

## **Newcastle City Council Submission**

### **The Australian Government's Role in the Development of Cities**

Newcastle City Council (NCC) welcomes the opportunity to provide input into this inquiry. Our comments relate primarily to *growing new and transitioning regional cities and towns*.

Newcastle City Council (Council) notes that the Committee will examine what spatial planning mix makes best use of natural resources while ensuring a high quality of natural and built environment and bringing jobs closer to where people live. The Committee will also examine what planning tools, models, indicators and alternate funding options would be required to inform an assessment of the liveability, sustainability and resilience of different scenarios of urban settlement across Australia, and what settlement policy can deliver greater social equity and better health and wellbeing.

This submission will address items in each of the two sub inquiry areas.

#### **Introduction**

Aboriginal people have lived around Newcastle and the Hunter region for thousands of years, centred on the resources of the *Coquon* (Hunter River), the estuary and the harbour foreshores. A permanent settlement at the mouth of the Hunter River began in 1804, as a place of secondary punishment for recalcitrant convicts. The settlement was named Coal River, and finally Newcastle, after England's famous coal port.

Significant heritage sites associated with the convict period survive in the form of Macquarie pier and breakwater, the Convict Lumber Yard, Christ Church Cathedral and burial ground (Cathedral Park), Nobbys, King Edward Park, Bogey Hole, and Signal Hill within the Fort Scratchley Historic Site. Coal mining commenced in the 1820s in the inner city and extended westwards with rail line expansion. By the turn of the century, coal mines were closing and a state dockyard at Carrington and construction on the BHP steelworks established Newcastle as a manufacturing heavy industry centre. Business in the city centre boomed and Newcastle was cemented as a major centre of retail, commerce and industry.

Today, the Newcastle metropolitan area is the largest regional centre in New South Wales and the second largest non-capital urban centre in Australia. The city has undergone a major transformation over the last two decades with decline of heavy industry, and strong growth in services activity and employment. In particular, there has been growth in knowledge industries, with the expansion of health, higher education, research centres, defence industries and professional and technical services. These industries, along with the traditional energy and engineering sectors, are providing the foundation for future growth of Newcastle and the broader region. Key statistics from the 2011 (and 2016 where available) Census of Population and Housing are:

- The population of Newcastle in 2016 was 162,766 persons. This represents an increase of 7,216 people from 2011 (4.45 growth).
- Median age is 37
- Median weekly household income is \$1,165
- Median weekly rent is \$275

- 33% of households are renters
  - 25% of the population is made up of couples with children
  - Lone person households are the main household type
  - The three largest ancestries in the City of Newcastle are Australian, English, and Irish
  - In 2017, the unemployment rate was 6.2%.
  - Gross Regional Product (\$'M): \$15,386,294
  - Per Capita Gross Regional Product (\$'000): \$103,588
  - Per Worker Gross Regional Product (\$'000): \$175,865
- (ref: Remplan - Newcastle economic profile)

## **Inquiry Terms**

**1. Identifying how the trajectories of existing cities can be directed towards a more sustainable urban form that enhances liveability and quality of life and reduced energy, water and resource consumption.**

### **1.1 Urban Form and Urban Revitalisation**

The growth of many Australian cities and towns occurred post-development of public transport systems, the rise of the private motor vehicle and relative wealth. This has left many Australian cities with large suburban areas that whilst providing a good quality of life, are becoming increasingly expensive to service and move around, particularly as aging infrastructure requires replacement. When combined with falling household size and an aging population, detached suburban homes no longer fit well with many urban households.

More compact housing styles, in more compact cities, will produce more sustainable housing forms, reduce resource consumption, improve access and mobility and improve liveability.

Internationally revitalisation and regeneration projects have provided opportunities for the transition of "rust-belt" cities throughout the USA.

*"Pittsburgh, Columbus, Indianapolis, Minneapolis, and Milwaukee are today economically diversified, dynamic and growing metro economies. Big university towns like Madison, Ann Arbor, and Bloomington are magnets of state talent, innovation centres, and largely recession-proof. All of these communities are attracting and keeping highly educated populations, producing rising incomes, and maintain a diversified economic base. They are no longer beholden as manufacturing monocultures, as was the norm across the region fifty years ago when Minneapolis was "Flour City," or Pittsburgh as the "Steel City."*

(ref: A tale of two Rust Belts: Diverging economic paths shaping community politics - Brookings Institute - John Austin Friday, June 30, 2017).

For areas such as Newcastle, past government programs such as Building Better Cities have assisted the city to adjust to changes occurring in the post industrial world and provide major new opportunities.

The Australian Government plays a key role in funding catalytic changes such as the Honeysuckle Redevelopment which saw former shipyards converted to housing and mixed

use development accommodating 850 dwellings and creating up to 7,500 full time jobs through direct investment and flow-on impacts. See Appendix 1 for an outline of the success of the Honeysuckle project. Council strongly supports new programs such as City Deals to assist regional Australia to continue to evolve and manage change into the 21 st century.

The City Deals program offers real impact at the city level through an outcome focused process, providing funding to directly drive local economic growth, unlock and /or accelerate significant projects and provide new models for governance and collaboration suited to each situation.

Revitalisation is a complex process requiring government and private sectors to develop and share common goals, to manage and implement change. 'City Deals', recognises and encourages this. Newcastle is currently undergoing major revitalisation with the construction of a city centre light rail link and a vision to expand the network through the greater Newcastle Metropolitan area.

Council is very strongly of the view that the success of this project needs to be accelerated through the planning of future extensions that provide new linkages and opportunities across Newcastle to major activity centres such as the airport, John Hunter Hospital and University.

Our experience of working with State government transport planners over the light rail link has not been easy, with local input and needs too often ignored. A broader view and planning perspective would have assisted this project and enhanced local acceptability.

Coordinating this type of project needs new approaches and new levels of cooperation across all levels of government to ensure both short term and long term goals are reached.

### **1.1.1 Role for the Australian Government**

- Providing funding programs such as Building Better Cities and City Deals to fund transformational projects and revitalisation initiatives that generate employment and improve intracity accessibility and mobility.
- Initiatives to improve the planning, coordination, integration, management and delivery of major renewal projects.

### **1.2 The New Urban Agenda**

The Australian Government committed to the New Urban Agenda (NUA) and the Sustainable Development Goals (SDGs) created by the United Nations in October 2016. This international framework creates the opportunity for all levels of government to share common goals and work together.

The NUA, presented at the Habitat 3 conference in October 2016, strongly emphasised the crucial role cities will play in achieving sustainable development for future generations, with the majority of the world's population now living in urban areas and cities key generators of employment and wealth. The conference created a new focus on the role local government and professional town planners and other urban professionals in delivering sustainable development.

Currently around 54.5% of the world's population lives in urban areas. By 2030, this will rise to 60%; and 2050, 70%. In Australia, the figures are even higher. Cities provide the greatest opportunity we know for generating economic growth, employment, housing choices, culture, education and a broad range of services. Cities, as concentrations of people, however, are also vulnerable to the worst impacts from natural and man-made disasters, climate change and financial trends, and cities sustain the greatest levels of inequality.

Both the challenges and opportunities that cities and urban areas create, can be addressed through integrated planning, good governance and management and appropriate economic resources. A key element here is promoting the education and training of urban professionals and decision makers, and promoting excellence in governance and management.

A leadership role now exists for the Australian government to encourage the implementation and reporting of the SDGs, from the Federal to the local level including training and development

### **1.2.1 Role for the Australian Government**

- Assisting local government in implementing the SDGs and New Urban Agenda (NUA). Adapt the recently released National Cities Framework to link to the SDGS and NUA.
- Requiring Government agencies to report annually on how they have recognised and implemented the principles of sustainable development and the SDGs as part of their policy.
- Promoting training and development opportunities for urban professionals and decision makers in sustainable development.
- Promoting and contributing funding to programs of exchange and learning through academic institutions, government agencies for urban professionals/local governments such as the UN Global Cities Compact Cities program being run through RMIT.
- Promoting the concept and challenges of urbanisation and sustainable development through the national curriculum. This would incorporate understanding how cities/urban areas work, the significance of transport and accessibility, energy use and waste disposal.
- Preparing a national science strategy for sustainable development to encourage cross sector research and integration of biophysical, social, economic and cultural issues.

### **1.3 Cities are Managed by Local Government**

If cities are important, then the local government authorities that run them, are also important. Internationally, the NUA focuses attention on the importance of local government. It recognises that local governments make decisions every day that affect people's needs. Also that for the UN's sustainable development goals to be achieved, the goals and the NUA, will need to be embraced by local government as well as other levels of government and other stakeholders.

Local government face many challenges, including funding renewal of assets for existing communities with high expectations. We also place high expectations on ourselves to effective, sustainable and resilient solutions, considering whole of life costings.

Our Council like many across New South Wales, has been through the disruptive process of proposed amalgamation. However, out of this process, Council has emerged as a stronger entity, following the self reflection required. We were assessed by the New South Wales Government as 'fit for the future' financially. We have clear goals for the future and are currently engaging with our community to update and revise our community strategic plan for the period to 2030.

### **1.3.1 Role for the Australian Government**

- Involving local government in the early examination of the implications of Australian Government policy proposals on local government; and thereby better engaging with people and communities.
- Minimising duplication of effort and inefficiencies through better coordination with state and local government; and better use of delegated authority and partnerships to clearly differentiate statutory roles and functions.
- Providing city-based integration of all public goods and services provided by government to aid clarity in roles and service provision for consumers.
- Addressing funding reform for local government such that major issues such as aging infrastructure can be addressed
- Constitutional recognition for local government.

## **2. Considering what regulation and barriers exist that the Commonwealth could influence and opportunities to cut red tape.**

It is a common cry that existing legislation and red tape creates delays and additional cost to many urban projects. Government at all levels needs to continue the complex task of streamlining where possible whilst ensuring local communities retain a voice in the development process. Decision making has fragmented from state and local government to various new layers of committees and panels, creating confusion in the community as to where responsibility lies.

### **2.1.1 Role for the Australian Government**

- Continue to encourage debate across the States to streamline planning legislation and decision making processes ensuring a role for local government to retain power for local planning decisions.

## **3. Examining the national benefits of being a global 'best practice' leader in sustainable urban development.**

Local government is at the 'coal face' of change occurring in our cities, as the level of government closest to their community. Regional cities provide ideal environments to trial and test ideas. Newcastle has positioned itself to be at the forefront of the smart cities movement in Australia. In the coming year, we will roll out flexible infrastructure throughout our city centre including a multi-purpose technology pole enabling Wi-Fi and underpinning an Internet of Things (IoT) platform. Smart city applications will include smart lighting, smart parking, smart waste management, traffic analytics and environmental sensing. City data

generated from these applications will be used to better inform city administration and business decisions, and support a range of digital applications improving the liveability and sustainability of the city centre. This rollout, already significant enough to capture national and international attention, is only the beginning of an ambitious plan to transform Newcastle.

We are already sharing this experience at various forums across the country to enable other Australian cities to learn through our experience. We have benefited from learning from the experience of other cities overseas, particularly across Europe and North America. Our own 'smart' journey has been accelerated through this process.

There is a role for the Australian Government to foster and encourage the shared learnings and adaptation of new ideas to the Australian setting.

### **3.1. 1Role for the Australian Government**

- Promoting training and development opportunities for urban professionals and decision makers in sustainable development.
- Promoting and contributing funding to programs of exchange and learning through academic institutions, government agencies for urban professionals/local governments such as the UN Global Cities Compact Cities program being run through RMIT.

## **4. Promoting the development of regional centres, including promoting master planning of regional communities.**

### **4.1 Newcastle - the regional capital**

Newcastle is at the economic and cultural centre of the Hunter Region - Australia's most productive region - and home to around 750,000 people. Attracting 10.1million visitors each year, the Hunter accounts for 8% of economic activity in NSW, with an output of \$41billion in 2016.

Newcastle enjoys easy and direct connection to major Australian centres with its own airport connecting directly to Sydney, Canberra, Melbourne and Brisbane. The airport keeps breaking records with now over 1.2m passengers coming through the gateway. Newcastle city centre also straddles a deep-water port that provides an international shipping gateway and a rapidly diversifying driver of the regional economy.

Newcastle is the Australian exemplar of successful post-industrial transition to a diverse, knowledge-based, professional services economy. It is acknowledged by multiple Australian sources, including Austrade and the Australian Smart Communities Association (ASCA), as a leading Australian smart city. Newcastle was recently named as one of the world's top 'smart cities to watch in 2017' by global magazine National Geographic Traveler, as a city that is rising to the challenges of 21<sup>st</sup> century urban life. This recognition is based on our firm commitment and rapid progress in establishing Newcastle and the Hunter Region as an internationally recognised centre for technology innovation.

As noted under 1. above, complex revitalisation projects such as light rail, require new models of integrated delivery to ensure

#### **4.1.1 Role for the Australian Government:**

- Supporting programs such as the City Deals to encourage local/regional partnerships. Such funding opportunities can expedite projects and lay the foundations for and be catalysts for additional investment.
- Initiatives to improve the planning, coordination, integration, management and delivery of complex major renewal projects.

#### **4.2 Current regional planning exercise**

NCC is working closely with the NSW Department of Environment and Planning (DPE) to prepare the Greater Newcastle Metropolitan Plan.

The project is a collaboration between the DPE and five Hunter Councils - Cessnock, Lake Macquarie, Maitland, Newcastle and Port Stephens, as well as, key industry groups, and the community to undertake metropolitan planning for Greater Newcastle.

The plan will guide the ongoing transition of the Hunter as a productive, accessible, liveable metropolitan city that attracts and retains talent, encourages innovation and creates jobs and growth. This is consistent with Newcastle's vision to be a smart, liveable and sustainable city. The plan will ensure that homes, jobs and infrastructure are delivered in the right locations, supported by appropriate infrastructure, and that Greater Newcastle's competitive advantages, environmental assets and natural resources are protected and maximised.

Some of the early findings in this work such as the growing attractiveness of the liveability of Newcastle (relative housing affordability, short commute times and access to open space) as well as the interdependence for employment within the region, will highlight the importance of investment in urban infrastructure, particularly transport, to ensure growth is catered for.

This type of planning exercise will highlight for all levels of government, necessary infrastructure investment required to maintain quality of life and economic growth. For a poly centric region such as the Hunter, planning for and investment in transport is crucial for both people movement and freight. The Australian government could play an important role in ensuring appropriate corridors are planned and investment coordinated.

#### **4.2.1 Role for the Australian Government:**

- Providing funding programs such as Building Better Cities and City Deals to fund transformational projects and revitalisation initiatives that generate employment and improve intracity accessibility and mobility.
- Promoting local government access to non-grant funding programs such as those discussed in the Smart Cities Plan and City Deals, like low interest infrastructure loans, underwritten financial instruments like infrastructure bonds and value capture options relevant to Federal Government such as capital gains tax.
- Initiatives to improve the planning, coordination, integration, management and delivery of major renewal projects.
- Supporting planning for and protection of major infrastructure corridors.

#### **5. Promoting private investment in regional centres and regional infrastructure.**

## 5.1 New Models for Investment

Newcastle is currently the focus of a NSW Government led revitalisation program and is experiencing major urban renewal including city centre light rail, sharp growth in the city centre residential population, and the expansion of the University of Newcastle City Campus. This \$1billion in public investment in the city has leveraged \$3billion of private capital to reshape our city. Development applications in the city are at record levels.

The revitalisation of Newcastle provides numerous high quality development sites that are simultaneously waterfront and city centre, and closely situated to transportation connections including the city centre light rail, and the new Newcastle Transport Interchange integrating rail, bus and light rail modes. Our light rail system will be the first majority wire free system in Australia. Construction recently commenced. Newcastle is also investing strongly in cycleways and pedestrian path.

This example highlights the power of government led initiatives to provide the confidence and seed funding to attract other partners.

The Federal Government Standing Committee on Infrastructure, Transport and Cities, inquiry into the role of transport connectivity and economic activity, provided great insight into new models of investing in infrastructure and explored methods of value capture.

*"The evidence presented to the Committee indicates that value capture potentially provides a mechanism by which planning and funding can be intimately linked, ensuring effective and efficient transport connectivity outcomes. A broad range of potential value capture mechanisms could be applied in an Australian context, although different mechanisms are best applied by different levels of government, and a high degree of coordination is required."*

Newcastle and the Hunter would appear to be of significant interest for various proponents of transformative infrastructure such as fast train linkages from Newcastle/Hunter, north and south. Central to these initiatives are new approaches to infrastructure funding, including value capture. Federal government involvement will be required to attract, negotiate and secure such projects.

### 5.1.1 Role for the Australian Government

- Providing funding programs such as Building Better Cities and City Deals to fund transformational projects and revitalisation initiatives that generate employment and improve intracity accessibility and mobility.
- Promoting local government access to non-grant funding programs such as those discussed in the Smart Cities Plan and City Deals, like low interest infrastructure loans, underwritten financial instruments like infrastructure bonds and value capture options relevant to Federal Government such as capital gains tax or GST.
- Initiatives to improve the planning, coordination, integration, management and delivery of major renewal projects.

## 5.2 Collaboration - Private Investment and Government

The *Hunter Innovation Project (HIP)* is a current example of cross sector collaboration across local and state government, education facilities and the private sector. The key partners Newcastle City Council, University of Newcastle, Newcastle NOW and Hunter DiGiT, are working with a wide range of committed city and regional partners from sectors including industry groups, business, government departments, research organisations, peak associations and community groups.

The recently funded catalyst HIP will see the deployment of Australia's most sophisticated Internet of Things platform across the Newcastle city centre. This smart city infrastructure will be deployed over the next three years to create a data rich urban environment and test-bed for technology prototyping and civic innovation.

A digital infrastructure, encompassing high-speed fibre broadband, and free public WiFi, is being seeded through the city centre to underpin an innovation district supporting entrepreneurs, tech and knowledge-related start-ups and existing enterprises in both traditional and emergent sectors to take advantage of opportunities in the digital economy, green technology, advanced manufacturing, health, education and smart city management.

The HIP will also deliver a flagship innovation facility into the heart of Newcastle at the intersection of the city's administration centre, cultural spine and emerging city centre University campus. This innovation hub will be at the epicentre of a regionally connected network of innovation facilities called the Integrated Innovation Network (I2N), led by the University of Newcastle, to connect existing competitive advantages and areas of international standard excellence in defence and aerospace, advanced manufacturing, health and engineering.

NCC has recently lodged a bid through the Federal Smart Cities and Suburbs program. This bid highlights another significant advantage of regional locations - we are the perfect scale to function as a 'living lab' for new innovations and trials. Supported by an internationally significant collaboration of city, industry and research partners, the Newcastle bid seeks to accelerate the transformation of Newcastle as a centre for technology development and innovation through establishment of a hard infrastructure for prototyping and testbedding solutions and a collaborative network of soft infrastructure for solving city and national-level urban challenges through applied research and innovation.

### **5.2.1 Role for the Australian Government**

- Supporting programs such as the City Deals to encourage local/regional partnerships. Such funding opportunities can expedite projects and lay the foundations for and be catalysts for additional investment.

## **6. Promoting the competitive advantages of regional location for businesses.**

### **6.1 Newcastle's Competitive Advantages**

Newcastle has a number of strategic advantages which create opportunities for our continued transformation and ongoing growth:

- Newcastle is the 7<sup>th</sup> largest City in Australia; it has the scale of a large city, and is at the centre of a large and growing region as the primary provider of business, health, personal, education and professional services.
- Newcastle is accessible and linked to national markets through a major port, airport, road and rail.
- Newcastle has a major international deep water port, which is key component of the export coal chain and of logistics for major industries. Long term lease of the port by the State government in 2014 has scope to broaden its freight activities and the development of the vacant Mayfield site.
- Newcastle's industrial base includes specialisations in heavy engineering, defence and aerospace.
- Newcastle has a creative culture that is being translated into business opportunities, through mentoring, venture capital programs and industry clusters.
- Newcastle offers high residential amenity with its coastal location and cultural, sporting and leisure facilities and is an attractive place to live and invest.
- Newcastle has a growing local, national and international reputation as a destination and events city for leisure, business, sporting and cultural events.
- Newcastle plays a central role in the Hunter Region, and is the “regional capital”. It is the centre for critical infrastructure (including the port/logistics functions, and support activities); it provides services to the region including health, higher education, financial services, professional services and government services; it has the headquarters of a number of major organisations and has a major concentration of manufacturing/engineering businesses that are servicing national and international markets.

#### **6.2.1 Role for the Australian Government**

- Supporting established competitive advantages through appropriate decision making for infrastructure

### **7. Examining ways urbanisation can be redirected to achieve more balanced regional development.**

Increasing congestion, housing and living costs in Australian capital cities are well documented. Council strongly supports moves to decentralise relevant government agencies to regional Australia.

#### **7.1.1 Role for the Australian Government**

- Supporting continuing decentralise of government agencies where relevant to regional Australia to create employment and centres of excellence to improve the attractiveness and opportunities of regional living.

## **Appendix - Building Better Cities - Honeysuckle**

### **Background to HDC**

The program was first funded in the 1991–92 Commonwealth budget. The overall purpose of the program was ‘to promote improvements in the efficiency, equity and sustainability of Australian cities and to increase their capacity to meet the following objectives: economic growth and micro-economic reform; improved social justice; institutional reform; ecologically sustainable development; and improved urban environments and more liveable cities’. The Commonwealth Government agreed to provide up to \$816.4 million from December 1991 to June 1996 to meet these objectives. The program operated through formal agreements with individual state and territory governments, and targeted 26 distinct areas throughout Australia.

Newcastle became the only non-metropolitan city to secure BBC funding in 1992. The project is nearing completion, but the task of fully revitalising the city centre is far from over. The Honeysuckle project has laid the platform for the continued revitalisation of Newcastle’s city centre. In the state and national contexts, Newcastle continues to be an important economic driver, cultural centre, environmental leader and lifestyle city.

Quantified economic impacts of the Honeysuckle Development Corporation’s (now named Hunter Development Corporation) activities:

- Government spent some \$146.7 million between 1992–93 and 1996–97 and leveraged \$29 million in private sector investment. This combined investment generated a total economic impact of \$344.7 million over that period, representing a return on government investment of approximately 135 per cent
- During the period 1997–98 to 2004–05 government invested some \$68.7 million leveraging another \$446.1 million in private sector investment and a total economic impact of another \$1,021.4 million, or approximately 1,486.7 per cent return on government’s investment over that period
- Over the period 2005–06 to 2007–08, government has played a much smaller role in terms of the level of its investment, spending some \$19.4 million and generating \$109.9 million of private sector investment
- Over the 20 years reported by the Hunter Valley Research Foundation, the Honeysuckle project has invested \$267.7 million and leveraged \$767.7 million of private sector investment which has generated a direct and flow-on economic impact in the order of \$2,052.2 million
- Over the 20 years of the Honeysuckle project the equivalent of 7,507 fulltime annual positions have been created through the direct investment of the corporation and the private sector as well as through flow-on impacts

The project has also delivered some 13,000m<sup>2</sup> in new retail and restaurant space.

(ref: Honeysuckle - celebrating 20 years)