

**From:** [Karen Harrison](#)  
**To:** [Planning \(Mailbox\)](#)  
**Subject:** Email received via Customer Solutions. ECM DSI 4858246 FW: Gladstone Cinemas -Yaralla  
**Date:** Friday, 8 January 2021 3:58:51 PM

---

Good Afternoon,

Please find attached copy of email received via Customer Solutions today relating to DA/37/2020 proposed development, for your action.

Regards,

**Karen Harrison**  
Customer Solutions Officer



PO Box 29 Gladstone QLD 4680  
Phone 07 4970 0700  
Email [Karen.Harrison@gladstone.qld.gov.au](mailto:Karen.Harrison@gladstone.qld.gov.au) | Website [www.gladstone.qld.gov.au](http://www.gladstone.qld.gov.au)

---

**From:** ian mylne <[ianmylne@bigpond.com](mailto:ianmylne@bigpond.com)>  
**Sent:** Friday, 8 January 2021 2:09 PM  
**To:** Info (Mailbox) <[info@gladstone.qld.gov.au](mailto:info@gladstone.qld.gov.au)>  
**Subject:** Gladstone Cinemas -Yaralla

Sir,

I recently read a report in the Gladstone Observer in relation to an application by Yaralla Sports Club to construct a new cinema complex at the Yaralla Sports Club. The original application was rejected on appeal but apparently a new application has been lodged.

I would offer my objection to this proposal as I believe the current cinema complex is completely adequate for this city. It is purposely constructed and located in a city complex whereas Yaralla is basically a sports complex and should remain as such.

Should Yaralla be given the approval sought the current cinema complex will probably end up another white elephant in our city centre. This is something we should avoid as we have so many empty complexes around town at present. Yaralla obviously have the money and the desire to improve their lot

but I think there is more  
to it than that. I would hate to see Gondoan Street uprooted and moved over there.

Please add my objection to your considerations.

Ian Mylne  
3 Dalton Street, Gladstone.  
0427781253  
[imylne@bigpond.net.au](mailto:imylne@bigpond.net.au)

Our Ref: Michael Connor:ADS:1900781  
Your Ref: DA/37/2020

8 February 2021

The Assessment Manager  
Gladstone Regional Council  
**BY EMAIL: [Info@gladstone.qld.gov.au](mailto:Info@gladstone.qld.gov.au)**

Dear Sir/Madam

**DA/37/2020 – 20 O'Connell Street, Barney Point QLD 4680**

### **Introduction**

We are the solicitors for Alceon Group No. 56 Pty Ltd ("*Alceon*") and this submission is made on its behalf. Alceon's business address is Level 26, 1 O'Connell Street, Sydney and the electronic address for service in relation to the submission is: [mail@connoromeara.com.au](mailto:mail@connoromeara.com.au)

Alceon is the owner of Lot 1 on SP114459 and Lot 34 on SP183304, which together comprise the vast majority of the Gladstone Central shopping centre ("*Gladstone Central*"), which is situated on the western side of the Dawson Highway. Relevantly, the only cinema facility currently in the Gladstone area is situated within that part of Gladstone Central that is owned by Alceon.

Alceon objects to the approval of development application reference no. DA/37/2020, lodged by Yaralla Sports Club Inc. in respect of land situated at 20 O'Connell Street, Barney Point, ("*the Development Application*"), on the grounds set out below.

### **The Development Application**

The Development Application seeks approval for:

level 4 10 eagle street  
gpo box 2239 brisbane 4001

**e** [mail@connoromeara.com.au](mailto:mail@connoromeara.com.au)  
**w** [www.connoromeara.com](http://www.connoromeara.com)

**t** 07 3221 3033  
**f** 07 3221 6661

1. a material change of use for a cinema complex, comprising eight cinema screens, with capacity for up to 468 patrons; and
2. a variation request, the effect of which would be to make future applications for short term accommodation on the development site code assessable where building height does not exceed 12 metres.

The land the subject of the Development Application is situated at 20 O'Connell Street, Barney Point and is more particularly described as Lot 2 on SP247424 ("*Lot 2*"). Lot 2 is owned by Yaralla Sport Club Inc.

Lot 2 is presently improved by a number of buildings and associated car parking areas, which house the Yaralla Sports Club, the Gladstone Entertainment Centre, the Mercure Hotel and a fitness centre.

Lot 2 is bounded on its western side by O'Connell Street and is surrounded on its other sides by Lot 1 on SP247424 ("*Lot 1*"). Lot 1 is owned by Queensland Alumina Limited and is improved by various sporting fields and carparking areas. We understand that the existing uses on Lot 2 presently make use of the carparking areas on Lot 1.

The proposed cinema complex would require the demolition/removal of part of the existing Yaralla Sports Club, along with most of the carparking area in the south-eastern corner of Lot 2.

The proposed hours of operation for the cinema are 9am to 1am.

This submission is directed toward the cinema component of the Development Application.

### **Preliminary Matter – Development Application Not Properly Made**

It is clear from the PTT Traffic Assessment Report submitted as part of the Development Application, that the proposed cinema relies upon carparking areas and associated vehicle accessways and crossovers that are situated on the adjoining Lot 1, owned by Queensland Alumina Limited.

Such areas are considered to be part of the premises the subject of the Development Application (being land the subject of the assessable development for which approval is sought)<sup>1</sup> and consequently, the Development Application was required to be accompanied by the written consent of the owner of that land (i.e. Queensland Alumina Limited)<sup>2</sup>.

---

<sup>1</sup> *Pioneer Concrete (Qld) Pty Ltd v Brisbane City Council & Ors* (1980) 145 CLR 485; *Bon Accord Pty Ltd v Brisbane City Council & Ors* [2008] QPEC 119

<sup>2</sup> Section 51(2) of the *Planning Act 2016*

The Development Application was not accompanied by such written consent and as a result, the Development Application is not a "*properly made application*" for the purposes of the *Planning Act 2016* ("*the Planning Act*")<sup>3</sup>.

The Council's power to assess and decide development applications is expressly limited to development applications that are "*properly made applications*"<sup>4</sup>. The Council consequently has no power to assess and decide the Development Application.

### **Merits of the Development Application**

For the reasons discussed below, even if the Development Application were a "*properly made application*" (which, as discussed above, it is not), it would nevertheless be clearly inappropriate to approve the Development Application, given that:

1. the proposed development is a clear and significant departure from the provisions of the Gladstone Regional Council planning scheme ("*the Planning Scheme*"), including the centres hierarchy provisions of the Strategic Framework;
2. those conflicts with the Planning Scheme are of consequence, including because they would prejudice the implementation of the centres hierarchy and in particular, the Planning Scheme's aspirations for the development of Gladstone Central;
3. there is an absence of relevant matters to justify the approval of the Development Application; and
4. approval of the Development Application would be contrary to good planning policy.

At the outset, we remind the Council that:

1. as the Development Application requires impact assessment, the Council is required to assess the Development Application against the assessment benchmarks in the Planning Scheme, but may have regard to any other relevant matter, other than a person's personal circumstances, financial or otherwise<sup>5</sup>; and

---

<sup>3</sup> Section 51(5) of the Planning Act.

<sup>4</sup> Sections 59(1), 60(1) and 61(1) of the Planning Act.

<sup>5</sup> Section 45(5) of the Planning Act.

2. the Planning Scheme is taken to be the embodiment of the public interest.

### Inconsistency with Planning Scheme

Both Lot 2, and the adjoining Lot 1, are included within the Sport and Recreation zone in the Planning Scheme.

The Planning Scheme is clear that the only uses intended to be accommodated in the Sport and Recreation zone are sporting and active recreation uses, non-recreation uses that support such uses and compatible community-related activities. The proposed cinema cannot properly be characterised as any of those uses and the approval of the proposed cinema would consequently be inconsistent with the purpose<sup>6</sup>, overall outcomes<sup>7</sup> and performances outcomes<sup>8</sup> in the Sport and Recreation zone code.

In addition to the clear inconsistency of land use, the Development Application also fails to demonstrate that there will be no unreasonable amenity impacts from the proposed cinema (required for compliance with PO5 of the Sport and Recreation zone) as a consequence of the extended trading hours (to 1am), which we note is 3 hours later than the acceptable outcome of 10pm, in circumstances where the proposed development is located within an established low-density residential area.

It is also clear from the PTT Traffic Assessment Report, that in the absence of the carparking areas on Lot 1, the carparking provision provided on Lot 2 is inadequate<sup>9</sup> and consequently, the proposed development would be inconsistent with the purpose<sup>10</sup>, overall outcomes<sup>11</sup> and performances outcomes<sup>12</sup> of the Development design code.

Approval of the proposed cinema would also be clearly inconsistent with the Planning Scheme's hierarchy of centres and the provisions of the Strategic Framework, which we note are the highest order provisions in the Planning Scheme and prevail over all other components of the Planning Scheme in the case of an impact assessment<sup>13</sup>, as is the case here.

The Planning Scheme relevantly provides for a hierarchy of centres comprising:

---

<sup>6</sup> Section 6.2.8.2(1)(a) and (b)

<sup>7</sup> Section 6.2.8.2(2)(a)

<sup>8</sup> Table 6.2.8.3.1 PO6 and PO7

<sup>9</sup> As a consequence of the proposed cinema development there would be only 136 carparking spaces provided on Lot 2, as compared to a peak demand of 255 spaces

<sup>10</sup> Section 9.3.2.2(3)(a)

<sup>11</sup> Section 9.3.2.2(4)(j) and (k)

<sup>12</sup> Table 9.3.2.3.1 PO9

<sup>13</sup> Part 1.5 section 1.a.

1. principal centre - CBD;
2. major shopping centres;
3. neighbourhood centres; and
4. specialised centres.

Pursuant to the Strategic Framework:

1. mixed use centres (and urban revitalisation neighbourhoods) are intended to develop only on centre-zoned land<sup>14</sup>;
2. business and centre activities are intended to occur only in such areas, which is stated to be necessary to ensure the viability of the hierarchy of centres is maintained<sup>15</sup>; and
3. the region's major shopping centres (which includes Gladstone Central) are to reflect true mixed-use centres providing for a range of entertainment, community and residential uses and not just retailing<sup>16</sup> and which increase activity during and after regular business hours<sup>17</sup>.

The approval of the proposed cinema would constitute the approval of a centre activity on non-centre zoned land, in clear conflict with the above discussed provisions of the Strategic Framework. It would also be inconsistent with the hierarchy of centres, by adversely impacting upon the ability of Gladstone Central to achieve the Planning Scheme's aspirations for the use of that site.

Gladstone Central is included within the Centre zone and is identified by the Strategic Framework as a major shopping centre within its hierarchy of centres. The Strategic Framework also explicitly recognises the existence of a cinema within Gladstone Central and the role that cinema, amongst other uses, plays in Gladstone Central achieving the Planning Scheme's mixed-use aspirations for that centre<sup>18</sup>.

Gladstone Central has been affected by the recent overall downturn in the local economy and is presently experiencing a number of vacancies, impacting its ability to function as a mixed-use centre in the way envisaged by the Planning Scheme.

---

<sup>14</sup> Section 3.3.2 – A gateway for local business

<sup>15</sup> Section 3.3.1(9) and Section 3.3.2 – A gateway for local business

<sup>16</sup> Section 3.3.1(8)

<sup>17</sup> Section 3.3.2 – A gateway for local business

<sup>18</sup> Section 3.3.2 – A gateway for local business

Alceon acquired the Gladstone Central properties a little less than two years ago (in March 2019), out of receivership, with a view to revitalising the centre through a multi-million dollar refurbishment/upgrade (including to the cinema), in order to catalyse general leasing activity. During the period of receivership prior to Alceon's acquisition, the centre was further detrimentally impacted by the receiver not undertaking any refurbishment/upgrade works to the centre, nor engaging in any significant new leasing activity (as the properties were capital constrained).

Whilst Alceon's revitalisation efforts have been delayed somewhat by the COVID-19 pandemic over the last 10 months, Alceon remains committed to the revitalisation of the centre and to undertake the refurbishment/upgrade works. The cinema is integral to that revitalisation effort and to the intended future tenancy mix for the centre, in order to achieve the Planning Scheme's aspirations for the site as a mixed-use centre.

The Ethos Urban economic need assessment report ("*the Ethos Urban Report*") submitted as part of the Development Application, concedes that there is only a present need for one cinema complex within the Gladstone region and that this is unlikely to change in the short term, with the inevitable consequence being that the approval of the proposed cinema will likely result in the loss of cinemas from Gladstone Central. This view is supported by the conclusions reached in the need assessment reports that have been commissioned by Alceon from Location IQ, which are enclosed with, and form part of, this submission. The Location IQ report also concludes that should that occur, it would impact adversely upon Alceon's ability to attract other entertainment uses to the centre and the current cinema site is likely to remain vacant for an extended period, resulting in blight.

Consequently, the approval of the Development Application and resulting loss of cinemas from Gladstone Central, will significantly prejudice Alceon's revitalisation effort for Gladstone Central and ultimately, Gladstone Central's ability to achieve the Planning Scheme's aspirations for the centre as a major shopping centre and a "*true mixed-use centre*". The approval of the proposed cinemas in these circumstances would be clearly inconsistent the provisions of the Strategic Framework, including the centres hierarchy.

Such departures from the Planning Scheme are not without significant consequence. The importance of the planning considerations that underlie centres hierarchy provisions, such as those under consideration here, are obvious, including that they ensure the maintenance and efficient use of existing investment and infrastructure. The Planning Scheme itself



acknowledges the importance of the centres hierarchy provisions in ensuring that the viability of the hierarchy of centres is maintained<sup>19</sup>.

### Relevant Matters

The applicant's justification for approving the proposed cinema complex, despite the clear and significant departure from the Planning Scheme that it would represent, including the significant adverse impact that it would have on the centres hierarchy, appears to be reliant upon the establishment of what it says is a "need" for the proposed new cinema complex.

It is clear however, from the applicant's own material that, in a quantitative sense, there is no need for a further cinema complex within the Gladstone region and that the "need" being asserted is for an improved cinema offering, which it says cannot be provided in the existing tenancy in Gladstone Central. The basis for this assertion appears to be that:

1. there are physical and operational constraints to making the necessary or desired investments in cinema technology and improvements to customer amenity at the present location; and
2. the relocation of the cinemas (to the Yaralla Sports Club) will co-locate the cinemas with a better array of complementary dining, entertainment and recreational uses.

For the reasons that will be discussed below, neither of those matters are made out.

### Constraints to Upgrading Current Facility

It is evident on the face of the Ethos Urban Report, that its conclusions in this respect rely heavily, if not entirely, upon the untested assertions of the current cinema operators (the Struik family), including about:

1. the extent of decline in the level of admissions over the past 5 years;
2. the extent to which the current location is no longer fit for purpose as a leading-practice cinema facility;
3. the existence of physical constraints to improvements and structural issues with the built form at the existing facility in the current location; and

---

<sup>19</sup> Section 3.3.1(9) and Section 3.3.2 – A gateway for local business

4. that the previous success of the Gladstone Cinemas is a reflection of the current operator's unique expertise and that it is unlikely that other operators would be able to meet contemporary cinema industry and patron needs at this location.

As is evident from the Ethos Urban Report itself, the current operator has a clear vested interest in the approval of the proposed cinema, having failed to reach commercial terms with its landlord (Alceon) and having consequently entered into an agreement to lease with Yaralla Sports Club.

The conclusions of the Ethos Urban Report, being based on these untested assertions, should be disregarded.

Attempts have been made by Alceon to negotiate new lease terms in conjunction with a refurbishment of the facility with the current operators (who have 3 x 5 year lease renewal options under their current lease), however those negotiations efforts have stalled as a result of the current operators' dissatisfaction with the proposed commercial terms. It is simply the case that the current operators believe that they can obtain better commercial terms elsewhere.

Additionally, contrary to the self-serving assertions of the current operators that the previous viability of the cinema was attributable to their expertise alone and that other operators would not be able to meet contemporary cinema industry and patron needs at Gladstone Central, the Location IQ report concludes that based on available financial information, other cinema operators are likely to be very interested in operating cinemas in Gladstone based on current commercial terms.

Alceon is committed to the upgrade of Gladstone Central, including the existing cinema facility and, absent the approval of the Development Application, the cinema will be upgraded to a modern standard, with or without the current operator.

#### Co-Location with Complementary Uses

The Ethos Urban Report's assertions about the improved co-location with complementary uses that would result from the re-location of the cinema to Yaralla Sports Club, clearly assume that the current situation pertaining to Gladstone Central is permanent. Those assumptions are not justified. As stated earlier in this submission, Alceon's recent acquisition of the Gladstone Central properties was undertaken for the very purpose of carrying out a multi-million dollar revitalisation effort at the centre, one of the intents of which is to achieve a range of new tenancies complementary to the cinema.

Given the matters discussed above, the applicant has not demonstrated that the particular type of cinema need that they contend exists, cannot be provided in the existing location and, even if that had been demonstrated, there has been no attempt at all by the applicant to establish that such need cannot be provided within other existing centre-zoned land.

This is merely a case where the existing operators' preference is to relocate to another site, because of more advantageous commercial terms that it considers it can obtain by doing so. It is unquestionably inappropriate for the Council to disregard the provisions of its planning scheme and prejudice the maintenance of its centres hierarchy, merely to suit the commercial convenience of a particular operator (the Struik family) or equally, to meet the aspirations of a particular developer (i.e. Yaralla Sports Club) for the further development of their land. These constitute personal financial considerations, which the Planning Act is clear do not constitute "*relevant matters*" that the Council is entitled to have regard to<sup>20</sup>.

## Conclusion

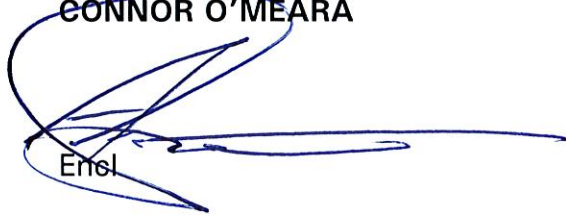
For the reasons discussed above:

1. the Development Application is not a "*properly made application*" for the purposes of the Planning Act and it is consequently beyond power for the Council to assess and decide the Development Application; and
2. the Development Application should not otherwise be approved, given:
  - a. the clear and significant departure from the provisions of the Planning Scheme, including the centres hierarchy provisions of the Strategic Framework, that it would represent;
  - b. the absence of any relevant matters to justify its approval;
  - c. the harm it would cause to Gladstone Central, a designated major shopping centre within the Planning Scheme's centres hierarchy; and
  - d. that it would be contrary to good planning policy, as it would undermine the maintenance and efficient utilisation of existing and future centre investment and infrastructure.

---

<sup>20</sup> Section 45(5) of the Planning Act.

Yours faithfully  
**CONNOR O'MEARA**



Ensl

*"Liability limited by a scheme approved under professional standards legislation"*

8 February 2021



Mr Todd Pepper  
Director  
Alceon QLD Pty Ltd  
Level 9  
344 Queen Street  
Brisbane QLD 4000

## **YARALLA SPORTS CLUB CINEMA EXPANSION – REVIEW OF NEEDS ASSESSMENT**

This letter presents a review of the need assessment prepared for Yaralla Sports Club in relation to the Gladstone Cinema Relocation. The report was prepared by Ethos Urban and dated October 2020.

### **Background**

Yaralla Sports Club is proposing the development of a cinema complex which would involve the relocation of the existing cinema complex at Gladstone Central Shopping Centre to the Yaralla Sports Club. Location IQ prepared a letter dated 19 October 2019 after a Material Change of Use application was lodged around that time. The original application was withdrawn with a new application more recently lodged together with the Ethos Urban needs assessment.

### **Sustainable cinema provision**

The Location IQ letter of 2019 (copy enclosed) concluded that the provision of two cinema complexes with some 15 cinema screens in combination would not be supportable within the Gladstone catchment area and that remains our view.

This conclusion is reinforced by the Ethos Urban assessment, which states in the executive summary at page II the following:

*"All demand for cinema entertainment in Gladstone is well established, in the short term the population is unlikely to support more than one cinema complex".*

Further, on page 24 of the Ethos Urban report the following is concluded:

*"Overall, the level of economic need and demand in Gladstone is unlikely to support more than one cinema complex considering current market expectations.*

*This view is supported by the general provision of only one cinema in other comparable regional cities in Queensland, most notably Rockhampton, Bundaberg and Mackay.*

#### **Office Address**

Level 27, 19 Martin Place  
Sydney NSW 2000

#### **Mailing Address**

PO Box 1121  
Bondi Junction NSW 1366

**Telephone:** 02 8248 0100

**Website:** [locationiq.com.au](http://locationiq.com.au)

**ABN:** 30 658 856 304

*A further consideration is that any new operator taking over the current cinema facility will have costs associated with:*

- *Refitting of the tenancy (the existing fit out as wholly owned by Gladstone Cinemas).*
- *Competition with the proposed purpose-designed and built and state-of-the-art cinemas at the Yaralla Sports Club Site.*
- *Substantial redevelopment costs if the current facility at Gladstone Central is to go close to meeting contemporary patron needs.*

*On this basis, it is reasonable to assume that the most likely outcome of the relocation of Gladstone cinemas to the Yaralla Sports Club site is that the existing tenancy at Gladstone Central Shopping Centre will require re-purposing away from a cinema use”.*

## **Planning Environment**

Section 2.3 of the Ethos Urban Report identifies that the proposed development involves land that is located within the sport and recreation zone.

The purpose of the sport and recreation zone is provided in paragraph 1A of 6.2.8.2 of the Gladstone Planning Scheme (GPS) as a :

*"development [that is] is designed to meet community needs for sporting and active recreation purposes".*

A cinema complex is defined as a ‘Theatre’.

Relevantly at section 3.3 of the GPS in Part 3 - Strategic Framework entitled ‘Gateway to the World’, at Section 3.3.1 *Strategic Outcomes*, the following is noted:

- 7) *Gladstone's CBD is the principal centre for business, government, entertainment and cultural activities.*
- 8) *The region's major shopping centres must reflect true mixed-use centres and provide for a range of entertainment, community and residential uses and not just retailing.*

In effect, a hierarchy of centres has been nominated within the GSP including entertainment facilities forming a key part of the CBD and at major shopping centres including Kin Kora centre, Gladstone Central, Boyne Island centre, Tannum Sands centre and Calliope Centre.

In relation to Gladstone Central, the existing location of the cinemas, the following is noted:

*Gladstone Central includes a shopping centre / supermarket, cinema, hotel, dining and take away, speciality shopping and office and medical related services. This mix of uses reflects many of the features of a mixed-*

*use centre. In particular, there is an entertainment focus that includes a burgeoning after-hours food retailing destination with a number of restaurants and cafes.*

*Future land use must complement this land use mix and any redevelopment must improve pedestrian onsite activity, particularly to the lower section of the centre.*

Clearly, centre zones are identified in the GPS as appropriate locations for cinemas, not Sport and Recreation precincts. This reflects the importance of a centre hierarchy to allow an appropriate mix of uses to be developed and maintained to create thriving centres and to make the most of investment and infrastructure.

The Ethos Urban report contends that a new state-of-the-art cinema complex is required and not a redevelopment of the existing cinema complex at Gladstone Central. Leaving aside any concerns around that point, Ethos Urban do not justify why that new cinema complex should not locate within other Centre zoned land, as compared with Sport and Recreation zoned land.

The Ethos Urban report cites other cinema complexes at Rockhampton, Bundaberg and Mackay as comparable examples. All of those cinemas however are located either as part of or on the periphery of existing centre zoned land. None is located in a Sport and Recreation precinct.

The desire of Yaralla Sports Club to develop the mixed-use precinct is of no economic relevance in the assessment of need for the cinema complex to locate on that site.

### **Reasons for Cinema Relocation**

The Ethos Urban report outlines a number of reasons why it is said that the cinema complex should relocate to the Yaralla Sports Club site (summarised in paragraph 5 of Section 5.1 of the Ethos Urban report), including:

- Intensified competition in the entertainment industry from the rise of streaming video on demand platforms such as Netflix, etc.
- A reduction in the average seating capacity of cinema screening rooms.
- The assertion that Gladstone Central does not meet contemporary cinema standards or consumer requirements (according to the operator).

Ethos Urban state that the lease for the cinemas at Gladstone Cinema expires in August 2021 and assert that the Struik family (operators of the cinemas) are unable to operate a commercially viable cinema business at Gladstone Central. Financial information has not been provided in support of the assertion that cinemas are commercially unviable at the subject site. The only indication is at Section 2.1 on page 8 that according to the operator, as of December 2019 the level of admissions declined by approximately 33% over the previous five years.

It would appear that Ethos Urban and the cinema operator are putting that decline down largely to the offering at the Gladstone Central Cinema site.

This assertion is incorrect, as economic conditions have changed remarkably in Gladstone as a result of the construction and then completion of the LNG plants. This resulted in a boom - bust style economy in Gladstone of which the cinemas would have initially benefited and then declined in the past five-year period.

A review of available data in relation to Gladstone indicates:

- Stockland Gladstone Shopping Centre indicates that centre sales peaked in 2015 at around \$209 million and had fallen to \$179 million by 2017, a fall of 15% within a two-year timeframe<sup>1</sup>. This decline was for essential shopping facilities such as supermarkets and discount department stores.
- The Ethos Urban report itself indicates at Table 3.6 that overnight visitors within Gladstone fell from 2.236 million visitors in 2016 to 1.716 million visitors in 2019, a fall of around 25%.
- Other information produced by the Queensland Government Statistician's Office indicated that non-resident workers in Gladstone peaked at 6,655 workers in 2014, before falling to around 1,500 workers by 2016<sup>2</sup>, another large drop in available market for a cinema complex at Gladstone.
- Cinema admissions in Australia more broadly dropped by 6% between 2015-2019 according to Screen Australia.<sup>3</sup>

All these factors contributed to the drop in sales and visitation at Gladstone Central cinemas and more broadly in the Gladstone market and not just the operation of Gladstone Central. In other words, the previous sales of the Gladstone Cinemas were inflated by the Gladstone boom and have logically declined at a time when the general Gladstone economy has contracted. It follows that this sales decline in percentage terms is not an appropriate basis for querying the viability for the cinemas at Gladstone Central (putting aside the point that that the current tenant's operational skills also play a role in the sales performance of the cinemas).

Ethos Urban also state on page 21 that negotiations between the owners of Gladstone Central Shopping Centre and the cinema operators have not been able to deliver a solution that provides an improved cinema facility, nor a reasonable commercial outcome for the renewal of the lease.

---

<sup>1</sup> <https://www.shoppingcentrenews.com.au/category/the-guns/big-guns/>

<sup>2</sup> <https://www.qgso.qld.gov.au/statistics/theme/population/non-resident-population-queensland-resource-regions/gladstone>

<sup>3</sup> <https://www.screenaustralia.gov.au/fact-finders/cinema/industry-trends/historical-admissions>



Ethos Urban do not provide any details on the new agreement for lease at the Yaralla Sports Club and how that differs to the opportunity at Gladstone Central shopping centre. Information provided to location IQ indicates that the cinemas at Gladstone Central are paying \$321 per sq.m which is comparable with other cinema complexes throughout regional Queensland (\$200-\$400 sq.m.). Further, the occupancy cost ratio at approximately 15% (based on pre COVID-19 sales) is at the lower end of the industry average of 15%-20%, indicating that the cinemas were viable prior to COVID-19. On that basis, we believe that other cinema operators would be very likely to be interested in operating cinemas in a market such as Gladstone (on the current commercial terms).

## **Gladstone Central Redevelopment Opportunities**

Section 5.3 of the Ethos Urban report outlines the likely impact on Gladstone Central shopping centre if the cinema complex was to relocate. Ethos Urban indicate that the relocation of Gladstone Cinemas provides an opportunity to remix and repurpose the centre. Ethos Urban say this can be achieved without undermining the continued role and function of the centre in providing a broad mix of retail and other uses consistent with the objectives of the Planning Scheme for Major centres.

Potential options suggested by Ethos Urban for repurposing of the cinema tenancy include:

- Replacement with another entertainment use.
- Repurposing of the tenancy for another major retail or commercial use.

Ethos Urban, therefore, clearly recognise that entertainment uses are appropriate and should locate at major centres. The relocation of a cinema complex from the site in those circumstances would detract from attracting other entertainment uses and is therefore not economically sensible.

Further, in the current depressed economic environment in Gladstone, the opportunity for repurposing the cinema site with another major retail or commercial tenant is likely to be difficult for an extended period of time, meaning that the cinema would be likely to remain vacant for an extended period of time, creating blight.

## **Conclusions**

The key conclusions of the review of the Ethos Urban report are as follows:

- Ethos Urban agree that only one cinema complex is supportable within Gladstone. Consequently, if the Yaralla Sports Club proposal was approved, a cinema complex would be lost from Gladstone Central.
- The loss of cinemas from Gladstone Central would impact on the hierarchy of centres and the security of both public and private expenditure into these centres.
- There is unlikely to be a replacement tenant of the cinemas at Gladstone Central in the event that the proposed new cinema complex is approved.



- There is no evidence that the cinema complex cannot be upgraded at Gladstone Central to appropriate standards.
- Further, if the cinemas were to be relocated there is no reason why it cannot be accommodated in other Centre zoned land.
- The downturn in cinema attendance at Gladstone is in keeping with the general downturn in the local economy as a result of the LNG plant construction activity ceasing within the region.
- There is no financial evidence provided in the Ethos Urban report which can be factually reviewed and commented upon appropriately to assess their claims.

Overall, the loss of cinemas from Gladstone Central will result in long term vacancy at the centre and blight.

Yours sincerely,



Gavin Duane

Director



02 8248 0100  
Level 27, 19 Martin Place  
Sydney NSW 2000  
[Locationiq.com.au](http://Locationiq.com.au)

19 October 2019



Mr Oliver Sicouri  
Director  
Alceon QLD Pty Ltd  
Level 9, 344 Queen Street,  
Brisbane QLD 4000

## Introduction

This letter presents an independent assessment of the potential for cinema screens in Gladstone on the Central Coast of Queensland. This letter has been prepared based on discussions with Alecon QLD Pty Ltd who own and manage Gladstone Central which incorporates a seven-screen (one gold class) cinema complex as well as a provision of specialty shops.

## Proposed Development

A Material Change of Use of Premises for a Theatre has been submitted at the existing site of the Yaralla Sports Club at 20 O'Connell Street in Barney Point. This site is 3.5 km by road to the east of Gladstone Central (refer Map 1). The planned development at the Barney Point site will comprise an eight-screen cinema complex (including two smaller gold class cinemas) as well as an associated candy bar, gold room lounge, games room and amenities.

Figure 1 shows the proposed site plan for the new eight screen cinema complex at the Yaralla Sports Club site. As shown, the cinema complex would be provided to the south of the existing building with a provision of additional car parking to be provided on the Ground Level and Level One.

Figure 2 shows the land zoning under the Gladstone Region Council Planning Scheme with the Barney Point site highlighted in red. The entire Barney Point site is zoned Sport And Recreation which is defined as follows:

### **6.2.8 Sport and recreation**

#### **6.2.8.1 Application**

*This code applies to development where the code is identified as applicable in a table of assessment. When using this code, reference should be made to section 5.3.2 and where applicable, section 5.3.3 located in Part 5.*

#### **6.2.8.2 Purpose**

**Office Address**  
Level 6, 56 Pitt Street  
Sydney NSW 2000

**Mailing Address**  
PO Box 1121  
Bondi Junction NSW 1366

**Telephone:** 02 8248 0100  
**Website:** [locationiq.com.au](http://locationiq.com.au)  
**ABN:** 30 658 856 304

1. *The purpose of the sport and recreation zone code is to ensure:*
  - a. *Development is designed to meet community needs for sporting and active recreation purposes.*
  - b. *Development maximises community access and use of land for sport and active recreation purposes.*
  - c. *Development minimises impacts where adjoining residential land and other sensitive receiving uses.*
  - d. *Large scale sporting facilities that serve the regional population are in accessible locations within Gladstone, Boyne Island, Tannum Sands, Calliope and Agnes Water.*
2. *The purpose of the zone will be achieved through the following overall outcomes:*
  - a. *Areas available for active sport and recreational pursuit such as playing fields, equestrian facilities, outdoor cultural facilities, educational activities, public swimming pools and outdoor courts are provided.*
  - b. *Opportunities for sporting clubs using playing fields to establish in multi-purpose club facilities are facilitated.*
  - c. *Development is designed to incorporate sustainable practices including maximising energy efficiency, water conservation and public/active transport use.*
  - d. *Development is supported by transport infrastructure that is designed to provide and promote safe and efficient public transport use, walking and cycling.*
  - e. *Impacts on adjacent areas from development and activities within the zone are managed through buffering to adjacent sensitive land uses and appropriate design, siting and operation of facilities and infrastructure.*
  - f. *Ancillary structures and buildings such as clubhouses, kiosks, shelters, stands, amenity facilities, picnic tables and playgrounds are provided where necessary to support safe access and essential management of sport and recreation areas.*
  - g. *Areas of ecological significance, high scenic amenity or cultural heritage are protected from the adverse impacts of sport and recreation activities.*
  - h. *Development responds to land constraints, including but not limited to topography, bushfire and flooding.*
  - i. *Recreation areas make an important contribution to community liveability.*
3. *The purpose of this code will also be achieved through the following additional overall outcome for the following precinct:*
  - a. *Benaraby Motor Sport precinct:*
    - i. *Development provides for a Motor Sports Facility of regional significance.*

The Sport and Recreation land zoning of the site does not permit the planned development.

## Cinema Trade Area

Map 2 illustrates the defined total trade area for cinemas in Gladstone, including one primary sector, one secondary sector and two tertiary sectors as follows:

- The **primary sector** generally extends some 50 – 70 km around Gladstone and includes the entire Gladstone urban area. This is the main sector where customers to Gladstone Central would reside.
- The **secondary sector** stretches some 50 km from Gladstone Central to include Boyne Island and Tannum Sands.

The combination of the primary sector and the secondary sector are referred to as the main trade area and is the area from which facilities in Gladstone are likely to achieve most customers and sales. In addition, two tertiary sectors have been defined as follows:

- The **tertiary south sector** extends 100 km to the south-east of Gladstone to incorporate Miriam Vale and Agnes Water.
- The **tertiary west sector** reaches around 100 km to the west and 150 km to the south-west to incorporate the major towns of Biloela and Monto.

The combination of the main trade area and the two tertiary sectors is referred to as the total trade area throughout the remainder of this report. The definition of the total trade area reflects the draw of destination tenants including a cinema complex in Gladstone which are not represented throughout the broader region. The total trade area is generally limited to the north by Gracemere and Rockhampton and to the south by Bundaberg.

## Total Trade Area Population

Table 1 details the existing and projected population within the defined total trade area. The total trade area population is currently estimated at 76,200 (2019), including 59,300 persons within the main trade area and 47,190 persons in the primary sector. The total trade area population is projected to increase to 83,820 by 2031, representing an average annual growth rate of 0.8%.

## Total Trade Area Cinema Screen Provision

There is currently one cinema complex in the total trade area, namely the seven screen (one gold class screen) Gladstone Cinemas complex at Gladstone Central (primary sector). Across the total trade area, this equates to 9.2 cinema screens for every 100,000 persons (refer Table 2).

Across the main trade area, which is where the majority of cinema attendance would be generated, the provision is 11.8 screens for every 100,000 persons with a higher figure of 14.8 screens for every 100,000 persons across the primary sector.



Allowing for the opening of the Barney Point eight screen cinema complex by 2021, the total trade area cinema screen provision would increase to 19.4 screens for every 100,000 persons (refer Table 3). Across the main trade area, which is where the majority of cinema attendance would be generated, the provision would be 24.9 screens for every 100,000 persons in 2021, with a higher figure of 31.3 screens for every 100,000 persons across the primary sector.

## **Cinema Screen Benchmarks**

Screen Australia reports that there were 2,278 screens in Australia as at 2018 serving a total population of 25.18 million persons. This represents a provision of 9.0 cinema screens for every 100,000 persons (refer Table 4).

Across the various states and territories of Australia, the provision of screens varies from 3.3 screens per 100,000 persons in the Northern Territory to 10.5 screens for every 100,000 persons in South Australia. It should be noted that the Northern Territory cinema screen provision was low in 2018 and now in 2019 is around 6.5 screens per 100,000 persons as a new eight screen complex has opened at Palmerston.

Assuming the Australian average of 9.0 cinema screens for every 100,000 persons across the Gladstone total trade area would imply seven cinema screens would be supportable now with 7.5 cinema screens supportable by 2031, considering projected population growth. Seven screens are currently provided at Gladstone Central.

Assuming the Queensland average of 10.2 cinema screens for every 100,000 persons would indicate 7.8 cinema screens would be supportable in 2019, increasing to 8.5 cinema screens by 2031.

On all measures, the number of supportable screens is well below the planned 15 cinema screens that would be operational if the Barney Point proposal is approved. This provision would not be viable.

## **Comparable Towns**

Map 3 illustrates the Central and North Queensland Region, highlighting key towns and the number of cinema screens to serve the population of each area. This analysis shows even significantly larger population towns such as Rockhampton (six screens) and Mackay (11 screens) include fewer screens than now proposed in Gladstone. Clearly, 15 screens is too many and not sustainable for the Gladstone and the surrounding population.

Table 5 shows the trade area population size and the number of cinema screens within the trade area for each of these larger locations. As shown, the highest cinema screen provision is 10.9 screens for every 100,000 persons for the Townsville trade area. This is still well below the cinema screen provision for the Gladstone total trade area if the Barney Point development is approved (19.4 cinema screens for every 100,000 persons). The average provision across the four locations is 8.5 cinema screens for every 100,000 persons.



## Conclusion

There is currently one cinema complex in the total trade area, namely the seven screen (one gold class screen) Gladstone Cinemas complex at Gladstone Central (primary sector). Across the total trade area, this equates to 9.2 cinema screens for every 100,000 persons which is higher than the Australian benchmark of 9.0 cinema screens for every 100,000 persons .

Across the main trade area, which is where the majority of cinema attendance would be generated for Gladstone, the provision is 11.8 screens for every 100,000 persons with a higher figure of 14.8 screens for every 100,000 persons across the primary sector.

Allowing for the opening of the Barney Point eight screen cinema complex by 2021, the total trade area cinema screen provision would increase to 19.4 screens for every 100,000 persons, more than double the national benchmark. Across the main trade area, which is where the majority of cinema attendance would be generated, the provision would be 24.9 screens for every 100,000 persons in 2021.

The analysis of cinema potential within Gladstone and the surrounding region indicates that there is not demand for 15 cinema screens. If the Barney Point proposal is approved and built, the cinema provision would not be sustainable.

Should you have any questions, do not hesitate to contact me.

Yours sincerely,



Greg Malempre

Director



# FIGURES, MAPS & TABLES

## FIGURE 1. YARALLA SPORTS CLUB PROPOSED PLAN



**BSPN.**  
ARCHITECTURE

ADDRESS  
100-102 O'Connell Street, Sydney NSW 1588 Australia  
1588 Sydney  
NSW 1588  
AUSTRALIA  
100-102 O'Connell Street, Sydney NSW 1588 Australia  
1588 Sydney  
NSW 1588  
AUSTRALIA

Specifying Architect  
**ARBUCKLE**  
ARCHITECTURE  
100-102 O'Connell Street, Sydney NSW 1588 Australia  
1588 Sydney  
NSW 1588  
AUSTRALIA

Project  
P1 2020-01-01 CONCEPT DEVELOPMENT  
P2 2020-01-01 CONCEPT DEVELOPMENT  
P3 2020-01-01 CONCEPT DEVELOPMENT  
P4 2020-01-01 CONCEPT DEVELOPMENT

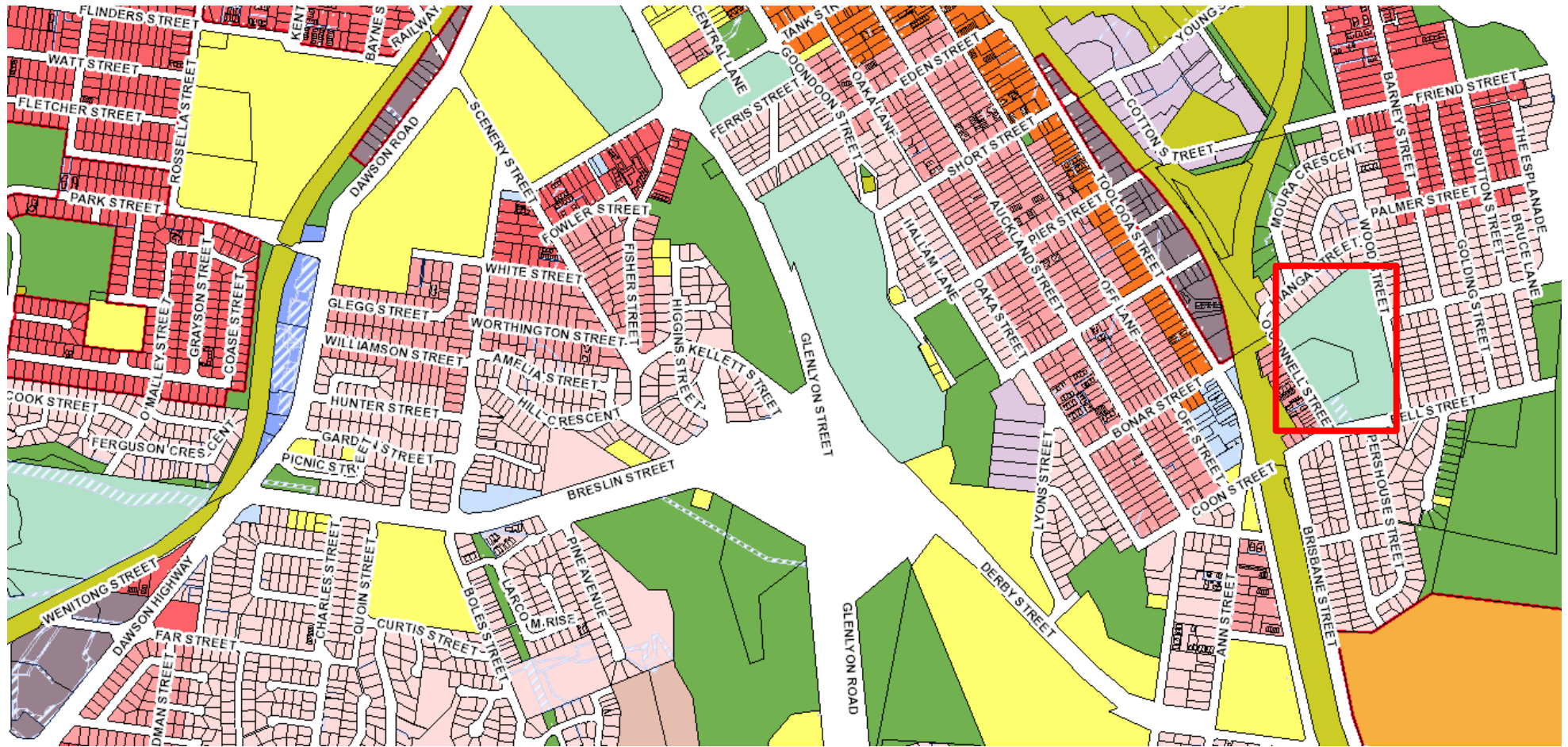
Project  
**PROPOSED CINEMAS**  
  
YARALLA SPORTS CLUB

Drawing  
**SITE PLAN**  
  
PRELIMINARY

Client  
BSPN  
100-102 O'Connell Street, Sydney NSW 1588 Australia  
1588 Sydney  
NSW 1588  
AUSTRALIA  
Project No.  
**B1900047 AL01**  
Sheet No.  
**P4**



**FIGURE 2. GLADSTONE REGIONAL COUNCIL PLANNING SCHEME LAND ZONING**



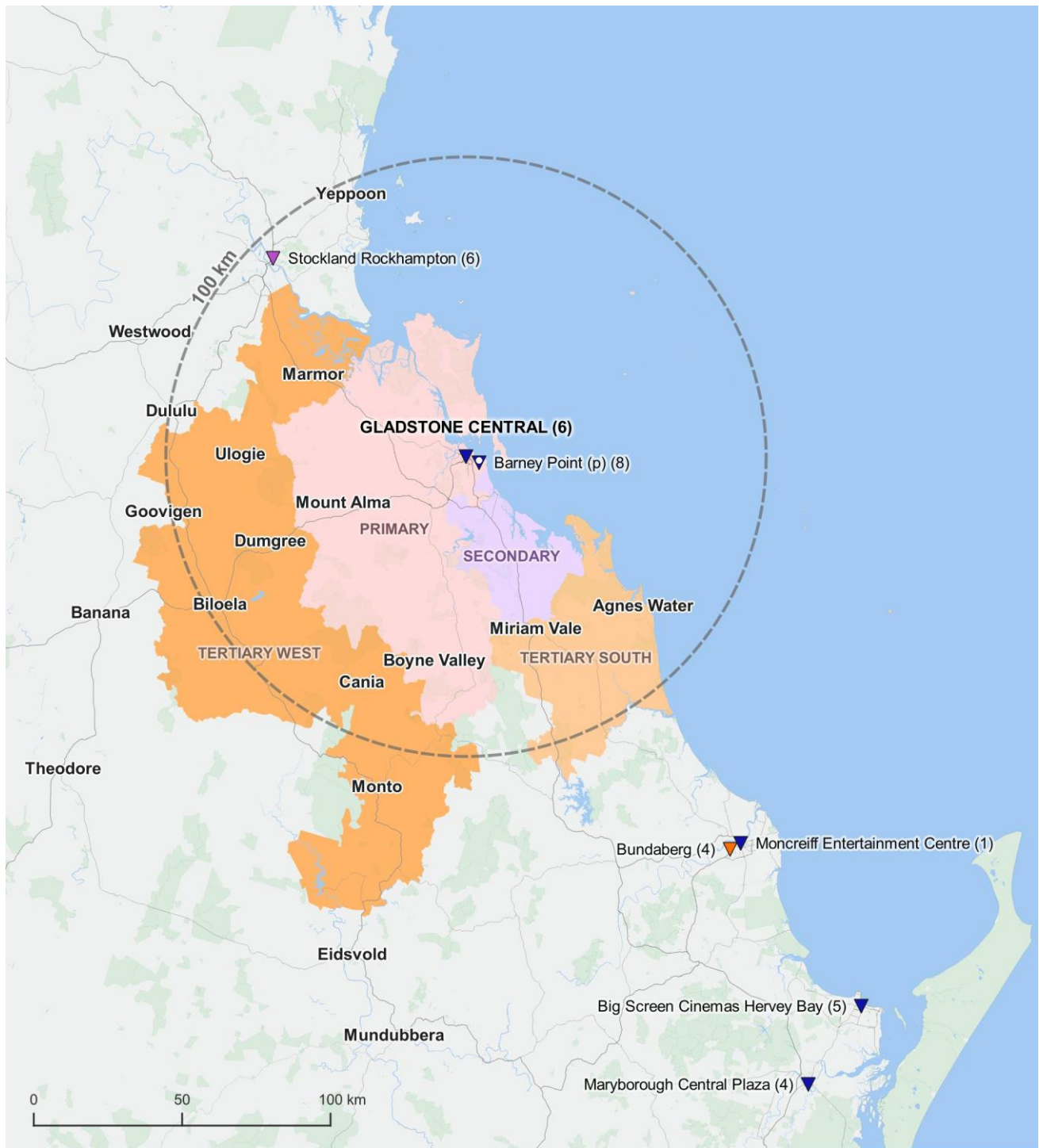
## MAP 1. GLADSTONE CENTRAL AND BARNEY POINT SITE LOCATIONS



PhotoMap by nearmap.com



## MAP 2. GLADSTONE CINEMA TOTAL TRADE AREA & CINEMA COMPLEXES



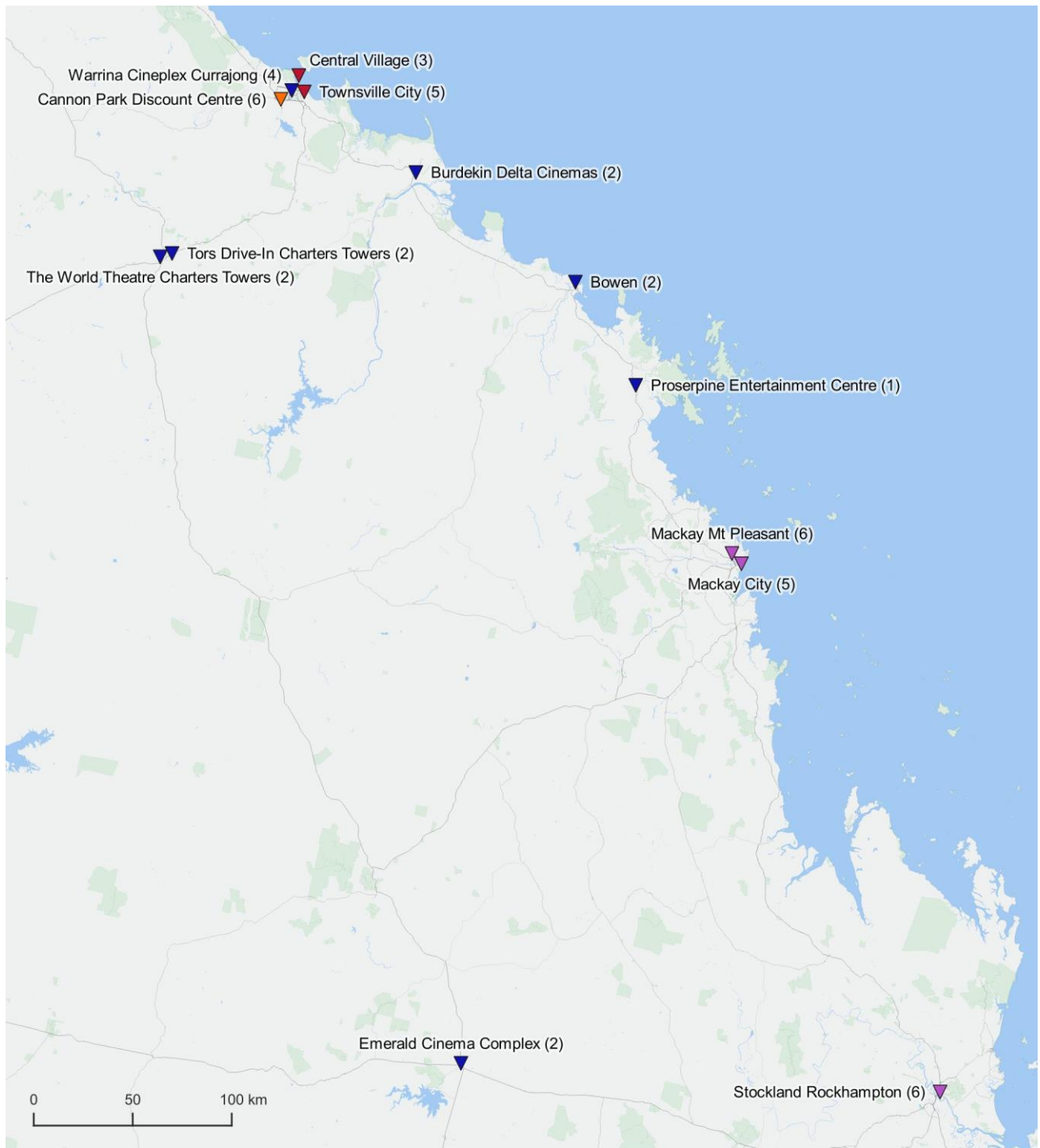
- ▾ Reading Cinemas
- ▾ BCC Cinemas
- ▾ Independent Cinema

\* Number of cinema screens shown in brackets

\* White dot indicates proposed cinema



### MAP 3. CENTRAL AND NORTH QUEENSLAND CINEMA COMPLEXES



- ▼ Event Cinemas
- ▼ Reading Cinemas
- ▼ BCC Cinemas
- ▼ Independent Cinema

\* Number of cinema screens shown in brackets



**TABLE 1. GLADSTONE CINEMA TOTAL TRADE AREA POPULATION**

Population	Actual			Forecast		
	2011	2016	2019	2021	2026	2031
Primary Sector	42,470	45,990	47,190	47,990	50,490	53,240
Secondary Sector	12,180	11,960	12,110	12,210	12,460	12,960
<b>Main Trade Area</b>	<b>54,650</b>	<b>57,950</b>	<b>59,300</b>	<b>60,200</b>	<b>62,950</b>	<b>66,200</b>
<b>Tertiary Sectors</b>						
• South	4,310	4,860	5,010	5,110	5,360	5,610
• West	<u>11,990</u>	<u>11,860</u>	<u>11,890</u>	<u>11,910</u>	<u>11,960</u>	<u>12,010</u>
Total Tertiary	16,300	16,720	16,900	17,020	17,320	17,620
<b>Total Trade Area</b>	<b>70,950</b>	<b>74,670</b>	<b>76,200</b>	<b>77,220</b>	<b>80,270</b>	<b>83,820</b>

Average Annual Change (No.)	Actual		Forecast		
	2011-16	2016-19	2019-21	2021-26	2026-31
Primary Sector	704	400	400	500	550
Total Secondary	-44	50	50	50	100
<b>Main Trade Area</b>	<b>660</b>	<b>450</b>	<b>450</b>	<b>550</b>	<b>650</b>
<b>Tertiary Sectors</b>					
• South	110	50	50	50	50
• West	-26	10	10	10	10
Total Tertiary	84	60	60	60	60
<b>Total Trade Area</b>	<b>744</b>	<b>510</b>	<b>510</b>	<b>610</b>	<b>710</b>

Average Annual Change (%)	Actual		Forecast		
	2011-16	2016-19	2019-21	2021-26	2026-31
Primary Sector	1.6%	0.9%	0.8%	1.0%	1.1%
Secondary Sector	-0.4%	0.4%	0.4%	0.4%	0.8%
<b>Main Trade Area</b>	<b>1.2%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>0.9%</b>	<b>1.0%</b>
<b>Tertiary Sectors</b>					
• South	2.4%	1.0%	1.0%	1.0%	0.9%
• West	-0.2%	0.1%	0.1%	0.1%	0.1%
Total Tertiary	0.5%	0.4%	0.4%	0.4%	0.3%
<b>Total Trade Area</b>	<b>1.0%</b>	<b>0.7%</b>	<b>0.7%</b>	<b>0.8%</b>	<b>0.9%</b>

All figures as at June and based on 2016 SA1 boundary definition.

Sources : ABS; QLD OESR

**TABLE 2. GLADSTONE TOTAL TRADE AREA CURRENT CINEMA SCREEN PROVISION**

Component	Estimated		Projected	
	2019	2021	2026	2031
Primary Sector	47,190	47,990	50,490	53,240
Main Trade Area	59,300	60,200	62,950	66,200
Total Trade Area	76,200	77,220	80,270	83,820
<b>Cinema Supply (Total Screens)</b>				
Primary Sector	7	7	7	7
Main Trade Area	7	7	7	7
Total Trade Area	7	7	7	7
<b>Cinema Provision (Screens per 100,000 persons)</b>				
Primary Sector	14.8	14.6	13.9	13.1
Main Trade Area	11.8	11.6	11.1	10.6
Total Trade Area	9.2	9.1	8.7	8.4

**TABLE 3. GLADSTONE TOTAL TRADE AREA CURRENT AND PROPOSED CINEMA SCREEN PROVISION**

Component	Estimated		Projected	
	2019	2021	2026	2031
Primary Sector	47,190	47,990	50,490	53,240
Main Trade Area	59,300	60,200	62,950	66,200
Total Trade Area	76,200	77,220	80,270	83,820
<b>Cinema Supply (Total Screens)</b>				
Primary Sector	7	15	15	15
Main Trade Area	7	15	15	15
Total Trade Area	7	15	15	15
<b>Cinema Provision (Screens per 100,000 persons)</b>				
Primary Sector	14.8	31.3	29.7	28.2
Main Trade Area	11.8	24.9	23.8	22.7
Total Trade Area	9.2	19.4	18.7	17.9

**TABLE 4. CINEMA SCREEN PROVISION, 2018**

State/Territory	2018 Population	No. of Screens	Screens per 100,000 persons
NSW/ACT	8,469,900	696	8.2
VIC	6,526,400	591	9.1
QLD	5,052,800	516	10.2
SA	1,742,700	183	10.5
WA	2,606,300	228	8.7
TAS	531,500	36	6.8
NT	245,900	16	6.5
<b>Australia</b>	<b>25,180,200</b>	<b>2,278</b>	<b>9.0</b>

Source: Screens Australia 2018; ABS 3101.0 Dec 2018

Figures may not total exactly due to rounding.

**TABLE 5. CENTRAL AND NORTH QUEENSLAND CINEMA SCREEN PROVISION, 2018**

State/Territory	Trade Area Population	No. of Screens	Screens per 100,000 persons
Rockhampton	158,280	8	5.1
Townsville	238,110	26	10.9
Mackay	153,690	12	7.8
Gladstone	76,200	7	9.2
<b>Average</b>	<b>156,570</b>	<b>13</b>	<b>8.5</b>

Source: Location IQ; ABS; Screens Australia 2018.





02 8248 0100  
Level 6, 56 Pitt Street  
Sydney NSW 2000  
[Locationiq.com.au](http://Locationiq.com.au)