

**SUBMISSION ON STATE SIGNIFICANT DEVELOPMENT (SSD) APPLICATION
ENVIRONMENTAL IMPACT STATEMENT : SSD 6011 Mixed Use RESIDENTIAL
Development SW Plot and SSD 6013 Mixed Use COMMERCIAL Development and Car Parks
NW Plot**

When I first saw the invitation to make a submission on SSDs 6010, 6011 and 6013 I began the laborious process of reading the extensive documentation. It took forever.

Over the earlier SSDs 5752 and 5878 for the redevelopment of Darling Harbour South totally, upon which I commented in some detail on 8 May 2013, I saw **nothing** new in the way of evidence that any real planning had been done by the applicant, the volumes of professional advisor reports notwithstanding, on the issues that I and others had been concerned about previously.

I live next door to the proposed Darling Harbour South redevelopment and just as I had objected to both initial proposals – SSD 5752 and SSD 5878 – without noticing any responsiveness from the proponent, I must also object to SSD 6011 and SSD 6013. I do not know any of the people who prepared the EISs and I have not made a donation to a political party.

My objections to the overall proposal fall under three broad heads :

- transport and traffic
- aesthetics, and
- economics and public finance

For details of my criticism (and its foregoing relevant analysis) of these three aspects, please review my 8 May 2013 submission on SSD 5752 application.

The shortcomings and “weasel word” qualifications to protect the reputations of the professional advisors are still present in SSDs 6011 and 6013. In fact, much of the “text” and many statistical tables are exactly the same. Accordingly my recommendations for the EIS assessors to urgently refer the applications to the Department of Roads and Maritime Services, Treasury and the Office of the Auditor General still apply.

The proposed redevelopment of Darling Harbour South has been sliced/segmented by the collaborating proponents into a new subset of three new elements each with its own slightly revised Environmental Impact Statements viz SSDs 6010, 6011 and 6013- making sensible comment even less possible than when it was divided into two as SSD 5752 and 5878.

My submission relates chiefly to an initial phase of the government funded PPP Component to which SSD 6011 applies, with important remarks about a dependent, successor project SSD 6013, but you may take my objection and criticisms to apply to the whole idea of an unnecessarily costly major overdevelopment, that will :

- bring road traffic, even beyond its immediate precinct, to a standstill;
- threaten the sustainability of existing thriving businesses in Chinatown;
- make Sydney’s only existing, large multi purpose public park less accessible and uglier, and

- because of the fast track procurement process already underway, expose public and representative officials to temptations (and the potential) to act corruptly of the sort coming to light (just as I write) concerning the sensational revelations of the ICAC in the Cherrydale and Mt Penny mine approval cases.

In my earlier submission ¹ on the overall redevelopment plan of DHL at Darling Harbour South I pointed out that there had been very little genuine “planning” in the sense of actually analysing the effects of inserting a development with massive impacts into a much smaller but vibrant domestic and business environment; but only an extensive promotional campaign of unsubstantiated claims of needs (including for the destruction of the iconic Entertainment Centre) ².

These features and the possibility of extensive losses to the Consolidated Revenue from a fast track tendering/procurement process means that **in August 2013** :

- a more refined proponent analysis supporting the more detailed requests for approval;
- the assessment of the Department of Planning and Infrastructure; and
- any other independent, public and parliamentary supervisory agencies’ examination , must be **even more** thorough than before.

Now, I write again. The limited responses of the developer in SSD 6011 and SSD 6013 to the issues I raised earlier seem to indicate arrogant indifference to public and expert feedback and where there was reference to them in the current SSD 6011 and SSD 6013 submissions, the developer seemed to offer to “trade” or make only limited concessions to buy off the EIS assessors by seeming to give something **at a cost to the taxpayers for the losses/impacts** that his project would cause, for ever.

Worse however, on my three objection topics (and the detailed evidence) for SSD 5725 and SSD 5878, the developer and his consultants were impassive. Nothing was substantially changed. The SSD 6011 and SSD 6013 documents then sent to the Department of Planning and Infrastructure assessors didn’t even offer supporting evidence that any thoroughly researched contentions were wrong or a more pessimistic vision of the future of the Chinatown area, incorrect.

If it is true that we are to “trade”, the EIS assessors in assessing the proponent’s ³ offers, must insist at a minimum that the redevelopment plans ;

- actually **estimate** and **propose to** redress/compensate (collectively, not individually, of course) those into whose neighbourhood the project is to come; and

¹ SUBMISSION ON STATE SIGNIFICANT DEVELOPMENT (SSD) APPLICATION ENVIRONMENTAL IMPACT STATEMENT : Sydney International Convention, Exhibition and Entertainment Precinct (SICEEP) SSD 5752 – Public Private Partnership (PPP) Component and SSD 5878 – The Haymarket Component 8 May 2013

² Since that time there has been almost no critical coverage of the proposal by the print or electronic press - only paid advertisements by the developer and the government. For the money spent on PR by the applicant a valid cost benefit study could have been attempted. My rough estimate of the costs and benefits of replacing the successful, mature, multi use Entertainment Centre with a new Theatre is a net present value of **COSTS** of **\$450m** and a **B/C ratio of less than 0.5** at 7% - almost the worst possible use of \$300m one could think of. The expense of a cost benefit analysis conforming with the NSW Government Guidelines, would be less than \$300,000. Treasury and Auditor General’s Office advice should be sought on who to approach to do it.

³ if they agree to settle the neighbours’ objections to the intruding developer’s proposal (the developer is more likely to just come and go – not settle in Chinatown)

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- genuinely ameliorate :
 - transport and traffic capacity measures proposed be specified after independent analysis before any demolition of the Entertainment Centre is approved;
 - adverse aesthetic impacts ⁴; and
 - the costs to be borne by the Consolidated Revenue so that they can be openly revealed/disclosed to the taxpayers who must bear them.

As an example from the past, when the Peak Apartments development ⁵ (where I live in the heart of Chinatown) was approved 20 years ago by SHFA's predecessor (DHA), with additional conditions imposed by the then Planning Minister, R J Webster, its 40+ storied tower had to leave a considerable setback from its business and residential neighbours in then 4 storied limited , Chinatown. The set back from the north side of Hay Street to the uprising apartment tower (which has an extensive surrounding park) is over 50 metres. In my view this margin (certainly not less) should be applied to the new towers which will still dwarf their Chinatown neighbours, grotesquely.

If the EISs are so deficient that a set of sound forecasts of the future isn't possible, then the assessors should (rightly) reject the applications as failing to even meet the definition of a valid EIS – ie as inadequate.

Enough is enough - it is certainly time for all charged with reviewing such proposals to do their job, in earnest.

Now trisected, the current applications seem almost immune to any attempt to be satisfactorily analysed separately. Here is my view.

TRANSPORT AND TRAFFIC - Roads and Intersections

The analysis of transport and traffic impacts (in both applications SSD 6011 and SSD 6013)) is unnecessarily and almost introspectively limited to the area of interest **of the developer** (especially emphasising Darling Drive, strategically important to the proponent's plans), and what the developers wish to do – narrowing scarce road space in Darling Drive to accommodate student housing and activities to facilitate construction within ultimately permitted site boundaries for a year or so at a time.

External impacts are made light of and excused as being no worse than the current situation.

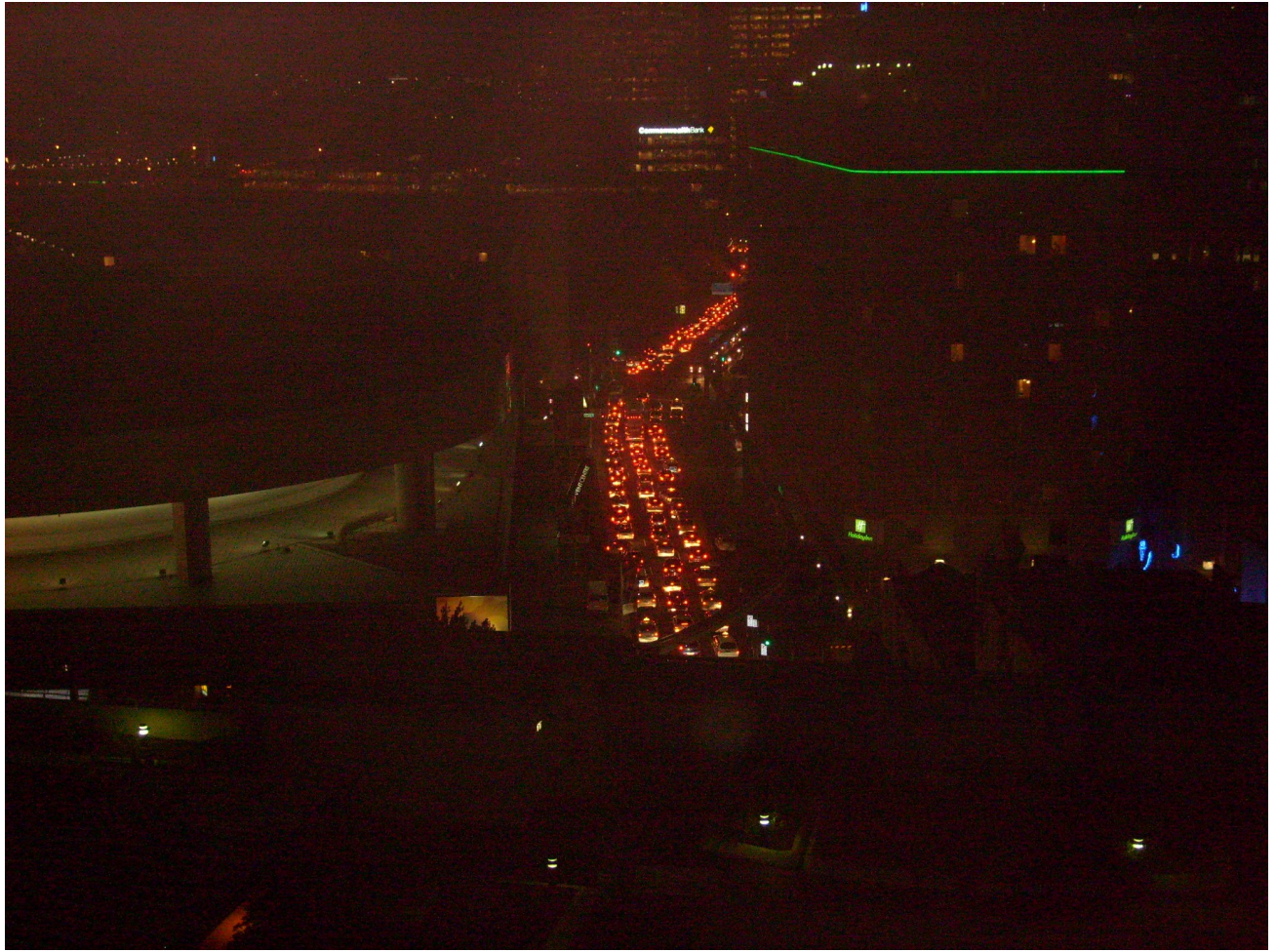
Even in the few months that have elapsed, traffic effects in Harbour Street particularly, seem to have become worse. The night before I wrote this document the traffic congestion depicted in the 8 May 2013 report which I noted lasted for a ½ hour was the same except it lasted for over an hour between 6:15 and 7:15PM. Here from the earlier objection submission in May 2013 is what actually occurs.

⁴ eg set backs of the towers from neighbouring existing residences and businesses (because of the heights and span of the FOUR proposed towers on so limited a site)

⁵ Originally proposed as a Hotel development , but unfinacible, in the event.

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A queue of infinite length ? Note the northbound signals of Harbour Street at Goulburn and Pier Streets are at green. This was a Friday night in May 2013 and the picture remained the same for ½ an hour. The “queue” continues to the right left hand corner back into Hay Street (obscured by the garden wall of The Peak apartment block’s podium) from George Street.

It is now urgent to immediately, refer the traffic and transport modules supporting the latest EIS to Transport for NSW and NSW Roads and Maritime Service for :

- a detailed review of their adequacy as a comprehensive account of the traffic and transport impacts of the entire proposal, and especially future traffic intensity, there being no real possibility of increasing road capacity in the district , and if, as I maintain, it is found to be less than complete;
- suggestions for their revision in the developer’s proposals so as to make an honest contribution to Department of Planning and Infrastructure decision makers charged with considering these key factors for such a scheme.

AESTHETICS

Nothing new has been proposed that would avoid the whole proposal (including the residential components of SSD 6011), if accepted, erecting a really high and extensive wall of domestic

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MEMBER HAYMARKET CHAMBER of COMMERCE, SYDNEY and WESTERN AUSTRALIAN CHINESE CHAMBER of COMMERCE, PERTH

structures when viewed from almost anywhere inside the basin of Darling Harbour looking south – akin to the “Toaster” effect in Circular Quay of its now universally regretted overdevelopment on the eastern bank, compared with the “gently rising” effect on its western side.

Added to the existing population in the immediate area (and the Hing Loong and The Quay developments already approved) the SSD 6011 plan, and its successors, will **double** the resident population absolutely and raise the density to 180/Ha. The PPP development **within** SSD 6011 is only a precursor to the construction of a complex of residential towers without the same degree of set back from Hay Street that say The Peak apartment tower, located at the rear of its own low podium supplies, when an if ever approved further development would be erected on the site of the demolished Entertainment Centre, **hard upon** the Hay Street tram line. Why, considering the height of the proposed development the assessors may ask, is it **so** close to its neighbours? Is it that the early financial modelling was so very preliminary and ugliness is the public price of certitude?

SSD 6011 is also about replacing an empty Entertainment Centre site with developments with heights of 40 stories in places that would make a neighbouring Chinatown limited (correctly) to 4 stories look like inaccessible “cleared land”.

The Chinese Garden of Friendship robbed of its curtilage will seem inconsequential and views from within will then be utterly dominated by the surrounding building heights and as I said on 8 May – it will be a major test for all time of whether the proposal represents **any** form of aesthetic advance.

ECONOMICS AND PUBLIC FINANCE

There is still no report of an economic appraisal ⁶ of the demolition of the 25 year old Entertainment Centre (and its shared Car Park) and its replacement with a smaller Theatre ⁷ as an appraisal conducted in conformity with the NSW Treasury Guidelines would show. The replacement of the Exhibition and Conference facilities is not appraised according to these standards either. As a matter of abiding policy at least, this should be a minimum.

Analysis of alternatives is everything in public finance. The EIS Summary ⁸ itself conclusively shows **no** economic appraisal was done by anyone.

The DGR’s Requirements do not literally ask for a cost/benefit or a financial analysis but many of the matters which must be addressed to his satisfaction presuppose that the essential work of such studies has been done to identify, count and measure, quantify and make relative valuations of impacts that may be expected. Specific requirements however do include assessment of the impacts of alternative designs on economic efficiency, appearance, crime rates, movement of people and vehicles, the natural environment, water and air quality etc and all this :

⁶ Although s 79c(1) of the EP & A Act 1979 includes social **and** economic impacts and whether the public interest is served as relevant matters for the assessors of an EIS, it doesn’t literally mandate an economic or financial appraisal explicitly, and so I feel here I must argue that without such an analysis, an assessment of “spillover” effects (and lucky breaks, too) whether required or not must be incomplete, other interpretations of the Act notwithstanding. Was one ever done?

⁷ There are lots (listed in detail in the 8 May submission) and few are fully used throughout the year. .

⁸ where the authors, clearly neither government economists nor businessmen, actually argue that **no** alternatives can be contemplated, while ignorantly confusing expenditures for economic benefits.

- over the time during the execution of the plans;
- and beyond, during the long run

for a complete consideration of a scheme's overall cost and sustainability.

Sadly, as with adverse “spillover” effects on users of transport and traffic facilities, existing social assets (schools, health centres, hospitals, child care centres etc) are **deemed adequate** by the applicant without any evidence for the growth in demands for which infrastructure of all sorts that will follow such an overdevelopment.

Here, the course of action to be followed is clearer. The EIS assessors and government agencies generally are obliged to follow NSW legislation and subordinate provisions in regulations and Treasurers' Directions and Treasury Circulars to follow the long standing Government Guidelines and referring such major proposals to the Treasury who would supervise and arrange for their appraisal and then publish the results of their work, charging the applicant with the costs (if any) of arranging for the conduct of a conforming appraisal of meeting a realistic objective with the plans in SSD 6011 **and in** SSD 6013 ⁹ against genuine alternative courses of action.

Economics is one thing and **public finance** ¹⁰ another. The purpose of the demolition of the Entertainment Centre is to create a space on which 190 stories of apartments and commercial developments could be built – two of the towers at 40+ stories apiece.

A financial appraisal of the destruction of the facility (and the car parks) should also be assessed against the public subsidy that such an activity would require as a means of supplying the private sector with a site for a private residential/commercial development.

Much is made by the proponent of the effects on the design of:

- the contested solution of one bidder (of two) selected by government as the preferred proponent; and
- reviews of an independent DRP panel,

as if to imply that such a process makes economic or financial analysis, unnecessary.

Neither of these steps are of course a substitute for an appraisal, but even if the lessons and the worst mistakes of the recent past ¹¹ had been scientifically and implicitly recognised in these steps, what has been learned and how the worst mistakes of the past are to be avoided, aren't even described, let alone evaluated.

⁹ To be an appraisal conforming with the NSW Treasury Guidelines, both components SSD 6011 **and** SSD 6013 should be evaluated as a whole, among other things to avoid misspecifying (as is sometimes done quite illogically) some important costs as “sunk costs”, when they are not.

¹⁰ Public Finance, the sources of which are taxes or borrowings repaid from future taxes, is regulated by administrative law and competition in tendering. Comparisons between alternative ways and means are an important (but not the only) form of its method of management and examination.

¹¹ eg in the redevelopment of Walsh Bay a decade ago, where the estimated government money contribution gradually increased 10 fold over the implementation term. The government costs of the Melbourne Underground Rail Loop (a huge project in its day) also increased approximately 10 fold over its decade long implementation. Are we such slow learners ?

Regarding the contention that there is no alternative than to build this development on this site, there is no consideration of developing SSD 6011's residential apartments at lesser heights on areas of land south of Redfern along the Botany Rd corridor or, if there was a genuine pressure on land, to supply housing within close proximity to the CBD. Since May 2013 there has been sensational speculation in the press about roofing over Central Station and continuing to develop above the Western Line as far as Strathfield that could have been evaluated as an alternative – but it wasn't. The costs and forgone revenue from management without adequate planning can be huge. They fall ultimately on all taxpayers – **a definite public impact**.

This serious shortcoming in the EIS must be referred urgently to Treasury and/or the Auditor General for assistance in reviewing the essential economics and public finance issues and risks, adequately, and in the “sunlight” of open disclosure.

The main **local** economic engines in the Haymarket district – there are only really two - are the recently highly successful Entertainment Centre ¹² (which this plan will replace with a residential overdevelopment) and the Central Chinatown Precinct, both of which mutually attract the majority of trade into the area's local economy, and each of which is reliant on the other, cooperatively reinforcing one another and about which **local** economic success turns.

The proposed plan could unintentionally destroy Chinatown economically. Its shops, restaurants and service industries will all suffer during the prolonged staged construction period when what are essentially Chinese businesses will do little or no business and would then, after the disruption from construction finally ended, be cut off from Darling Harbour at large once the residential overdevelopment was completed and a Theatre had replaced an Entertainment Centre ¹³.

The world economic future is becoming more and more uncertain. If the developer cannot raise the needed finance in the next 2 years (a big ask) the area could become like an abandoned QVB site, years ago. Such an effect would be even worse if the current economic and fiscal difficulties continue and the project were to be completed much later than expected and an abandoned site (like the Anthony Horden Site in the 1990s in George Street) lingered, incomplete ¹⁴.

Risk analyses of these sorts of scenarios are not presented in the EIS, but are normally routine in the preparation of government projects to be offered for PPP delivery where a private sector party bids to assume certain risks that he manages better than government. The major risks to parties **other than the intentional risk takers**, Chinatown businessmen, have not been properly assessed and valued. They represent costs to external parties – external to the government land owner and the private developer - not yet manifest. I feel sure no studies of these impacts were ever done.

¹² which has staged thousands of events in its brief 30 year life, a huge array of indoor sporting events (incl tennis, basketball, motocross, even an event at the 2000 Olympiad), circuses, festivals, musicals religious events (the Dalai Lama just the other day), conferences and exhibitions . Will the proposed Theatre do any of this?

¹³ the business of which has never grown more strongly – so that a genuine justification for abandoning a government owned and controlled Entertainment Centre is essential, if only to allay suspicions of a veiled subsidy.

¹⁴ Such long interruptions are more common than we all immediately remember. General amnesia of the spectacular crash 30 years ago of the Jack Chia redevelopment and resulting urban blighting of the area from Toorak Road, South Yarra all the way to the Yarra River bank in Melbourne is a famous example of optimism's anaesthesia, from another place and time. Ada Louise Huxtable's 1970 Pulitzer Prize winner for Distinguished Criticism “Will they ever finish Bruckner Boulevard ?” recounts even older New York City examples, if one's risk analysts' memories needed a top up.

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The construction plans which ironically, I expect, will be financed partly by investors tapping foreign Chinese savings will isolate an existing, prosperous local Chinese business community, that Sydney can ill afford to lose, behind an elite private residential development barrier on public land otherwise intended (but by then, no longer used) for recreational and public purposes. It will build an insurmountable **social** wall, and not create a bridge of any kind.

Again, it is now essential to refer the subject of local economic risks to business continuity in its current location as a serious analytical shortcoming in the EIS to Treasury or the Auditor General for assistance in reviewing the essential economics and public finance risk issues of this hastily developed proposal.

The consistent theme throughout my objection to the EIS (and the whole project as proposed) is that though the Darling Harbour area may **be** a traffic nightmare, ugly in places and not profitable to government, that is not an excuse to make things worse, in each or any respect – by :

- bringing traffic to complete gridlock most of the time in a few short years;
- blighting the outlook **from inside** a beautiful small Chinese Garden **and elsewhere** in the Darling Harbour South district; or
- wasting scarce public funds on unnecessary activities - removing and rebuilding relatively new “exhibition” venues ¹⁵ to insert a massive private overdevelopment on an existing recreational public open space.

Such however is the essential line of the lodged EISs, rather than honest and scientific analysis of what is worth doing. Please review and reject the EISs as I have suggested (not genuine, scientific statements of environmental impact) and, if you agree with my assessment, asking all parties to the Project Development Agreements with government (including the proponents), to :

- do what all relevant government legislation ¹⁶ and what all government policy requires (in my view the project proponents have certainly fallen well short) in EIS 6011 and EIS 6013; **or** all participants consider
- pursuing the objectives ¹⁷ of development in alternative ways and probably in another place.

Keep Well

Pete Bannister
2 August 2013

¹⁵ The Exhibition Centre is about as old as the new Canberra Parliament House. Melbourne still uses the oft renovated 1888 Great Exhibition Building as a major exhibition space. It is located in a magnificent Victorian/Edwardian era garden park.

¹⁶ including the Public Authorities (Financial Arrangements) Act 1987 and the Public Finance and Audit Act 1983.

¹⁷ which I take to be - to satisfy the NSW government’s commitment **“to Sydney maintaining its position on centre stage for hosting world class events”** . This is nearest to a stated objective, and it’s certainly possible to think of alternative ways of doing this. Of course, logically only one can be **the** objective at one time while the remainder must for the time being be constraints, though the authors seem confused at times. Perhaps confusion over objectives and a failure to recognise the necessity of only being able to shoot at a single goal at any one time has led the proponent to believe there are no alternatives that can be assessed. Some of the strategic objectives seem more like actions. Implicitly, the objective seems to be “to do the project” as described – an unsatisfactory starting point, usually.

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