more low-scale retailing, residential, tourism, leisure opportunities and those types of things.

There was some work that was undertaken that said that the capacity of the site to deliver that amount of retail was not possible so there was a scaling back of the retail. Also the site was zoned for mixed use development, which allows you a blend of different type of uses—commercial, retail, leisure and residential—which was consistent with the strategy of driving what was going to happen in the east end.

The Hon. LYNDA VOLTZ: What you would possibly expect to have happen from a large retail shopping precinct like Charlestown did happen; the reality is that no large retail would be going into the east end. In fact, I think Colliers International Real Estate and a number of people that have come along, including General Property Trust themselves, have talked about boutique. In fact, I think they described it as Darby Street on steroids. Can we just go back to what is the reason behind truncating the rail line to build boutique retail?

Mr ANDERSON: The connection between truncating the railway line and boutique retail, I am not sure what you are trying to say there.

The Hon. LYNDA VOLTZ: GPT said that they could not develop their site unless the railway line was truncated. We have now shifted from large retail to what they describe themselves as boutique retail. What is the connection there with truncating the railway line?

Mr ANDERSON: The change in the—

The Hon. LYNDA VOLTZ: Why do you need to truncate the rail line to develop that site to do boutique retail?

Mr ANDERSON: The truncation of the railway line is part of an overall urban renewal strategy.

The Hon. LYNDA VOLTZ: I understand that but GPT has specifically said—and you have said it yourself—that their development cannot go ahead unless the rail line is truncated. In fact, every time I have heard talk about the railway line over the years it has always been around the basis of GPT's views that they would not develop their site.

Mr ANDERSON: GPT has its own view. I have got to be careful about speaking on behalf of GPT because I am not entitled to do that.

The Hon. LYNDA VOLTZ: But you are a two-thirds owner of the site.

Mr ANDERSON: But we still remain as those independents between the two organisations.

The Hon. GREG PEARCE: GPT has given its own evidence.

Mr ANDERSON: If GPT has provided evidence then those questions could have been directed to GPT.

The Hon. LYNDA VOLTZ: Yes and, as I said to you, they stated that they were looking more at the boutique retail as opposed to the large retail centre.

Mr ANDERSON: That is because of the work that we have done to understand what the best uses for that site are from the catalyst project.

The Hon. LYNDA VOLTZ: What I am now asking is why do they still hold the view that the truncation of the rail line is absolutely necessary to develop that kind of retail?

Mr ANDERSON: Simply because they saw the benefit of the overall urban renewal of Newcastle. There are a number of catalyst projects including the truncation of the railway that are seen to be able to drive the outcomes to get Newcastle activated again to become a vibrant city and actually drive new homes, new jobs and new visitations.

The Hon. LYNDA VOLTZ: I have heard that. Could you provide to me a survey or some kind of evidence that says that people in Newcastle across the border are saying that they cannot get across from the Honeysuckle end of the waterfront to the central business district?

Mr ANDERSON: We do not have that information.

The Hon. LYNDA VOLTZ: So what is the basis of you saying that this disconnect is a prohibition on people's movement across that railway barrier?

Mr ANDERSON: We hold the view that being able to connect the city to make the city more permeable for people to be able to access it—this is not just talking about vehicles, it is about cyclists and about people walking and people of all abilities—

The Hon. LYNDA VOLTZ: Yes, but why do you hold that view?

Mr ANDERSON: Because that allows for a functioning city.

The Hon. LYNDA VOLTZ: But why? What evidence is that based on?

Mr ANDERSON: There is evidence and a number of cases around the world. In particular, I know that GPT shared with us a document called "Decay to Destination", which was done by the Hornery Institute, which identified that some of the best urban renewal outcomes are when you actually are able to connect people to their natural opportunities.

The Hon. LYNDA VOLTZ: Can you give me one example around the world where a heavy passenger rail line has been removed to create a connection?

Mr ANDERSON: I think it was Seattle. Subject to GPT saying that we could give you the information, we could provide you with a copy of that if they are happy to release it. But it is in combination with the urban renewal strategy. Look, this was a strategy that was developed by Planning.

The Hon. LYNDA VOLTZ: It is a strategy that has been developed by Urban Planning based on a cost-benefit analysis that was undertaken by the Hunter Development Corporation that included the university. The university has quite clearly said that they would have built their site whether or not the railway line was truncated. How do you have a cost-benefit analysis that shows that the benefit of removing the rail line is that the university will be built when the university would have been built anyway?

Mr ANDERSON: I would be answering that on behalf of the Hunter Development Corporation.

The Hon. LYNDA VOLTZ: You are saying the Government has developed this urban renewal strategy and it was based on a cost-benefit analysis that is based on only two things—the GPT site, which has now gone from large retail to boutique retail, and the university. Given that the university was going to be built anyway and, in fact, there would be a very strong argument that having a train station out the front of the university that you do not have to interchange to would significantly benefit the university and given that the GPT large retail is now a completely different change in use as was explained to us by Planning earlier, how did the Government come to that decision?

Mr ANDERSON: The decision to?

The Hon. LYNDA VOLTZ: You are saying urban renewal is based on what the Government wants and its decision is based on this cost-benefit analysis.

Mr ANDERSON: Hopefully I am reading you right here. You are referring to the Hunter Development Corporation report of 2009?

The Hon. LYNDA VOLTZ: The cost-benefit analysis, yes.

Mr ANDERSON: They prepared a cost-benefit analysis.

The Hon. LYNDA VOLTZ: That is right and it relied on two sites, one of which you are the two-thirds owner of.

Mr ANDERSON: I am doing this off memory.

The Hon. LYNDA VOLTZ: You are saying that you are going to have a cost but we are going to get benefits and the benefits we are going to get are a university. People are going to be unhappy about you ripping up their rail line but there is going to be a benefit because you are going to get the university. The university tells us that they would go there whether the rail line was truncated or not. They should not have been included in the cost-benefit analysis because the university was going to be built anyway. In fact, there would be some argument, and they have not disputed it, that having a station across from the university that you do not have to interchange for and that links their university would be of benefit to them. Given that was the cost-benefit analysis and given that you then had the GPT site that has changed significantly from the original cost-benefit analysis that was done—

The Hon. GREG PEARCE: Is this a speech or a question?

The Hon. LYNDA VOLTZ: I have asked the same question a few times. Your view was that the urban renewal strategy was based on the decisions of Government, but it based that on this cost-benefit analysis.

Mr ANDERSON: I am not sure what the drivers were behind Government's decision to do that. The cost-benefit analysis was in the HDC report as you said, but sitting here now I cannot recall what was in that and how that plays out.

The Hon. LYNDA VOLTZ: Let us come at it a different way. How many jobs will be provided not as part of construction but by the retail in the GPT proposal?

Mr ANDERSON: I do not have that with me at the moment. It is in the hundreds but I am happy to take that on notice and provide you with that information.

The Hon. GREG DONNELLY: I take you to the issue of the two-thirds ownership of the site for \$20 million. Can you explain how the \$20 million was arrived at as a figure?

Mr ANDERSON: We undertook a period of about three or four months of due diligence prior to purchasing the site. That takes into consideration a number of different constraints associated with it.

The Hon. GREG DONNELLY: What were those constraints?

Mr ANDERSON: That is understanding what the market conditions are like and those sorts of things and the opportunities that are presented by the site. We did an internal feasibility analysis to understand what the value of the land was and then we actually used an external valuer to give a valuation report to help us support that decision and what to pay for the purchase of the site.

The Hon. GREG DONNELLY: If we take that in two stages, what was the value you internally established the site would be worth in terms of a purchase cost?

Mr ANDERSON: It was \$30 million.

The Hon. GREG DONNELLY: Then when you went to market or went out to seek external expertise what did that second stage reveal?

Mr ANDERSON: That revealed \$28 million.

The Hon. GREG DONNELLY: And the figure of \$20 million that was struck was a commercial negotiation with GPT?

Mr ANDERSON: Yes, it was.

Mr DAVID SHOEBRIDGE: Two-thirds of the figure.

The Hon. GREG PEARCE: Sounds like you got a good deal.

Mr DAVID SHOEBRIDGE: No, it was two-thirds of \$30 million.

Mr ANDERSON: So \$30 million was the whole site, and that is what I need to say. It was \$30 million for the whole site, so we paid \$20 million for two-thirds of the site.

The Hon. GREG DONNELLY: In terms of the nature of the management of the ongoing relationship, if I could describe it that way, between you and GPT over this site, what is the formal structure whereby as joint owners there is ongoing cooperation, meetings and facilitation on issues? How does that work? Is there a committee and who is on that committee?

Mr ANDERSON: There are three agreements that underpin how we operate together with GPT. The first agreement is the co-owners agreement because we purchased two-thirds of the site so we are registered on title as two-thirds of the site. There is a co-owners agreement that says that this is how we operate and this is how we maintain the buildings and how we manage as owners of this property as part of the arrangement. The second agreement is a property management agreement because GPT brings the expertise of managing the property, maintaining that the leases are okay, that the tenants are accommodated, that maintenance upgrades are undertaken and that we deal with the security. The third agreement—

The Hon. GREG DONNELLY: Sorry to interrupt but you have just gone through all the items that GPT has responsibility for. That is notwithstanding the fact that you are two-thirds owners of the site. Is that correct?

Mr ANDERSON: That is correct, yes.

Mr DAVID SHOEBRIDGE: You should let him outline the third agreement.

Mr ANDERSON: The third agreement was a project delivery agreement. That project delivery agreement is an agreement that allows us to guide us through the master planning phase.

The Hon. GREG DONNELLY: I think more questions flow but my time is up.

Mr DAVID SHOEBRIDGE: The \$30 million or the \$28 million price for the whole of the site was based on the existing planning controls, was it?

CORRECTED

Mr ANDERSON: The \$30 million valuation was just a straight valuation based on what the property was valued at.

Mr DAVID SHOEBRIDGE: In light of the existing planning controls and what you could do with it in its current state?

Mr ANDERSON: Yes.

Mr DAVID SHOEBRIDGE: You had a look at it and thought that if you up-zoned it you could make some money on it?

Mr ANDERSON: No, in our original feasibility we allowed for the 4:1 floor space ratio, which is available to the site. Then today we still have the same 4:1 FSR. What we identified as part of the process was that the planning controls that were imposed on the site made it challenging to actually achieve the FSR.

Mr DAVID SHOEBRIDGE: That was factored in to your evaluation. You might have a 4:1 zoning on it but because you have these height controls you probably will not be able to get a 4:1 yield on the site with the existing regime. That was factored in the evaluation surely.

Mr ANDERSON: That was also another clause in the Newcastle LEP that talked about a different height regime for the site. I will probably have to get it back to you. There were a number of different things. This was identified as a catalyst project in a special site within the Newcastle LEP of 2012 and that allowed variations to height. So the objective was to say that as a special site you could allow different variations to height, and included in that was an allowance for up to RL40, if I am correct.

Mr DAVID SHOEBRIDGE: What is the current height at the moment after these 2014 amendments?

Mr ANDERSON: After the 2014 amendments there are some parts of the site that are up to RL58.9, I think.

Mr DAVID SHOEBRIDGE: Basically, 20 metres more, particularly when you add the 10 per cent bonus you can get. It is 20 metres more than when you bought it. Is that right?

Mr ANDERSON: It is, but there are other areas that we have not taken up the height on other parts of the site. That was the reason—

Mr DAVID SHOEBRIDGE: In two large parts of the site you have 20 metres more than when you bought it.

Mr ANDERSON: But there are two parts of the site and then there is the balance of the site where we have actually delivered other things that have not taken up the height, and this is about flexibility in delivering a catalyst project. We have delivered a market square, we have retention of more heritage and we have access to more open space and created additional pedestrian links through the development. That was why we had the plan.

Mr DAVID SHOEBRIDGE: When GPT goes into partnership with you they get a government authority, correct?

Mr ANDERSON: Government agency, yes, a State-owned corporation.

Mr DAVID SHOEBRIDGE: It has a number of tentacles into the rest of government, into the planning department, directly into the planning Minister's office, into the Premier's office. That is what you are buying when you sit down and have a contract with UrbanGrowth, is it not? You buy that connection with government.

Mr ANDERSON: No.

Mr DAVID SHOEBRIDGE: I will put this to you. Ms Julie Rich, who was working at UrbanGrowth in February, wrote this in her handover sheet in relation to the east end project. She said, "Agreement has been

reached between UrbanGrowth NSW and GPT that the project be accelerated." That would be right, would it not? You agree—

Mr ANDERSON: No, I do agree that it was asked to be accelerated.

Mr DAVID SHOEBRIDGE: "The time line to submit the master plan DA is presently earmarked for 2014. The latter is placed in jeopardy the longer the re-exhibition of required changes to the proposed LEP. We are not able/willing to submit a DA that is not conforming to the planning framework. GPT are aware that the end February target may not be achieved due to delays within DPI. They are relying on UrbanGrowth's relationship with DPI to manage this risk on the project." That is what they wanted out of you, is it not? They wanted that inside rail in government to manage the risk and deliver on the project and maximise their returns. That is what they have got out of you, is it not?

Mr ANDERSON: No, they did not get that out of us. They actually got a two-third purchase of the site. So what had happened was that GPT had taken this site to the market on two occasions prior to engaging with UrbanGrowth. They had an opportunity to take it out to the market and sell it and the private sector rejected actually purchasing into Newcastle.

Mr DAVID SHOEBRIDGE: Because they did not have the relationships with government to schmooze the controls and get an extra 20 metres with a 16-day consultation period. That is what they get out of you.

Mr ANDERSON: No, they do not. At no time have we requested a shorter exhibition period from the Department of Planning.

Mr DAVID SHOEBRIDGE: What correction was put on the file—you can take this on notice—to correct the person who received Ms Rich's handover that there is this relationship with UrbanGrowth and the department that allows UrbanGrowth to manage the risk?

Mr ANDERSON: I will take that on notice because that is Ms Rich's instruction back to the person who she reported to after that.

Mr DAVID SHOEBRIDGE: UrbanGrowth is one of the agencies that has been engaged in decision-making about the proposed light rail route. Is that right?

Mr ANDERSON: We have not been involved in the decision-making. Our role with regard to the light rail was to run the community consultation that we talked about earlier.

Mr DAVID SHOEBRIDGE: Put options on the table.

Mr ANDERSON: The decision with regard to the light rail was a decision for government.

Mr DAVID SHOEBRIDGE: You were putting options on the table to go out to the community to consult.

Mr ANDERSON: There were options, yes. There were options available.

Mr DAVID SHOEBRIDGE: One of those options was something that the then Lord Mayor, Jeff McCloy really wanted, which was light rail down Hunter Street. Is that right?

Mr ANDERSON: I am not aware of what the lord mayor wanted but there was an option that went down Hunter Street, yes.

Mr DAVID SHOEBRIDGE: You have chatted with Jeff McCloy about what his thoughts were?

Mr ANDERSON: No.

Mr DAVID SHOEBRIDGE: Has anyone in UrbanGrowth chatted with Jeff McCloy about what his thoughts were?

Mr ANDERSON: I am not aware of it.

Mr DAVID SHOEBRIDGE: Would you take it on notice?

Mr ANDERSON: Yes, I could take it on notice.

Mr DAVID SHOEBRIDGE: Julie Rich again, in an email on 26 June to Sean O'Toole and Gregory South says this: "Sean and Greg, so you are both aware, the lord mayor Jeff McCloy called me this morning to ask how we were faring with our planning of our project and what the reaction has been by UrbanGrowth and GPT to last week's budget announcement. I replied that we are progressing well with our planning and the news last week was welcomed, particularly by UrbanGrowth, placing added emphasis on the timely delivery of our project. He asked that we write a letter, either with GPT or separately to the Premier and Treasurer, to congratulate them on the additional \$340 million and support the option to have the light rail system placed in Hunter Street and not the existing rail corridor. I will prepare a draft letter for your review." Did that letter go? Are you satisfied with those kinds of relationships between the lord mayor, property developer, property owner and UrbanGrowth?

Mr ANDERSON: I am not aware of whether that letter went and I was not privy to that email. We engaged with a wide range of stakeholders with regard to this major catalyst project in Newcastle. We are obliged to engage with stakeholders. Whether anything happened out of that, I am not quite sure.

Mr DAVID SHOEBRIDGE: Will you take it on notice and provide the letter, including any draft?

Mr ANDERSON: Yes, we certainly will take it on notice.

CHAIR: In your submission you make the statement, "As a result of a central role played by UrbanGrowth NSW and the light rail realignment decision." Obviously you were a key player in the light rail decision, according to you. Do you know what the budget is for the light rail?

Mr ANDERSON: We do not have any knowledge of the budget. With regard to the truncation and the light rail, Transport for NSW has control of those budgets, cost benefits and programs.

CHAIR: So you are not aware of what it could cost?

Mr ANDERSON: No, I am not aware.

CHAIR: You made the proposal for this hybrid—

Mr ANDERSON: Can you direct me to what page you are looking at?

CHAIR: It is the bottom of page 3 and the next page is where you say you played a central role.

Mr ANDERSON: Where we played the central role with regard to the light rail was with regard to seeking community feedback. That was that process from there. With regard to the decision on the light rail, that was a decision of government and it followed the processes that were outlined in the Government's submission on page 19 with the criteria.

CHAIR: So you made recommendations for the—

Mr ANDERSON: No, we provided the community feedback. The decision on the other criteria and the assessment was Transport for NSW.

CHAIR: Are you aware of the timetable for the light rail? You must have had some discussions.

Mr ANDERSON: No, this is what I say. With regard to that, Transport for NSW is controlling the programs with regard to that.

CHAIR: What is UrbanGrowth's understanding as to when it could commence and when it would be completed?

Mr ANDERSON: We have no knowledge of that. At the moment we have been advised about the truncation of the heavy rail and Transport is implementing bus services and the like that will address the transport needs after that.

CHAIR: I would have thought because of your concern about UrbanGrowth and the development of Newcastle and the shopping centres and so on you would be interested to know when the light rail would be functioning or completed.

Mr ANDERSON: A number of things will happen as part of that work as we roll it out but we rely heavily on Transport to provide that advice.

CHAIR: And you are aware of any decision they have made?

Mr ANDERSON: No, I am not aware.

CHAIR: Do you see the light rail being something which would commence in a year's time or five years time or 10 years time?

Mr ANDERSON: I would only be guessing.

CHAIR: What is your guess?

Mr ANDERSON: I cannot guess. You would be better to direct that inquiry to Transport. I know it sounds like a broken record and I apologise for that.

Mr DAVID SHOEBRIDGE: You can only answer in your—

Mr ANDERSON: I can only answer in my capacity.

CHAIR: I know but I just thought in discussions as an urban growth organisation if I was sitting in a room with the other people I would be saying, "How's it going? When do you think you'll get finished?"

Mr ANDERSON: I have not done that.

Mr DAVID SHOEBRIDGE: Was it discussed in those master planning meetings that you had with Jeff McCloy and others?

Mr ANDERSON: I did note the master planning meetings. I did not attend those master planning meetings.

Mr DAVID SHOEBRIDGE: Can you provide us with answers on notice about whether it was discussed in those master planning meetings with UrbanGrowth?

Mr ANDERSON: I could possibly go back through that and take that question on notice. I cannot answer with regard to that.

CHAIR: As part of the urban renewal of the central part of Newcastle, obviously Newcastle railway station is a major feature with a number of lines, then there are a number of railway buildings that I understand are heritage buildings. Are you involved with any of the planning as to what will happen to that site?

Mr ANDERSON: There is some work being undertaken to just analyse what those opportunities are for those buildings as part of that work. There has been no decision yet by government but we will actually undertake some work. The opportunity that presents itself is how could those buildings fit in or activate the urban renewal strategy or revitalise the city as part of that work.

CHAIR: That is what I was getting at. I would have thought you would be giving advice. You are the urban growth leader.

Mr ANDERSON: We will be undertaking some work to understand what those opportunities may be and then provide advice back to government for government to make that decision.

Mr DAVID SHOEBRIDGE: I think the Chair is asking: What are you founding your advice on? What principles are you looking at—maximising open space, maximising green open space? The UrbanGrowth statutory remit seems to be maximising profits and returns. The Chair is asking you about your principles.

Mr ANDERSON: I think the principles will be just to be guided by the urban renewal strategy. The real principles of what they are trying to achieve in Newcastle about the revitalisation so the principles that we will use are how we find an opportunity to activate that area so that we can attract people there to live, people to work and people to visit Newcastle as part of that process.

Mr DAVID SHOEBRIDGE: But there is no commitment to open space, no commitment to prioritising open space at all. It is just about maximising returns.

Mr ANDERSON: No, it is not about maximising returns.

Mr DAVID SHOEBRIDGE: There is no commitment to open space.

Mr ANDERSON: All the opportunities and uses will be investigated as part of this work, which will include open space. And there has been commitments I believe from the Minister that there will be open space as part of it.

Mr DAVID SHOEBRIDGE: Is that what you are doing? Are you living up to those commitments or are you just trying to go for the usual urban growth about maximising returns?

Mr ANDERSON: Our analysis will be based on those opportunities to activate Newcastle, the things that we can actually do to drive new people, new jobs and new visitors into Newcastle as part of it.

Mr DAVID SHOEBRIDGE: New buildings.

CHAIR: Do you see any future for Newcastle central railway station and those associated buildings which people told me they believe are heritage buildings, which means they cannot be demolished?

Mr ANDERSON: That will be part of the analysis to ensure that we take that into consideration. If there are heritage listings on those buildings then that should be respected.

CHAIR: So there are no plans that you know of to redevelop that area?

Mr ANDERSON: No. We are doing some analysis work now.

CHAIR: How about the railway corridor itself? Are you looking at redeveloping the railway corridor when the train line is stopped?

Mr ANDERSON: What we are actually doing is the analysis of that corridor land. So no decision—I need to reiterate this for the Committee—has been made by government with regard to doing that. We will do the analysis work on the corridor, with the drivers of that urban renewal strategy and the objectives of the strategy and then report back to government what the options are. I think the significant thing is, as the Department of Planning has actually stated, that any change of use in there will require a public consultation period.

CHAIR: At this stage, you do not have any possible plan or recommendation for what you think could be done with that land?

Mr ANDERSON: We are still doing that analysis now, Mr Chairman.

CHAIR: Just as an expert, what do you think is the potential?

Mr ANDERSON: Mr Chairman, I think it has an opportunity to deliver a number of uses that can really activate this area and contribute to revitalising Newcastle.

Mr DAVID SHOEBRIDGE: Which includes the commercial buildings of retail and residential, does it not?

The Hon. CATHERINE CUSACK: Can I ask that, since time has expired—

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

The Hon. CATHERINE CUSACK: Thank you very much for appearing today. In 2010 the former member for Newcastle, Jodie McKay, said that in relation to truncating the rail line at Wickham, "This is about being able to have a CBD where you can move from Hunter Street through to the water. It is not completely barricaded off by a heavy rail line. I am of the firm belief that this city can only reach its full potential if we deal with the rail line issue. We should not have a heavy rail line system running through the city as we do now." Can you perhaps articulate what the benefits are of allowing that connectivity between the central business district and the waterfront? Many people in this inquiry seem not to understand how that would be a beneficial thing for the renewal of Newcastle.

Mr ANDERSON: I think one of the things that we were trying to explain—and that goes back to something in 2010—was to try to transform the city and revitalise it. I know there have been a lot of discussions with regard to barriers and those sorts of things, but there is a physical barrier. The CBD is quite unique in Newcastle because it is quite linear and does extend for a great length—depending on what you picture it as, anywhere between two to three kilometres. It is quite narrow and the railway line actually runs down parallel with regards to it. By removing the railway line it creates the opportunity for pedestrians, cyclists and vehicles to move more freely between the area and to be able to connect to the waterfront easily and accessibly. That talks about all people of various abilities as well to be able to do that. What it does, or what it means, is that that connectivity means that you can activate all these type of areas and give people access more quickly to those types of areas.

The Hon. CATHERINE CUSACK: It would mean that basically everyone in the CBD could be within a couple of minutes of the waterfront as opposed to the situation at the moment where there is a huge corridor kind of blocking that access.

Mr ANDERSON: That is the intention of doing it—to make it more permeable, and make it more accessible as part of that process. What it really does mean to do is activate that area by being able to get people from the waterfront back into the city, or people from the city back out to the waterfront; it means that you are creating an opportunity for them to actually engage with those things. What it will do is improve the livability of Newcastle, which is critical to deliver, and hopefully will stop the decline that is happening there at the moment. You will be able to activate it. One of the most important things, I think, is to create a city that people actually want to live in and people actually want to work in and want to visit. That is not what is happening at the moment.

The Hon. CATHERINE CUSACK: Can you please explain what you mean when you say the decline that the city is in?

Mr ANDERSON: There has been a long history about the way that the city is functioning, such as visitations down there. Even the city's own economic performance is substantially lower in regards to other comparable cities in Australia. The idea is to boost that performance and then revitalise the city as part of that process. Along with this are the other catalyst projects. While the rail and accessing the waterfront are new transport initiatives, there are also the initiatives of the catalyst projects—the law courts, the university and other things—that will start to bring those opportunities into play.

The Hon. CATHERINE CUSACK: Can you give us some examples of Newcastle CBD's economic performance ranked against comparable cities?

Mr ANDERSON: Look, I have not got the data with me at the moment but Newcastle's economic output is something around about 11 per cent. We can provide that information to the Committee.

Mr DAVID SHOEBRIDGE: Eleven per cent of what, I am sorry? You said 11 per cent.

Mr ANDERSON: Eleven per cent of the Newcastle GDP.

Mr DAVID SHOEBRIDGE: Of the State's gross domestic product?

Mr ANDERSON: No, not of the State's GDP; the area's GDP.

The Hon. LYNDA VOLTZ: Is that the Hunter region, do you mean?

Mr ANDERSON: Sorry, yes.

The Hon. CATHERINE CUSACK: So the Newcastle CBD is 11 per cent of the Hunter region's GDP?

Mr ANDERSON: Yes. Look, I will provide that data. I am doing it off the top of my head at the moment. I will be able to provide that data back to the Committee.

The Hon. CATHERINE CUSACK: I appreciate that, thank you. What is the impact of the heavy rail line on traffic functioning through the CBD?

Mr ANDERSON: That is a difficult question for me to answer because that is certainly part of the roads and traffic work that is undertaken in there. You hear the stories about how long people have to wait to cross the crossings there at George Street and others with regards to it, but the ability to remove the rail means there is an opportunity to actually reconnect the roads and get the grid patterns back in place as well as allow the vehicular movements, pedestrian and cycling movements back into the CBD to actually activate it.

The Hon. CATHERINE CUSACK: Can you enlighten us a bit more about the international students opportunity that is offered by the university moving into the CBD?

Mr ANDERSON: I think there is a real opportunity with regards to activation. I think one of the most important things that need to come from the revitalisation is to attract investment, attract activity into Newcastle and create those opportunities coming in there. Bringing the students into the Newcastle area there means there is an opportunity to actually generate activity with regards to retailing, with regards to food, with regards to leisure and, in fact, the demand for accommodation. One of the best outcomes for Newcastle, in particular, is attracting international students. Even for local students, I think it is important to get local students back into the area. They will be able to actually live in the CBD and further activate what is happening there so they can actually be present in the CBD, living there, and can go from there.

I think what was interesting from when we had a look at some of the market analysis that we undertook is that there was the demand for apartment living within the CBD and in particular the east end. Nearly 70 per cent of those types of people who were looking for that type of accommodation are aged between 20 and 44. In some respects that is young Novocastrians or young families in the area because that is the type of activity they are looking for. They are looking to go to a city and revitalising it. In some respects I see the urban renewal strategy that is being delivered now is for those future generations of Novocastrians who are looking for a city that will meet the needs as they go—you know, the generation Ys and the generation Xs, who are looking for activation and are happy to live in cities and take advantage of those opportunities in amenity that it provides.

The Hon. CATHERINE CUSACK: Do you have any figures on what the increased resident population would be in the CBD?

Mr ANDERSON: If you look at the Department of Planning's strategy at the moment, they are targeting 6,000 new homes within that. I would imagine, depending on what ratio you would like to apply to that—whether it is two persons per dwelling or 1.8 or something like that to be able to simplify it—if there were new dwellings in there that is around about 12,000 new people moving into the area, coupled with, in that period of time, delivering 10,000 new jobs. It would go a substantial way to activate the CBD and bring those people into that area.

The Hon. CATHERINE CUSACK: I imagine from an economic point of view that that would be a massive boost in consumption.

Mr ANDERSON: That is one of the real drivers behind making those changes at the moment—to bring that activity back into it at the moment—because you need to drive that activity to actually drive the regeneration and to attract investment into the area. You really want people to bring jobs into Newcastle. You

want to be able to have employers saying, "That is the right sort of location where I want my people to work", and drive that type of arrangement. New premises in an area that is thriving offers workers—who are working in those CBD offices while accessing the amenity—the retail, the food and those sorts of things. That drives not only jobs in that area but drives jobs back through retailing as part of that process.

The Hon. CATHERINE CUSACK: In terms of livability, how important is it that residents have easy access to green space? Can you talk about that because, again, there seem to be people on the Committee who do not understand that accessing green space as a resident is part of the quality of life that you enjoy in the city?

The Hon. LYNDA VOLTZ: Who could that be?

Mr DAVID SHOEBRIDGE: Greg. She is talking about Greg.

Mr ANDERSON: Sorry?

The Hon. CATHERINE CUSACK: The Hon. Lynda Voltz is really struggling to understand what the benefit is.

The Hon. LYNDA VOLTZ: Point of order.

CHAIR: No, just ask your questions.

The Hon. CATHERINE CUSACK: I am.

The Hon. LYNDA VOLTZ: Point of order: I ask that the Hon. Catherine Cusack withdraw that comment.

CHAIR: The Hon. Lynda Voltz understands it completely. Just ask your questions. Do not give commentary.

The Hon. CATHERINE CUSACK: I certainly will not be withdrawing the comment.

CHAIR: Otherwise other members—

The Hon. CATHERINE CUSACK: I point out that the member interjected, so I ask her not to interject—

The Hon. LYNDA VOLTZ: I did not interject at all. That shows how silly you are.

The Hon. CATHERINE CUSACK: —and give a commentary on my questions. That would make this go much more smoothly.

CHAIR: Yes.

The Hon. LYNDA VOLTZ: It would go more smoothly if you stop being insulting.

The Hon. CATHERINE CUSACK: For the benefit of those who do not understand the relationship between livability and green space, can you perhaps talk about the new opportunities this will give for people, who we hope will move into the CBD and drive the economic renewal, to be able to access green space?

Mr ANDERSON: I think Newcastle has some wonderful natural wonders there and natural opportunities surrounding the city and within the city as well. I think one of the things that people are looking for with regards to living in cities is that they want that high level of amenity. Do you know what I mean? If we are living in high-density development, we need to be living with high residential amenities so that they can actually access those types of things. Gone are the days of people moving to the suburbs and looking after their own amenity on their own block of land—a pool and those types of things—as part of living in cities these days. This is what Newcastle will have. Activation and living in cities means that there is access to those opportunities with regards to new parks, access to the waterfront and access to the beach as part of that work as well. You can have people living in an area that has reasonable density bringing up to 12,000 people and people working in the

area to deliver that to the community. The amenity that comes with Newcastle, and the ability to actually access that by living in the area, is fantastic.

The Hon. CATHERINE CUSACK: This has been a passion of many people for a long time. Are there alternative proposals for how you obtain that connectivity without removing the line?

Mr ANDERSON: I am not aware of alternative proposals to do that. There are current bridges over the railway line there and, I apologise, but I cannot recall how many there are. There are bridges that are over the railway line there and there are couple of crossings as well.

The Hon. CATHERINE CUSACK: But, as I understand it, none that would deliver that degree of connectivity literally for everybody, not just for the elite few that live near?

Mr ANDERSON: Not the same. One of the initiatives that were put out in the urban renewal strategy is to actually increase the number of crossings. I think there is anywhere up to eight to 10 crossings that are now envisaged to access across the rail corridor once the truncation occurs. They are actually identified in the strategy and I think they are actually identified in some transport documentation as well. That is publicly available.

The Hon. GREG PEARCE: Mr Anderson, how long have you been with UrbanGrowth?

Mr ANDERSON: I have been with UrbanGrowth, or Landcom when I originally started, so I have been there for over eight years now.

The Hon. GREG PEARCE: We have had a lot of talk about the revitalisation of Newcastle, but very few witnesses actually have been able to say what we are really talking about in that. I think you have sort of come closest to it. When I walked around Newcastle the other day, the old hospital site and Nobbys Head and that part of it really has been quite nicely revitalised already. You wander down past the legal sector and the council chambers and then you get that whole dead space right back up almost to Stewart Avenue. Is that the way you are looking at it?

Mr ANDERSON: Look, that is very much what is happening. This goes back to early 2012 when we actually had to consider the work that was associated with it. I took the opportunity to go out there and I was quite surprised about the level of vacancies with regards to shops there. I know that they are being activated now at no charge, but there was a lot of vacancy there. A lot of the areas were quite quiet and there was no activation in the area as well. It really took me by surprise.

The Hon. GREG PEARCE: When you walk around that precinct, you have a lot of empty shops, as you say, and a lot of all sorts of derelict buildings, struggling clubs, and then this railway line that just goes along the whole length of it. To me, it is not a question about whether a few people have to change transport modes to go to the beach and surf. It is about the massive investment in the city that needs to occur in that whole area to make it livable and dynamic and bring jobs, and so on.

Mr ANDERSON: All the work that has gone before this—and to my knowledge it goes back for some time—is there has been this cry that something needs to happen in Newcastle and that is the major theme. There have been task forces, there have been reports and ongoing work associated with something needing to be fixed in Newcastle and, yes, there is a huge amount of investment now going into revitalising the CBD. I think it is what is needed as part of that work. I think the hospital redevelopment shows that you can actually do good development in that area and actually deliver those outcomes. People are now living there and there are actually jobs up there as well. I think it is a great opportunity to actually bring that down through to the CBD and, as part of it, to activate it.

The Hon. GREG PEARCE: The witnesses we have heard from, such as you, with experience in urban planning, development, jobs, lifestyle and so on, are all united that the railway should be truncated?

Mr ANDERSON: UrbanGrowth has had the view that Newcastle needs to be revitalised and we think this is a great opportunity to actually make a difference and for something to happen there. I think a new transport solution is important for Newcastle to make things happen as much as I think connections to the waterfront, accessibility and having people being able to move around the CBD and to connect to some of its

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assets, to connect to the waterfront, to connect to the beach and also to connect to other activities that are located within Hunter Street so that they can actually live in a city that they actually enjoy being in.

CHAIR: Thank you very much for your information. You have assisted our inquiry and we appreciate that. All the best in your endeavours with UrbanGrowth.

Mr ANDERSON: Thank you, Mr Chairman.

(The witness withdrew)

ANDREW FLETCHER, New South Wales Regional Director, Property Council of Australia, and

GLENN BYRES, New South Wales Executive Director, Property Council of Australia, affirmed and examined:

CHAIR: Thank you very much for attending the inquiry. We appreciate your help. Do either of you want to make an opening statement?

Mr BYRES: Yes, just a very concise one, Mr Chair. First, the Property Council is the nation's peak industry group representing the property investment industry in Australia. Our members finance, own, manage and develop assets across the property spectrum—commercial, office, retail, industrial, hotel, residential and retirement living. Because we invest in cities for the long haul, we understand them and want to see them succeed. Second, that is why in Newcastle we have consistently promoted policy solutions to attract investment, accommodate growth and deliver infrastructure.

In the Newcastle CBD that has meant an emphasis on good urban design, public domain and built form outcomes to help revitalise the city centre. In the specific context of the terms of reference relating to the planning process, we have variously made submissions on the proposed switch from heavy rail to light rail, including its routing as it supports our first principle of good urban design, responded to draft policies including the Newcastle Urban Renewal Strategy, the 2014 SEPP amendment and other exhibited proposals and done so with a view to reconnecting the city with its waterfront, improving the urban environment and encouraging a more vibrant CBD. With that, we will happily take questions.

The Hon. LYNDA VOLTZ: You say in your submission there is a perception that the New South Wales Government is making a \$460 million investment in urban renewal projects and public transport infrastructure to benefit the property industry and you relate that to comments by Mehreen Faruqi, who is in the upper House.

Mr BYRES: Yes.

The Hon. LYNDA VOLTZ: Given there is a shift to taking one rail line out and putting another rail in, can you elucidate your view that this is not about providing jobs and development in Newcastle?

Mr BYRES: No, it is partly about providing jobs and development in Newcastle as well as a more permeable city; they go together. Perhaps if I could just go back a fraction to explain how the Property Council first arrived at this position and then we can go to more specific issues. In around 2005 and 2006 we produced three documents as an organisation—Initiatives for Sydney, Initiatives for the Illawarra and Initiatives for the Lower Hunter. They were around the time the Government was first piecing together strategic plans for those three regions, what is equivalent to the Metro Strategy for Sydney and the regional plans.

As part of that we looked at issues relating to the CBD, how to revitalise the CBD that at that stage was very depressed and suppressed, and one of the solutions we arrived at was improving the public domain outcome, and obviously the issues relating to the rail line removal were considered as part of that. We felt it was a barrier to the CBD and a barrier to the CBD's renewal. Obviously as a consequence of renewal, jobs and investment will flow but we are not promoting this and we have been quite consistent around what should be used in the rail corridor. We have been quite consistent in saying you do not remove one barrier by imposing another.

The Hon. LYNDA VOLTZ: So you would want to see no development in the rail corridor?

Mr BYRES: No, we have quite clearly said—and it is reflected in several of our submissions—that we want to see public activation along that rail corridor, whether it is walkways, cycleways, et cetera. Would you perhaps consider some adaptive reuse for a café-type facility down at some of the heritage buildings, at the railway station, for example—yes, but that is about public activation.

The Hon. LYNDA VOLTZ: So single-storey only recreational-type facilities?

Mr BYRES: Yes. In short, if you are asking if we would support high-rise commercial or residential in that corridor, the answer is no.

The Hon. LYNDA VOLTZ: So you think the Government should rule out selling any of the land for any other purpose than that?

Mr BYRES: I have not seen any such proposal.

The Hon. LYNDA VOLTZ: But you think they should rule it out?

Mr BYRES: Well, what I can say is we had some conversations with the Independent member for Lake Macquarie when he was pushing his bill. We thought that bill had a lot of merit.

The Hon. LYNDA VOLTZ: When you spoke to the Independent member for Lake Macquarie what was his view on the truncation of the rail line?

Mr BYRES: I do not know that I specifically asked him, to be frank. I think we were dealing with the reality of what is proposed and therefore his bill was put forward in that context, so unless Mr Fletcher had a separate conversation with him in which he explained something different—but certainly in the one I had it was just dealing with the reality of what was happening.

Mr FLETCHER: I did have a discussion with the member for Lake Macquarie about that. The member's view was that truncation of the heavy rail line was happening; it was underway and what he was trying to do with his private member's bill was get the best possible outcome for a future use of the existing heavy rail corridor.

The Hon. LYNDA VOLTZ: So you are saying that he supports the truncation of the rail?

Mr BYRES: No.

Mr FLETCHER: I am saying his view was that it was a reality, that it was underway and that it was going to happen.

The Hon. LYNDA VOLTZ: We have seen each other before recently, haven't we?

Mr FLETCHER: I do not think so.

The Hon. LYNDA VOLTZ: Hamilton Public School?

Mr FLETCHER: Oh, perhaps.

The Hon. LYNDA VOLTZ: Yes. You were down there scrutineering at the elections?

Mr FLETCHER: We did see each other that night—you are right.

The Hon. LYNDA VOLTZ: Yes, we did. Just explain to me, Mr Fletcher, were you involved in the development of the Property Council's proposal?

Mr FLETCHER: The submission to this inquiry do you mean?

The Hon. LYNDA VOLTZ: Yes?

Mr FLETCHER: Yes.

The Hon. LYNDA VOLTZ: What is your view on development of the rail line itself, of land within the rail line? Do you support the view that there should be no development there?

Mr FLETCHER: Yes.

The Hon. LYNDA VOLTZ: At all?

Mr FLETCHER: I would support the comments that have just been made by Mr Byres, which is that along the heavy rail corridor we do not support, and we certainly have not seen any proposals for, high rise

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commercial or residential type development. Should it be active public space? Absolutely yes. I think there is great potential there for it to become a wonderful facility for pedestrians, for cyclists and for there to be good public activation along the corridor.

The Hon. LYNDA VOLTZ: Mr Fletcher, just explain to me: why can the light rail not run down the existing rail corridor?

Mr FLETCHER: Well, it could but it would not be the best outcome because, as is the experience of cities all over the world, including Sydney, light rail should run along areas where people live, learn, work and play, where there are activity nodes and the proposed route for the light rail in Newcastle satisfies all that criteria.

The Hon. LYNDA VOLTZ: Except the recent light rail system that has been built in the city of Sydney actually goes down an existing railway line, does it not, to Dulwich Hill?

Mr FLETCHER: I am not au fait with the details of the Sydney system.

The Hon. LYNDA VOLTZ: Well, you just said that in Sydney they go to the nodes, they go to where they run.

Mr BYRES: And people.

The Hon. LYNDA VOLTZ: In fact, the light rail is running down the freight line that exists and that is why the light rail was put there, is it not?

Mr BYRES: And there is high density living along that corridor.

The Hon. LYNDA VOLTZ: Yes, I understand there is high density—and it is not all high density. In fact, lots of that strip is very similar to that end of Newcastle. What I am saying is: what is the efficacy in running it down Hunter Street rather than running it down the existing rail line, which is similar to what has happened with the rail system?

Mr FLETCHER: Our view was it would not support the strategic priorities that are set out in the Newcastle Urban Renewal Strategy, which is about moving more people further. The Hunter Street option was the best option.

Mr DAVID SHOEBRIDGE: If part of your vision for Newcastle is having increased public transport—I assume that is part of your vision for Newcastle?

Mr FLETCHER: We certainly want to see greater patronage, yes.

Mr DAVID SHOEBRIDGE: You must be greatly disappointed to see that the Government is, in its own estimates, suggesting that there will be about a 23 per cent reduction in patronage of public transport as a result of their truncation of the railway line and the Wickham interchange. That must have greatly disappointed you?

Mr FLETCHER: I think the Government should be doing everything in its power to increase patronage on public transport.

Mr DAVID SHOEBRIDGE: Yes, but I put a proposition to you that you must be very disappointed to see the estimated reduction in public transport patronage put forward by the Government. It does not disappoint you; you expected that, did you?

Mr FLETCHER: I am not sure what report you are referring to.

Mr DAVID SHOEBRIDGE: I will provide it to you on notice and you can give me your considered view.

Mr FLETCHER: Thank you.

Mr BYRES: Yes.

Mr DAVID SHOEBRIDGE: You say it is the view of the Property Council that the corridor, if the railway line is ripped up, should be for activated public open space?

Mr BYRES: Yes.

Mr DAVID SHOEBRIDGE: Maybe the odd café or the like?

Mr BYRES: Yes.

Mr DAVID SHOEBRIDGE: Again, you would have been disappointed no doubt to hear UrbanGrowth's evidence that all the cards are on the table and they are considering retail, commercial or residential—everything is on the table. You would be very disappointed no doubt to hear that?

Mr BYRES: I did not hear all of his evidence. We came in about halfway through, so apologies, and if there is something you want me to look at, I am more than happy to, but what I can only do is express our view, which we have held consistently for about 10 years, and we remain firm in that view, regardless of what an agency may or may not be looking at. We have a genuine view as to what is the right outcome for that corridor. If UrbanGrowth is looking at an alternative solution, we would examine that but I cannot see a circumstance in which we would budge from our view that high rise residential and commercial would not be appropriate on that corridor.

The Hon. CATHERINE CUSACK: Point of order: Can I ask through you, Mr Chair, that when Mr Shoebridge is paraphrasing evidence by an earlier witness, he give an accurate indication. Those witnesses indicated that there is no fixed view as to what should occur there.

Mr DAVID SHOEBRIDGE: Which is why I said everything is on the table. If you would rather run interference you will get your chance.

The Hon. CATHERINE CUSACK: It is absolutely not inconsistent.

Mr DAVID SHOEBRIDGE: These are your witnesses; you will get your chance.

The Hon. CATHERINE CUSACK: You are misleading the witnesses deliberately as to evidence given by a former witness and I just ask through you, Mr Chair, that that not continue.

Mr DAVID SHOEBRIDGE: Perhaps you should listen, Catherine—if you listened to the evidence.

The Hon. CATHERINE CUSACK: I did; I listened very carefully and it was a very inaccurate description.

CHAIR: We do not want to have a debate. We will now move on to your questions.

Mr BYRES: Just to round that out, as I said, that is our view. If there was evidence expressed earlier that you would like me to explore and come back to the Committee on, I am more than happy to.

Mr DAVID SHOEBRIDGE: I suppose I would like you to use your good offices, as an influential stakeholder, to make a very public statement to the Government that at the very outset of any strategic planning they are thinking for the corridor that they make a commitment that there will be no large-scale retail commercial and there will be a commitment to activate a public open space for the entirety of the site.

Mr BYRES: I would just point out—and I am not trying to pick an argument with you here—that we have been expressing that view for several years and we will continue to express that view.

Mr DAVID SHOEBRIDGE: Sceptics might say that the Property Council, in making that submission now—

Mr BYRES: No, not now.

Mr DAVID SHOEBRIDGE: Well, making that submission historically and in support of the truncation of the railway line, makes a good argument to remove the railway line and then, once it is removed, well all bets are off, UrbanGrowth puts forward the mix and your members get the benefit of development on the railway line. Some people would suggest—with a sceptical view of New South Wales history—that that might be what is happening.

Mr BYRES: This goes back to the nature of what our members do. They invest in cities for the long haul. You do not do that and then undermine the value of that investment by adding in something like a barrier to replace a barrier that you have since removed.

Mr DAVID SHOEBRIDGE: The representative from UrbanGrowth suggested that removal of the railway line would be part of a strategy to get additional people to the beaches of Newcastle. Is that your view, that removing the railway line would provide greater access for people to the beaches of Newcastle?

Mr BYRES: My understanding of the light rail proposal—perhaps Mr Fletcher might want to expand on this.

Mr FLETCHER: The proposed light rail will certainly deliver people closer to Newcastle beach. That is a fact.

Mr DAVID SHOEBRIDGE: A two-kilometre long shuttle.

Mr FLETCHER: The terminus of the proposed light rail route is closer to Newcastle beach than the current Newcastle railway station.

Mr DAVID SHOEBRIDGE: And in your rosy view of this, have you factored in the difficulties that all users will have in changing at Wickham and the likely reduction that will have on patronage?

Mr FLETCHER: I am excited about the proposed light rail route because it will make access to the beach and across the city far easier for everyone—the elderly, the disabled, pedestrians and cyclists, who currently have to negotiate pedestrian overpasses and railway level crossings. An at-grade over a few metres between a heavy rail and a light rail system will be an enormous improvement for the people of Newcastle.

Mr DAVID SHOEBRIDGE: How many pedestrian overpasses or railway level crossings do you have to negotiate to go from Newcastle city railway station to the beach?

Mr FLETCHER: From the railway station to the beach, there are none. But from the city to the waterfront, there are several.

Mr DAVID SHOEBRIDGE: So if you chose to get off the train at Wickham and wander back and forth over the railway line, and then get to the beach that would be a problem but it is not a problem with the current railway line?

Mr FLETCHER: Except that the proposed light rail route will deliver you far closer to Newcastle beach than is the case with the heavy rail system.

Mr DAVID SHOEBRIDGE: You have a good number of members who own property in Newcastle?

Mr BYRES: Some of them would, yes.

Mr DAVID SHOEBRIDGE: And is the former lord mayor one of your members?

Mr BYRES: To explain, we do not have a membership based on individual membership, we have membership based on companies. If you are asking if the McCloy Group is a member, it is.

Mr DAVID SHOEBRIDGE: The McCloy Group owns a lot of property either side of the proposed light rail route that you are endorsing. Do you see the conflict there?

Mr BYRES: We have formed this view based on 10 years of work. We do not and never will advocate on behalf of a single member.

CORRECTED

Mr DAVID SHOEBRIDGE: It just so happens that your advocacy would greatly benefit this particular highly influential single member and his company.

Mr BYRES: I am not aware of his precise land holdings, I know he has holdings through the CBD but we do not keep a register of people's precise holdings. We form a view as to what would be good for cities for the long haul. There is heckling from the back.

Mr DAVID SHOEBRIDGE: I heard your answer. I do not support any heckling. I think you are doing the best you can.

Mr BYRES: I appreciate that.

The Hon. CATHERINE CUSACK: Can I ask the Chair not to tolerate heckling from the gallery of witnesses.

Mr BYRES: I appreciate it was not a reflection on you, Mr Shoebridge, it was just the nature of the heckle.

The Hon. GREG PEARCE: We have had some pretty poor behaviour.

Mr DAVID SHOEBRIDGE: I appreciate you are giving evidence under oath, with your hat on as part of the property industry.

Mr BYRES: Yes.

CHAIR: Thank you for coming. I note in your submission you have made a very strong argument to support removing the heavy railway and you say 800 businesses located in Newcastle indicate that the railway line was hindering business activity. How does it hinder business activity?

Mr BYRES: The heavy rail line?

CHAIR: Yes, the heavy railway, I thought it brought people to your businesses.

Mr BYRES: I will go back a step. Our solution for the Newcastle CBD was never led by the precise public transport solution. It looked at what was needed across the whole of the CBD and, if you like, the public transport component followed from that. So what was the broader redesign we wanted to see for the Newcastle CBD? As a consequence of some of the things we thought through around 2005-2006, the rail line was considered as part of that. We believe it is a barrier to investment. It is something that has an effect on the amenity and the public domain of the CBD and that is why we would like to see a solution that provides a more permeable CBD.

CHAIR: I note in your submission you have also supported the removal of the railway line and its replacement with a free frequent bus service. Who is providing the free frequent bus service?

Mr FLETCHER: I think you might be referring to our initial submission to the Newcastle Urban Renewal Strategy where we certainly advocated for a rapid bus transit system to replace heavy rail. That was prior to the Government's announcement of a light rail system.

CHAIR: This is your submission of 24 October?

Mr BYRES: Yes and my understanding is you are referring to what we proposed in the 2005 paper, is that correct? What page are we on, so we can make sure.

CHAIR: Page two.

Mr BYRES: Yes, so this was the 2005 report. We felt at the time the best alternative solution available was a free substantial rapid bus transit. Obviously, the Government has since made its commitment to light rail which we always saw as a potential long-term solution and it is pleasing that the Government has moved that fast.

CHAIR: There is some concern as to the priority for that light rail. I thought I had seen a statement by the Minister for Transport that she would consider this in five years time. Do you have any idea of the timetable for the light rail? It is critical because if there is no light rail, people cannot use the buses with surf boards, bicycles and all the other things that they are carrying on the train.

Mr BYRES: Mr Fletcher may choose to add to my answer. The only specific time lines we have seen from the Government are those relating to Boxing Day and that is when the various other components will start to switch on or off and that includes the rail line and the bus services that are replacing it. The Government has said that perhaps in late 2015 construction will be commenced on it. We have not seen a specific completion date. We can only say that we would be urging the Government to do it as soon as possible.

The Hon. CATHERINE CUSACK: Could I clarify: The Minister has said that surfboards can go on the buses.

CHAIR: I have never seen a surfboard go on a bus yet.

The Hon. CATHERINE CUSACK: I will provide a copy of the statement.

CHAIR: I am just saying, physically putting them on a bus, where would they put them? Do they put them up against the driver?

The Hon. CATHERINE CUSACK: No, you carry the surfboard onto the bus. We have it on the north coast but to continually assert that surfboards will not go on the bus is just incorrect.

CHAIR: That has been the evidence we have had from people objecting to the removal of the railway line.

The Hon. CATHERINE CUSACK: That is correct. It is all incorrect evidence.

CHAIR: Well they are the people who carry the surfboards.

The Hon. CATHERINE CUSACK: No surfboard riders have appeared before our Committee.

Mr BYRES: I am one.

CHAIR: We will move on to the next question.

The Hon. CATHERINE CUSACK: Do you have any figures in relation to the economic standing of the Newcastle CBD at the moment and do you have any indication of how that might improve if the renewal strategy is allowed to go ahead?

Mr FLETCHER: One of the current indicators would be around vacancy rates in the CBD. While they have improved around the east end in recent years, some of the evidence of the UrbanGrowth representative and certainly from Civic, west of Hunter Street there are plenty of derelict buildings and sites that have been sitting vacant for a decade or more. Sites like the Jolly Rogers site, the Star Hotel site—they have been wasted opportunities. What we know from our research is that the Urban Renewal Strategy and the light rail infrastructure will have a significant economic multiplier on the city. We estimate the economic activity that will come from that at \$2.5 billion.

The Hon. CATHERINE CUSACK: Do you have an estimate as to how many jobs that would equate to?

Mr FLETCHER: I will take that on notice. That was a research report that supported our light rail submission.

The Hon. CATHERINE CUSACK: In relation to heritage buildings in the CBD, what impact would this renewal have on them?

Mr FLETCHER: In our submission to the Newcastle Urban Renewal Strategy, we have put forward that the Government should consider some incentives for developers when it came to heritage buildings. Newcastle has a wonderful stock of heritage buildings—indeed, some of the best examples of eighteenth century buildings in Australia. It would be a shame to see that heritage stock wasted. The reality is that it is the private sector that does those refurbishments. We are starting to see some of those around Newcastle now. The Lucky Country Hotel is an example of a heritage site that sat derelict and dormant for years and it has been recently refurbished, adaptively reused and protected for the people of Newcastle. It is a great example of how the private sector can help to protect heritage buildings. Just walking around Sydney last night, there are places such as Martin Place and the QVB, they are fantastic examples of where heritage buildings have been adaptively reused and Newcastle deserves that opportunity as well.

Mr DAVID SHOEBRIDGE: The Regent theatre.

The Hon. CATHERINE CUSACK: What is the alternative to adaptive reuse for these heritage buildings? If there is no private sector investment—for those who think that is a bad thing—what then becomes the future for those buildings?

Mr FLETCHER: I think the Newcastle Post Office would be the greatest example of that. The Newcastle Post Office is a wonderful heritage building which has been through planning purgatory for the best part of 10 years. Several proposals have been put up and it is still sitting there with cyclone fencing around it and pigeons pooing all through the building. It is a community eyesore.

The Hon. CATHERINE CUSACK: Is there any future for that building without private sector investment?

Mr FLETCHER: The only alternative would be significant government subsidy.

The Hon. CATHERINE CUSACK: The cost of restoring it becomes greater the longer it is neglected?

Mr FLETCHER: Absolutely.

The Hon. CATHERINE CUSACK: Have you heard of an organisation called the Hunter Transport for Business Development?

Mr FLETCHER: Yes I have.

The Hon. CATHERINE CUSACK: Is that a business-related group? What is its connection to business in Newcastle?

Mr FLETCHER: I have had a discussion with a couple of the members of that group. I am not sure how it is constituted. To my knowledge its members are retired business people.

The Hon. CATHERINE CUSACK: Retired business people. So, there are no people currently investing in the CBD that you are aware of?

Mr FLETCHER: Not that I am aware of.

The Hon. CATHERINE CUSACK: Are you aware of their views in relation to the railway line in Newcastle?

Mr FLETCHER: I am; I am aware that they have put through a proposal for what I think they call a train-tram system.

The Hon. CATHERINE CUSACK: Yes. Do you believe that that proposal has the support of the Newcastle business community?

Mr FLETCHER: No.

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The Hon. CATHERINE CUSACK: Is there anyone in the Newcastle business community who wants to see the railway line maintained?

Mr FLETCHER: No.

The Hon. LYNDA VOLTZ: Nobody.

The Hon. GREG PEARCE: Thank you for coming along. We have had a lot of conspiracy theories put to us but what we are all here for is a vision for Newcastle and what is going to happen there. What is your vision for Newcastle?

Mr BYRES: I will make a start on this and Mr Fletcher can add to it. There is a reason the Property Council has a presence in Newcastle. We invest resources in things like some of the research that sat behind our work in this space. It is Australia's biggest regional city. It is a great place and we want it to work. We do not want it to work for its own sake. It needs to be a thriving, prosperous, successful region. The changes it has progressively started to make in the last 10 to 15 years with the transformation of its industries, with the growth of some of its public institutions, like the university, obviously has its very spectacular natural advantages. It is a place that should succeed. We want places like Newcastle and the Hunter to succeed. It is good for Australia when they do.

Mr FLETCHER: At the fear of sounding trite, I love Newcastle. It has been my home for over 20 years. It has enormous potential and I want to see it deliver on the promise that it has. Improving the livability of the city is critical to not just maintaining but improving its competitiveness. My view is that we need to think of Newcastle as not being competitive on just a regional stage in Australia. We need to think of it as being part of the Asia-Pacific region. We are competing for international students, for international trade. The port of Newcastle is central to that as well. If we want to have the jobs and the right sort of labour market to support a truly competitive and liveable city, then we have to free the shackles and leave behind some of these archaic views of the past and support the vision that has been set out through the Newcastle Urban Renewal Strategy.

The Hon. GREG PEARCE: Do you think the CBD renewal strategy with its targets of 6,000 extra dwellings and 10,000 extra jobs is achievable?

Mr FLETCHER: They are the targets put forward by the Department of Planning, by the Government's department. Are they achievable? Absolutely, provided we have the right policy settings in place.

The Hon. CATHERINE CUSACK: What would be the impact on Newcastle of the Government suddenly announcing today that the railway line will not be truncated and will continue?

Mr FLETCHER: I think it would be a devastating impact on business confidence and on investment in the city. Since the Government announced the Newcastle Urban Renewal Strategy in December 2012 we have done some work on this. There has been \$1.04 billion worth of development either planned, approved or commenced. That is a direct result of there being some certainty around government policy settings. You compare that to the previous 10, 20 years where there has been constant flip-flopping. The private sector craves certainty. When that is delivered through government you see the benefits flow.

The Hon. GREG PEARCE: Would you give us that piece of work so that we have some evidence about it?

Mr FLETCHER: Sure.

CHAIR: Thank you very much. We appreciate your information.

(The witnesses withdrew)

BRUCE McFARLING, Visiting Professor in Economics, International College Beijing, China Agricultural University, before the Committee via teleconference, affirmed and examined:

CHAIR: Dr McFarling, I am the Chairman of the inquiry. Thank you for your help.

Dr McFARLING: Okay.

CHAIR: I give you a warm welcome to our third public hearing of the Inquiry on the Planning Process in Newcastle and the Broader Hunter Region. We thank you for giving your time to assist the Committee. Currently, you are addressing the six members of the Committee and a public gallery of some 30 people. Hansard also is present and is recording proceedings for a transcript, which will be sent to you for proofing. Please note that due to our short time frame, if you take any questions on notice we ask that answers be provided wherever possible within seven days. As you are not providing evidence to the Committee within New South Wales, you may not be formally covered by parliamentary privilege. Whilst I am sure that you will not make any adverse reflections on other persons, I request that you focus on issues raised by the terms of reference and avoid naming individuals.

Dr McFARLING: Yes.

CHAIR: We thank you for your detailed submission. Do you wish to make an opening statement?

Dr McFARLING: Yes I would. I am Dr Bruce R. McFarling, an economist with specialities in retail economics and the economics of development. I will first describe how and why I became interested in the issue of transport access and egress for the Newcastle CBD district, then address the topic of the most recent of the policy choices regarding a replacement transport mode and alignment for the existing heavy rail CBD trunk corridor. As I just noted, I am presently Visiting Professor in Economics at the International College Beijing at China Agriculture University. However, it was when I was living in Newcastle and lecturing for the University of Newcastle that I first became interested in the issue of transport in the Newcastle CBD. I finished my dissertation at the University of Tennessee in 1996 and was invited to come to the Economics Department of what was then the University of Newcastle's Faculty of Economics and Commerce as a visiting lecturer for one year. During that year I was offered and accepted a five-year contract to lecture in economics at the Central Coast branch campus in Ourimbah. I then received a further contract eventually lecturing for a decade for the University of Newcastle before returning home to Ohio in the United States.

My dissertation research addressed development of agrarian communities and low-income developing nations. The focus was on the work in regional economics of a post-World War II economic historian, which I argued was misapplied when it was first produced. The work described the characteristics of agrarian communities which provided the environment that fostered successful industrial development. I argued it was used by planners imposing a heavy-handed top down planning approach when it was more suited to a planning approach in which the local community is provided with strategic institutions to support development to provide the scaffolding within which individual farmers and small town business people are better able to pursue their own success. In considering pursuing this research in the Newcastle context, the issue I became interested in was the opportunity to use the Newcastle CBD as an entrepreneurial incubator for small business development. At the time, about the time of the closure of the main BHP steel mill, transport access was not an obvious constraint, except for some concerns regarding parking congestion.

But as I looked at the social geography of the Newcastle CBD, it appeared that a resurgence of activity in the CBD was threatened to press against existing transport capacity, given existing mode splits between private motor vehicle access and public transport use. So this is the background I brought into my consideration of the work of the Lower Hunter Transport Working Group. As I followed the results of their work I found that much of their analysis omitted consideration of strategic factors. Their main conclusion was that a rail transfer station and bus interchange at Broadmeadow would provide a superior transport system to the existing corridor. At the time I argued this was not an appropriate comparison to make since the existing service design of the heavy rail services on the corridor could be dramatically improved for a much more modest expenditure than they were proposing.

However, the feasibility study that followed demonstrates that their conclusion was false as the transport modelling shows the new system would lead to a net loss of public transport commuting into the Newcastle CBD. I continued to follow the process when the planning was taken over by the Hunter

Development Corporation. They commissioned a series of reports, some of them quite high quality, one of them I considered to be a bit substandard and one of them I considered to be indefensible. The indefensible report was a purported economic impact study, which was the property value of properties that would become available for redevelopment on closure of the heavy rail corridor to use that as a net positive impact of the closure on the rail corridor itself and then declare what the economic benefit would be if the same net positive impact per hectare were experienced across the entire CBD.

There is no basis in the economic or regional science literature to justify this projection. The report that I was disappointed with as substandard was the alternative analysis commissioned by the HDC. The alternative analysis had multiple flaws, of which two stand out. The first was that several of the most promising alternatives were omitted. For example, a heavy rail overpass at Stewart Avenue was included, which will necessarily score badly on a cost-benefit basis since the primary problem at Stewart Avenue is not the rail crossing but the Hunter and King streets intersection, which become gridlocked during peak travel. New level crossings at Steel Street or Worth Place, which would be far more accepted and improve access at these gridlocked intersections, was ignored as an option. Even worse, the alternative analysis was based on only a partial understanding of transport impacts of the alternative, as the HDC analysis did not incorporate a scientific transport study of the impact of future development upon the capacity of the Newcastle CBD road network.

This will become a binding constraint over the coming decades even if the Newcastle CBD develops at half the rate expected for the lower transport as a whole. Because they ignored this issue, they ignored the opportunity cost of the loss of public transport capacity. The policy proposals that came out of the flawed HDC process were in the end not implemented, which brings us to the current policy proposal. The current Government originally proposed to replace the heavy rail corridor with a light rail service operating in the corridor, which I welcomed as one of the available options that would actually offer that upgrade to transport access within the Newcastle CBD district precinct, and so offer an increase in the total property and economic development potential of the CBD in the coming decades. However, this policy proposal was reversed and replaced by a proposal to close the existing corridor and replace it with a street tram alignment.

In the typical comparison between a dedicated corridor and a street alignment, a dedicated corridor offers more effective performance while a street alignment is substantially less extensive. However, in this case, the dedicated alignment is already in place and would be of the order of \$AUS700 million plus expenses to pursue the original policy proposal as opposed to the option settled upon after this reversal. In my summation to the Committee, I took a look at the only detailed analysis that I could find justifying the street alignment, which was the advocacy of the Property Council. I could not find anything in the analysis that could justify spending an additional \$AUS700 million on a cost-benefit basis. Indeed, after addressing the most obvious analytical errors in the analysis, I could find no net benefit to a street alignment at all. Regarding the primary focus of this inquiry, whether the process by which this decision was made involved inappropriate behaviour, I cannot offer any testimony. I can only address the objective merit of the policy reversal, and from what I have been able to determine, there is no clear objective basis for the policy reversal in any of the information that I have seen. Thank you.

CHAIR: Thank you. We will commence with questions from Opposition members.

The Hon. LYNDIA VOLTZ: Thank you for your detailed submission. I have one question with which you may or may not agree. Would the truncation of the rail line make sense if it was not only replacing an existing line? For example, if you built a light rail that projected further around—perhaps Nobbys and Newcastle beaches—would that make more sense?

CHAIR: On the same corridor.

The Hon. LYNDIA VOLTZ: Closing the corridor, but projecting further into the city and into other regions. Would it make more sense to do that?

Dr McFARLING: The key problem is that street tram alignments are slower and they are more subject to traffic interference and so they have to allow for greater return layover, so they have a lower frequency for the same number of vehicles. The performance of the corridor is less effective than an equivalent dedicated corridor on the same general route. Most of the commuting transport access is into the precincts serviced by the existing corridor. Slowing down the corridor with the street alignment is going to have a negative impact on existing transport access, whether or not it is extended further. Now whether the alignment terminates at Newcastle station or whether it is taken off the corridor in the Scott Street precinct and then sent off into an extended

alignment would be independent of its effectiveness as a commuter access to the existing main commuter destination where Civic precinct and East Newcastle in general is important but stopping at Newcastle station specifically is not.

Mr DAVID SHOEBRIDGE: Essentially when you are looking at whether or not you put light rail down a road or you put it in a dedicated corridor, all things being equal, assuming that there is no great difference in the construction and the land acquisition costs, you are better off having light rail down a dedicated corridor because you do not have the traffic interference and you can have greater regularity of transport. Is that right?

Dr McFARLING: It depends upon the purpose of the corridor. If the purpose is to provide a main trunk commuter access and access from beyond the reach of the corridor itself, then a dedicated corridor is more effective. The longer the trip inside the corridor, the longer the total trip from other locations in the area from connecting services and the less effective those trips will be. If the purpose is solely focused on local transport in a congested urban area, then a street tram can provide a substantial effective service in that role. Normally it would then be connecting with a main trunk service rather than attempt to replace it.

Mr DAVID SHOEBRIDGE: If it is part of a regional transport, moving people around more broadly across the city, then you are better off having a dedicated corridor, but if you are at the end of your journey and you are going into a congested retail space, if you like, that is when you tend to go off and have an on-road light rail. Is that right?

Dr McFARLING: Yes, exactly. For example, if there was a proposal to put a dedicated rail corridor of either sort in the existing corridor and then connect to it with a light rail corridor down Darby Street, that would be a net benefit for public transport access.

Mr DAVID SHOEBRIDGE: If this proposed light rail will never be anything more than a two kilometre shuttle that does not connect with any further light rail, then you may put it down a main street, but if it is part of a broader vision for a light rail network in Newcastle, then you probably should put it down the corridor. Would that be right?

Dr McFARLING: Not exactly because the heavy rail services are not going to be eliminated. They are just going to be truncated and they provide substantial opportunities for a connecting service, and they would necessarily connect on one end. If you connect in the middle of a short corridor then the transit speed is not a big issue but when you are connecting at the end of a corridor then the transit speed and the frequency starts to weigh more heavily on the transport choices of inbound commuters.

Mr DAVID SHOEBRIDGE: Doctor, you put in your submission some concerns about using Wickham West as an interchange and you talk about the constraints on the site and the difficulties with the site. Will you expand upon those concerns?

Dr McFARLING: Okay. The main concern is that the current transport gridlock in the area is at the Stewart Avenue, King Street and Hunter Street intersections, which would be just south of that interchange location, and an interchange location will attract traffic that is not going to be using the bus or light rail to access the interchange station, but they will be driving through access to the interchange station, and that traffic is going to increase the problem of congestion at Hunter Street and King Street with Stewart Avenue. That is the primary issue. As congestion becomes a more serious problem, if the central business district continues to develop, the existing hot spots are going to become even more problematic. That is amplified by the fact that the constraints of the site require that servicing the terminal network for the heavy rail vehicles has to be located further west, and that will require closing Railway Street, which, at present, is a secondary release valve for some of that congestion across Stewart Avenue. It will make that congestion worse and while it will open up release valves on the east of Stewart Avenue, it will not get the full benefit of that because it will be closing off the only relief valve to the west of Stewart Avenue. The only access over the line between Stewart Avenue and the Maitland Road overpass will have to be closed down. Given those impacts on motor vehicle transport, a location that does not have those impacts at Stewart Avenue would be more appealing.

Mr DAVID SHOEBRIDGE: In short, truncating the railway line at that point, rather than improving the traffic flow on Stewart Avenue and at that intersection, in fact will likely aggravate the problem and make matters worse?

CORRECTED

Dr McFARLING: Yes and, paradoxically, the more effective the interchange station is the greater the impact on motor vehicle transport will be.

Mr DAVID SHOEBRIDGE: The more custom it attracts, the more buses, the more cars, the worse the problem gets?

Dr McFARLING: Yes.

CHAIR: Dr McFarling, I am the chairman, Reverend the Hon. Fred Nile. I will ask some questions. I note a couple of times in your submission you use the words "decisions made behind closed doors", "no intention of allowing the corridor to be part of the final selected option". You are talking as if there was already an agenda decided upon not to use the corridor.

Dr McFARLING: Yes. First, there is not nearly as much public analysis of this particular decision as there was with the previous decision so, in part, that reflects that there was no released cost-benefit analysis or feasibility study of the decision where to locate the terminal station. I have yet to see a description of the proposed detailed layout on the street of the alignment that would be at the same level of detail as anything that was put out by either the Lower Hunter Transport Working Group or the Hunter Development Corporation. In part, the "behind closed doors" is assuming that the kind of analyses that would be required to know that this was the best decision in fact made, they were not made widely available to the public as was previously the case. Primarily it is in response to that observation. Secondly, throughout much of this process some of the omissions in analysis seem to be similar to what you see when a rationale is being provided for an already settled conclusion but, as I note in my submission, there would be no way for me to objectively know whether that was the case or not. People make decisions that other people disagree with all the time without anything being decided in advance. There is nothing I could say conclusively on that side.

CHAIR: Is it possible that the light rail concept was introduced to try to dampen the large criticism of terminating the railway at Wickham station?

Dr McFARLING: I am not much of an observer on New South Wales State politics or local Newcastle politics. I really could not comment upon that. My focus has been on whether policy proposals would appear to be effective or not.

CHAIR: What do you think is the ultimate purpose for the corridor if the Government is not going to use it for light rail?

Dr McFARLING: I am sorry, I could not hear that.

CHAIR: Is there some other policy for the corridor? The property body we heard from said they want to plant trees and grass there.

Dr McFARLING: Well if the purpose of the policy is to improve transport access into the Newcastle CBD and that has been the declared purpose of all of these policy proposals, that would not improve transport access into the CBD. The ideal uses of the corridor would involve transport because it connects very close to such a large number of the regional destinations in the CBD precinct and in the foreshore and because of its current use, the development has largely been built up with its back to the corridor, which allows for a transport corridor that suffers far less pedestrian and motor vehicle traffic interference than any of the other alignments east-west through the CBD precinct.

CHAIR: Thank you very much, Dr McFarling. You have given us a thorough submission. Perhaps we should send a copy of the submission to the Premier to study at his leisure.

Dr McFARLING: Thank you very much.

(The witness withdrew)

CHAIR: We are going to adjourn for lunch. There will be no hearing this afternoon. We were going to hear from the general manager via teleconference, but we have been told that he is not available. We will have to forward our questions to him to answer. We will make those public.

CORRECTED

Mr DAVID SHOEBRIDGE: Mr Chair, we have received a two-page correspondence from Mr Gouldthorp. I ask that that be copied now and distributed to people who may have wished to hear what Mr Gouldthorp had to say. I propose that we make copies of it and make it available within the next five minutes, so we could publish it in that form.

The Hon. LYNDA VOLTZ: Would you like to move that it be tabled?

Mr DAVID SHOEBRIDGE: I move that it be tabled and published.

Motion agreed to.

CHAIR: I declare the hearing concluded. Thank you for your interest in this inquiry.

The Committee adjourned at 12.45 p.m.