

23 August 2010

The Director
Major Infrastructure Assessment
Department of Planning
GPO Box 39
Sydney NSW 2001

Dear Sir/Madam

RE: Environmental Assessment for Stage 2A(I) of the City East Zone Substation Development

We write in response to the Environment Assessment lodged with the Department of Planning in relation to the proposed City East Zone Substation development at 33 Bligh Street, known as Kindersley House.

My client, ACE Insurance Limited, is the owner of 28-34 O'Connell Street, Sydney (known as 40 Hunter Street in the Environmental Assessment) which is immediately adjacent to the proposed development site.

We have reviewed the following documents made available to us during the notification period:

- Environmental Assessment for Stage 2A(I) of the City East Zone Substation (Main Report) dated July 2010
- Appendix A Concept Approval NSW Department of Planning
- Appendix B Statement of Compliance by JBA
- Appendix C Correspondence with Key Stakeholders
- Appendix D Summary of the Environmental Risk Analysis
- Appendix E Noise and Vibration Assessment by Wilkinson Murray
- Appendix F Statement of Heritage Impact by Noel Bell Ridley Smith & Partners
- Appendix G Solar Reflectivity Analysis by Windtech
- Appendix H Pedestrian Wind Environment Statement by Windtech
- Appendix I Consistency with the Statement of Commitments for the Sydney City Grid Concept
- Appendix J Built Form and Urban Design by Kann Finch

On behalf of ACE Insurance Limited, we have set out below some matters regarding the proposed development that we would expect to be addressed by way of clarification or acknowledgement:

1. Demolition

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The Environmental Assessment suggests that the demolition technique proposed for the existing improvements to the subject site includes the use of the existing lift shaft as a discharge chute for demolished materials. This activity could cause severe noise and vibration disruption to nearby building occupants and we request clarification on how this disruption will be limited during normal working hours.

2. Construction Work Hours

The proposed construction hours do not consider the right to quiet enjoyment of adjacent properties. In accordance with Section 6.4 of the main report (p.57) the proposed construction hours are as follows:

Construction would generally be carried out during the following hours:

- Monday to Friday 7 am to 7 pm;
 - Saturdays 7 am to 5 pm; and
 - No work on Sundays or Public Holidays.
- Noise intensive activities such as rock breaking would be undertaken during the following hours:
- Monday to Saturday 7 am to 12 pm;
 - Monday to Friday 2 pm to 5 pm; and
 - At no time on Sundays or public holidays.

Although the 'general' construction work hours appear to be relatively standard for the City of Sydney district, noise intensive works are proposed to be permissible during most hours of the working day (except Midday to 2.00pm). This arrangement is not acceptable to my client and we believe works creating excessive noise and vibration should be limited to outside of business hours.

3. Structure

We are however, concerned that the proposed development may affect the structural integrity of our client's property. How will Energy Australia ensure that the structural integrity is not affected? We request that the Development Consent conditions include obligations on Energy Australia to monitor the impact of construction on our client's property throughout the demolition and construction phases. These obligations should include a requirement to install movement detection equipment in our client's basement car park at a location to be agreed prior to commencement and that this is regularly monitored and results made available to our client to ensure early detection of any adverse effects of construction and/or demolition.

We request that a Schedule of Condition of the entire property at 28-34 O'Connell Street, Sydney be prepared by an independent party at the cost of Energy Australia and be agreed between both parties and appended to an Adjoining Owner's Deed or similar binding document. We note that the need for a "Dilapidation and basement survey of buildings potentially affected by building works" is identified in Appendix E of the Environmental Assessment and therefore ask that the above request be noted in the Development Consent conditions if consent is awarded.

The Environmental Assessment as proposed makes no mention of a requirement for ground anchors or similar supports required on adjacent land. We would like to obtain confirmation from Energy

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Australia that no structural support is required from the adjacent properties. If there is a requirement for underpinning, ground anchors or similar, our client will need to be involved in a review of all available documentation relating to this proposal and a third party consultant will be asked to review the proposal.

Feedback would then be provided to Energy Australia for incorporation into the proposed works and our client reserves its rights to object or make further submissions in relation to the proposed development, based on the findings of that review or new information. We propose that the timeframes for review of any structural or aesthetic plans/specifications which could affect our client's property be agreed within an Adjoining Owners Deed. Any third party reviews required by our client will be undertaken at the cost of Energy Australia as our client is only requiring this investigation as a result of the proposed development.

4. Easements

Our client's property currently includes an easement for access to the car park of the proposed development site which is currently accessed from O'Connell Street and for which the owners and occupiers of 26 O'Connell Street and others obtains the benefit. We seek clarification on whether this easement is still required to service Kindersley House as the access to the basement car park appears to be reconfigured in the new development plans. If it is not required, we formally seek agreement from Council for this easement to be extinguished. Access for the 44 Hunter Street tenant will need to remain.

If the current access is not to be used we would also seek clarification on how the current access shutter leading into Kindersley House is to be infilled/enclosed? ACE insurance requests that it be consulted prior to and be involved in any final decision making on this aspect of the project and any others matters that have a material impact on the 28-34 O'Connell Street.

5. Air Quality Assessment

Section 3.1 of the Concept Approval by NSW Department of Planning calls for an "Air Quality Assessment" to be formulated for the project. We request the right for our client to review and comment on the report prior to the commencement of works onsite, in accordance with section 4.1 of the approval.

6. Crane oversailing to adjacent land/property

The Environmental Assessment does not make any reference to crane movements which we expect will occur over our client's property. The Developer should provide full details of the proposed crane oversail i.e. location of crane on site, how it will be designed and supported, insurances in place to protect persons and property etc. This will need to be agreed with the adjoining owners prior to commencement of crane erection and should also be included in any Adjoining Owners deed which we would expect to be prepared.

7. Preliminary (Phase 1) Environmental Assessment and potential Detailed (Phase 2) Environmental Assessment

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We would expect a detailed environmental review of the Kindersley House site to be required and we note that the Summary of Environmental Risk Analysis (Appendix E) calls for "contamination studies and management plans to be developed". Our client requests the right to review these reports prior to commencement of the redevelopment, noting that the developer will need undertake any recommendations made within the report at their own cost.

In addition, we request Energy Australia provide analysis and design details on the proposed containment of the substation plant and equipment and how any environmental risks will be controlled or mitigated the property.

8. Cleaning Protocol

The Environmental Assessment does not feature cleaning measures to affected property. We believe the Developer should commit to provide or otherwise fund additional cleaning regimes to 28 O'Connell Street as reasonably required in order to maintain an acceptable standard of cleanliness during the redevelopment.

9. Hoardings and Site Access

During the demolition and construction works we understand a Class B structural hoarding will be constructed to protect the public using O'Connell Street. We would like to further understand the proposed positioning of the hoardings as it is imperative that a clear line of sight and clear access is maintained both into the entrance of 28 O'Connell Street, the vehicular entrance to the basement car park which is utilised by ACE, its tenants and the tenants of 44 Hunter Street and also the entrance into the coffee shop within 28 O'Connell Street.

We understand that the demolition, excavation and construction access will be via both Bligh Street and O'Connell Street and the management of this traffic will be agreed in a Traffic Management plan which do not believe has been prepared yet.

We would expect that deliveries and access to site will be minimised to take place only within certain hours of the day, being prior to 7am and after 7pm to ensure that the roadways are not congested within the CBD. This could be particularly disruptive for my client and their tenants who will require the access to the premises for both pedestrians and vehicles to be maintained at all times we should emphasise that it is a one-way street hence access is limited. Further advice on this matter is requested and timeframes for the delivery to be included in any Development Consent Conditions.

Furthermore, we believe the Developer and their representatives should give reasonable notice when seeking access to ACE's premises during the course of the adjacent redevelopment and strictly adhere to building management policy.

10. Insurances

We would like to obtain confirmation that Energy Australia will be required by Council to hold appropriate insurances for the development and that these will include Works and Public Liability

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Insurance at levels to ensure any damage to the new or existing properties will be adequately addressed.

11. Statutory Controls – Statement of Compliance

We note that Appendix B of the application provides a comparison of the development against relevant planning controls, generally comprising of City of Sydney LEP 2005, City of Sydney DCP 2006 and City of Sydney Heritage DCP. The statement also refers to the previous development applications of 2001, 2004 and 2007.

The JBA statement confirms the existing mid-block connection between O'Connell Street and Bligh Street will be lost. We note that the link was retained under the previous proposal of 2007 and believe it should be retained to provide safe and convenient pedestrian access, in accordance with the local authority controls.

In addition, we note that application calls for separate vehicular access for Energy Australia and commercial tower usage. We believe this would substantially disrupt existing pedestrian and vehicular movements along O'Connell Street and in accordance with the central Sydney DCP 2006, a maximum one entrance point should be permitted.

12. Building Form

We note that the Environmental Assessment contains very little detail on the proposed fabric, finish and appearance to the external facades to the proposed substation, yet the bulk form of the substation (i.e. footprint, height and number of storeys is detailed in the application). We believe detailed design documents should be provided and reviewed to establish the attributes of the new property prior to a consent being issued.

13. Notification Period

We believe the review of the Environmental Assessment and associated notification period will instigate further design details and revisions by the applicant. Our client requests the right to review any such submissions prior to lodgment with the Planning Authority.

Should you require any clarification or wish to discuss any of the above matters please do not hesitate to contact the undersigned on (02) 9333 3534 or Mr Stuart Bell, Director – CBRE NSW on (02) 9333 3391.

Yours sincerely
CB Richard Ellis Pty Ltd

Kristian Wiles
Associate Director – CBRE Projects

cc: Mr David Phillip – ACE Insurance (by e-mail)
Mr Ashley Mullins – ACE Insurance (by e-mail)

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Ms Laura Sandersan – CB Richard Ellis (by e-mail)
Mr Stuart Bell – CB Richard Ellis (by e-mail)