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Mr Martin Reason

Infrastructure and Delivery  
Department of Planning and Environment  
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Sydney NSW 2001

To whom it may concern,

## **SUBMISSION ON BEHALF OF GPT MANAGEMENT TRUST PTY LTD TO THE DRAFT GREATER NEWCASTLE METROPOLITAN PLAN 2036 AND DRAFT HUNTER REGION SPECIAL INFRASTRUCTURE CONTRIBUTION**

The GPT Group (GPT), the owner and manager of Charlestown Square Shopping Centre, has appointed Urbis to assist in developing a response to the *draft Greater Newcastle Metropolitan Plan 2036* (the draft Plan) and proposed *Hunter Region Special Infrastructure Contribution Plan* (SIC).

### **1. SUMMARY OF KEY SUBMISSION POINTS**

#### **Governance**

- GPT supports the 'Committee for Newcastle' and is eager to contribute as a private stakeholder, and are seeking clarification about the role and structure of the Committee.
- Councils should be supported to fully realise the Plan's vision, through funding and support.

#### **Charlestown's Role in the Region**

- Charlestown is the largest business centre within the Lake Macquarie LGA. Around 6,075 people are employed within the Town Centre. Charlestown Square is the largest shopping and entertainment destination in the Newcastle and Hunter region, supporting approximately 2,500-3,000 jobs. Despite these factors, Charlestown Town Centre is effectively overlooked in the draft Plan.

#### **Charlestown Should be a Catalyst Area**

- As a greater economic contributor than other Strategic Centres in the draft Plan, GPT requests Charlestown is acknowledged as a Catalyst Area, and as a result the structure planning that has been undertaken for the other Catalyst Areas also be undertaken for Charlestown.
- Undue reliance is being placed on the Charlestown Masterplan / Area Plan (the Masterplan) which is over a decade old – it is time to revisit and assess the need to update planning for Charlestown.



### **Urban Renewal corridor**

- GPT seeks clarity around the exclusion of the Charlestown to Belmont Urban Renewal Corridor from the draft Plan, and requests the Urban Renewal Corridor be reinstated.

### **Transport and Land Use Planning**

- Land use and infrastructure planning need to be more meaningfully integrated within the draft Plan.
- Improved connectivity between Strategic Centres is required in order to facilitate growth, however, the draft Plan lacks detail on how this will be achieved, and how this goal will be evaluated.
- Priority needs to be given to progressing the high-speed rail project, in order to ensure the ongoing success of Greater Newcastle. Consideration should be given to the location of a new line.

### **SIC Levy**

While the SIC does not currently apply to infill residential development, GPT seeks to reserve an opportunity to provide detailed comment on the SIC should it be applied to infill development. In the interim, GPT submits that:

- Funds should be spent in the region where they are collected;
- Detailed consideration should be given to impact on development feasibility;
- An applicant should not be required to give value until value is realised. Bank guarantees or funds held in Trust until the infrastructure is delivered, could enhance project viability; and
- Should the SIC be extended to include infill development flexibility to allow works in kind should be considered.

## **2. INTRODUCTION**

GPT is one of Australia's largest diversified property groups and a top 50 ASX listed company by market capitalisation. GPT owns and manages a \$21.5 billion portfolio of offices, logistics, business parks and prime shopping centres across Australia.

GPT has a keen interest in the regulatory and policy framework impacting its assets, including strategic and statutory planning. GPT has long favoured a proactive and cooperative approach to working with all levels of Government to achieve the highest quality outcomes. This is evidenced in GPT's delivery of highly successful, city-shaping projects in locations as diverse as Rouse Hill, Charlestown, Macarthur and Wollongong.

GPT is highly supportive of the Department of Planning and Environment's initiatives to support a productive, liveable and sustainable Greater Newcastle. The strategic plan-making framework of Regional and Metropolitan plans has the potential to provide a robust and transparent structure to inform investment decisions. GPT therefore applauds the Department for the strategic, evidence based thinking behind the draft Plan.

The current draft Plan and SIC exhibition and engagement process is intended to draw out comments, ideas and concerns to inform the final plans in mid-2018. GPT appreciates the opportunity to provide written input into this process.

## **3. GOVERNANCE**

### **3.1. COMMITTEE FOR NEWCASTLE**

GPT acknowledges the value in establishing a 'Committee for Newcastle' to drive growth and development. Clarity is sought around what the Committee will be responsible for, and what it will look like.

It is important to recognise the value that key private stakeholders bring to forums like the Committee for Newcastle. As a key landholder that is committed to driving the sustainable growth of the region, GPT is well placed to contribute to the Committee.

GPT is eager to work with the Department, Lake Macquarie City Council and other stakeholders to realise the vision identified in the draft Plan.

### **3.2. SUPPORT FOR COUNCILS**

Councils should be supported to fully realise the Plan's vision. This would be best achieved through the proactive funding for co-ordinated infrastructure investment and updated planning controls. This process should include consultation with key stakeholders to ensure that objectives identified are achievable.

## **4. IMPORTANCE OF CHARLESTOWN AS A CENTRE**

### **4.1. CHARLESTOWN'S ROLE IN THE REGION**

Charlestown is the largest business centre within the Lake Macquarie Local Government Area, located approximately 10km west-south-west of the central business district of Newcastle.

In the 2006 *Lower Hunter Regional Plan*, Charlestown was nominated as a Major Regional Centre, second only to Newcastle CBD. The Regional Centre status was carried through into the *Lake Macquarie LEP 2014* and *Lake Macquarie Lifestyle 2030 Plan*.

In the 2016 *Hunter Region Plan*, the role of Charlestown was nominated as a Strategic Centre, being one of many centres with this classification in the Hunter Region. Notwithstanding this, the 'Local Government Narratives' section of the Region Plan identified Charlestown as a "regionally significant centre", with the following priorities:

- Support the development of Charlestown with further higher-density residential development and employment diversity to enable it to better function as a city centre with a range of commercial and government services, and housing.
- Retain and increase regionally significant retail and higher-order community facilities.
- Improve public transport connections to other strategic centres.
- Implement the Charlestown Town Centre Area Plan.
- Continue investigations into the economic diversification of the centre, increasing residential densities through redevelopment and public transport access, and improving public amenity and access to open space.

## 4.2. CHARLESTOWN AS AN EMPLOYMENT CENTRE

Lake Macquarie's Gross Regional Product (GRP) is estimated at \$9.933 billion. Lake Macquarie represents 20.54 % of Hunter Region's GRP of \$48.351 billion.<sup>1</sup>

It is estimated that 61,601 people work in Lake Macquarie. Of these, around 6,075 people are employed within the Charlestown Town Centre, making Charlestown the largest employment centre in the LGA.<sup>2</sup> Charlestown is emerging as an innovation centre, supplementing employment in retail, medical and government services.

In 2006, the Lower Hunter Regional Strategy forecast the potential for employment growth of 4,400 persons in Charlestown in the 25 years to 2031. While comparative employment data for Charlestown Town Centre is not currently available to us, it is apparent that opportunities remain for considerable further employment growth.

## 4.3. CHARLESTOWN SQUARE

Charlestown Square is the largest shopping and entertainment destination in the Newcastle and Hunter region, with approximately 93,500sqm of GFA. The super-regional centre comprises a Myer department store, two discount department stores and three full line supermarkets. In addition, the centre has a strong entertainment, leisure, and lifestyle component.

GPT has invested significantly in Charlestown. The 2011 expansion of Charlestown Square Shopping Centre, 5 years in the making, involved the creation of an additional 45,000sqm of new internal shopping malls, specialty shops, mini majors, restaurants and cafes, food tenancies, bowling alley, a youth and community centre, commercial space and cinema complex.

A Voluntary Planning Agreement identified 24 public benefits arising from the project. This included the establishment of a new off-site child care centre, sporting fields (St John Oval and Charlestown Oval), new roads and piazza, a transit interchange and bus stops, public art, environmental works offsite, and much more. GPT also developed a new Charlestown Bowling Club with four bowling greens.

In July 2016 Charlestown Square saw the completion of another \$44m redevelopment, which included the introduction of global fast fashion retailer H&M, the first store to open in Regional NSW as well as a Flagship Cotton On Mega store.

A total of approximately 2,500-3,000 jobs (increasing to 3,500 jobs over peak trading periods such as Christmas) are generated by Charlestown Square and its retailers.

## 4.4. CHARLESTOWN SHOULD BE A CATALYST AREA

Charlestown has always played a major role in the Region, and will continue to do so. It is concerning that its existing and future role has been diminished by the draft Plan.

The Hunter Regional Plan has already reduced Charlestown from a Major Regional Centre to one of many Strategic Centres. Now in the draft Greater Newcastle Metropolitan Plan, Charlestown is one only a couple of Strategic Centres which is not also identified as a 'Catalyst Area.'

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<sup>1</sup> <http://www.economyprofile.com.au/lakemacquarie/industries/employment#geography>

<sup>2</sup> <http://www.economyprofile.com.au/lakemacquarie/industries/employment#geography>

The draft Plan is silent on the role of Charlestown as a centre, despite its important role in the Region. While the plan does identify that ‘Charlestown, Warners Bay and Belmont all have significant redevelopment opportunities’ this statement is not substantiated. No updated employment or population forecasts are provided for Charlestown, in contrast to work completed for each of the Catalyst Areas.

As a greater economic contributor than other Strategic Centres identified as Catalyst Areas in the draft Plan, it is concerning that Charlestown has not been acknowledged as a Catalyst Area.

Apart from Newcastle CBD, the chart below indicates that Charlestown’s employment and dwelling targets to 2031 (set in 2006), were higher than any Catalyst Area in the draft Plan, the latter extending to 2036.



\*Charlestown figures from *Lower Hunter Regional Strategy 2006 to 2031*

All other figures from *Draft Greater Newcastle Metropolitan Plan 2036*

Having regard to the above, Charlestown’s position as a higher order centre should be recognised and reinforced, in order to capitalise on a strategically-located centre of high amenity that is well serviced by existing infrastructure and well placed to accommodate additional residential and commercial growth to serve the Hunter Region. This supports the desire to focus settlement in locations that maximise existing infrastructure and would also assist in achieving new housing targets for Greater Newcastle of 60% infill, or 8,900 new infill for Lake Macquarie.

GPT requests that the draft Plan be amended to acknowledge Charlestown as a Catalyst Area, and as a result the structure planning that has been undertaken for the other Catalyst Areas also be undertaken for Charlestown.

## **4.5. CHARLESTOWN MASTERPLAN**

Undue reliance is being placed on the Charlestown Masterplan / Area Plan (the Masterplan) which is over a decade old. Since the Masterplan was drafted in 2006/2007, the strategic planning objectives for the Region have evolved, as a result the Masterplan needs to be revisited.

Estimated population figures from the Census reveal that the resident population of Charlestown has remained stagnant over the past decade. As such, research needs to be undertaken to evaluate the effectiveness of the Masterplan in achieving its stated objectives, and to inform the structure of the future Masterplan.

Fresh investigations are required to determine if the current zoning and land uses, building heights and densities are appropriate. Identification of Charlestown as a Catalyst Area would support such work being completed.

## **4.6. URBAN RENEWAL CORRIDOR**

For many years, the Pacific Highway corridor from Charlestown, extending south to Gateshead and Belmont, has been identified as an important Urban Renewal Corridor. This corridor is also reflected in the Hunter Region Plan.

The draft Plan is intended to align with the vision and goals of the Region Plan. It is therefore concerning that the draft Plan fails to acknowledge the Corridor.

GPT seeks clarity around the future of this critical Urban Renewal Corridor and confirmation that it is still a key priority and unless there is compelling reason for removing it, requests the Urban Renewal Corridor be reinstated.

# **5. TRANSPORT**

## **5.1. INTEGRATION OF TRANSPORT AND LAND USE PLANNING**

While the Plan goes a long way to establishing a strategic vision for Greater Newcastle, it needs to be revised in order to integrate land use and infrastructure planning. Unless land use and infrastructure planning are meaningfully integrated within the plan, the ability to forward plan infrastructure delivery to ensure that it is in line with development and meets the needs of a growing and changing community is limited.

## **5.2. IMPROVED CONNECTIVITY**

GPT is supportive of the draft Plan's recognition of the need to improve connectivity between Strategic Centres in order to facilitate growth.

However, the draft Plan lacks detail on how this will be achieved, and how this goal will be evaluated. Improved public transport and active transport links are key to future-proofing Greater Newcastle.

## **5.3. HIGH SPEED RAIL**

While it is encouraging to see that a potential high-speed rail corridor to Sydney is identified on various maps, it appears to follow the existing heavy rail line. Consideration should be given to establishing a new line, by locating the high-speed corridor further east or south (to within 800m of a Strategic Centre such as Charlestown), to service existing populations that are currently unserved by rail, facilitating

access to a greater number of residents. This would also help drive densities within areas of high amenity, which are well serviced by existing infrastructure.

Priority needs to be given to progressing the high-speed rail project, in order to ensure the ongoing success of Greater Newcastle, through better connectedness to increased employment opportunities. It would also help address housing affordability issues and pressures within the Sydney residential market. This is a project of national social and economic importance.

## **6. SIC LEVY**

The proposed *Hunter Region Special Infrastructure Contribution Plan* (SIC) seeks to provide funding towards the delivery of State and regional infrastructure required to support greenfield residential and industrial development across the Hunter Region, and responds to Action 26.6 of the Hunter Region Plan.

### **6.1. INFILL DEVELOPMENT**

While the current SIC does not currently apply to infill residential development, GPT seeks to reserve an opportunity to provide detailed comment on the SIC should it be applied to infill development in the future.

### **6.2. NEXUS**

GPT believes that funds should be spent in the region where they are collected.

### **6.3. COST OF DEVELOPMENT**

A consideration when evaluating any new funding recovery method is its impact on development feasibility. The total cost of development needs to be understood, including any relevant factors particular to the market where it is proposed, to ensure the viability of new development is not undermined. There are many different forms of fees and levies – both current and proposed – payable prior to construction certificate, including:

1. Development Application fee
2. Strategic planning fee (paid with DA)
3. Infrastructure upgrade costs and connection charges
4. Long Service Levy
5. S94 contributions
6. VPA with various inclusions at Council's discretion
7. SIC Levy - proposed

While each of the above fees and levies may have individual merit, cumulatively they have a marked impact on development feasibility and affordability of end product.

Landowners will only be motivated to change a land use if there is an economic incentive to do so. If the economic incentive is eroded through onerous levies, then development is not financially feasible; as such the desired revitalisation (and payment of levies and charges) is simply not realised. Feasibility studies should be undertaken to determine the appropriateness of proposed levies, to ensure that the level of levies and charges is realistic.



The percentage of value captured through the various fees and levies which should be redistributed, and the point in the development process at which this happens, is also of significance.

#### **6.4. TIMING OF PAYMENT**

The current model requires charges to be paid prior to issuing of a construction certificate, which in turn drives up the cost of financing development. The provision of infrastructure or the rezoning of land generates an increase in land value, and the development process generates development profit. However, there needs to be a better understanding, across all levels of Government, about what point in the project life cycle increased value is created, and the risk required to actualise that increase in value.

In terms of timing of payments, GPT submits that an applicant should not be required to give value until value is realised. Bank guarantees or funds held in Trust until the infrastructure is delivered, could enhance project feasibility. While some would argue that this would inhibit Government's ability to provide essential new infrastructure, this position fails to acknowledge Government's ability to access cheaper financing, and indeed deliver new infrastructure through monies acquired through established taxation models. GPT's alternative payment model would incentivise Governments to efficiently deliver new infrastructure in a timely and cost effective manner.

#### **6.5. WORKS IN KIND**

Further, the proposed SIC will not allow works-in-kind. While this may make sense in greenfield development scenarios, should the SIC be extended to include infill development flexibility to allow works in kind should be considered.

### **7. COLLABORATION**

GPT is willing and eager to work with the Department, Lake Macquarie Council and other stakeholders to realise the vision for Charlestown, Greater Newcastle and the Hunter Region.

If you have any questions please don't hesitate to contact me at [abrown@urbis.com.au](mailto:abrown@urbis.com.au) or 8233 9900.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Alison Brown".

Alison Brown  
Associate Director