



**STATE SIGNIFICANT DEVELOPMENT  
ASSESSMENT REPORT:**

***Tourist and Visitor Accommodation at the  
Sandstone Precinct (Lands Building and  
Education Building and surrounding road  
and public reserves), 23-33 and 35-39 Bridge  
Street, Sydney***

**SSD 6751**



Secretary's Environmental Assessment Report  
Section 89H of the *Environmental Planning and  
Assessment Act 1979*

August 2015

## ABBREVIATIONS

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Applicant	Government Property NSW, or any other person or persons who rely on this consent to carry out the development that is subject to this consent
CIV	Capital Investment Value
Department	Department of Planning & Environment
EIS	Environmental Impact Statement prepared by Urbis dated December 2014
EP&A Act	<i>Environmental Planning and Assessment Act 1979</i>
EP&A Regulation	<i>Environmental Planning and Assessment Regulation 2000</i>
EPI	Environmental Planning Instrument
Minister	Minister for Planning
PAC	Planning Assessment Commission
RtS	Response to Submissions prepared by Urbis dated May 2015
Secretary	Secretary of the Department of Planning and Environment, or her delegate
SEPP	State Environmental Planning Policy
SRD SEPP	State Environmental Planning Policy (State and Regional Development) 2011
SSD	State Significant Development

Cover Photograph: Education and Lands Buildings from Bridge Street looking south (Source: Applicant's EIS)

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## EXECUTIVE SUMMARY

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This is an assessment report for a State Significant Development (SSD) application seeking development consent for a Stage 1 Concept for:

- adaptive reuse of the Sandstone Precinct (Lands Building and Education Building), for tourist and visitor accommodation, and ancillary uses;
- a building envelope up to RL58.69 (approximately 3 additional storeys) on the Education Building; and
- an indicative subterranean building envelope below the Lands Building and Education Building including a new link between the two buildings under Loftus Street, and hotel associated ancillary services below Farrer Place and Gresham Street.

The applicant is Government Property NSW and the site is located within the City of Sydney Local Government Area. The Lands and Education Buildings are state listed heritage items and the project has a Capital Investment Value (CIV) of \$252.762 million. In accordance with Schedule 1 of the *State Environmental Planning Policy (State & Regional Development) 2011*, the proposal is State Significant Development as the development is a development for tourist related purposes in an environmentally sensitive area of State significance having a CIV in excess of \$10 million.

A concurrent 'expressions of interest' process is currently being undertaken by the applicant for leasing and potential development of the sites as per the proposal. Shortlisted candidates have been identified and are the subject of ongoing negotiation. Should this application be approved, the successful candidate will submit a Stage 2 detailed development application for the proposal.

The Environmental Impact Statement (EIS) was exhibited from 10 December 2014 until 2 February 2015 (53 days). 18 public submissions and 8 submissions from public authorities were received in response. The key issues raised by public authorities related to the proposed built form, potential heritage impacts, and potential archaeological impacts. The key issues raised in public submissions related to the proposed land use and heritage impacts.

The Department has carefully considered these issues in its assessment and is satisfied the proposal will have a positive impact on the longevity and usability of the heritage buildings, subject to appropriate design and consistency with the Conservation Management Plans (CMP) that have been endorsed by NSW Heritage Council, and recommended conditions.

The Department is satisfied that the additional building envelope is reasonable at Stage 1 Concept in the context of the massing of the overall development and will protect the heritage values of the Education and Lands Buildings and surrounding special character areas. The Department is satisfied that the future additional building envelope, particularly setbacks to the southern façade, can be further resolved in the detailed design to ensure compatibility with the existing form, massing and heritage significance of the Education Building and its relationship to Farrer Place.

The Department supports the principle of subterranean uses beneath the buildings and adjacent road reserves as it will improve the future adaptive reuse of the buildings and provide a pedestrian linkage between the buildings. The future development of the subterranean space below the public and road reserves are subject to an agreement with City of Sydney Council. Further, future detailed archaeological investigations will be undertaken as part of the Stage 2 application to ensure appropriate mitigation, conservation and interpretation measures are in place.

The Department has assessed the merits of the proposal taking into consideration the issues raised in all submissions and is satisfied that the impacts have been satisfactorily addressed within the applicant's EIS, RtS and Department's recommended conditions. The Department's assessment concludes that the proposal will positively contribute to strategic initiatives to double tourism expenditure in NSW by 2020 and will provide an additional historical and architectural layer and evolution to the long term heritage significance of the buildings.

The proposal is in the public interest and the Department recommends that the Acting Executive Director, Infrastructure and Industry Assessments approve the application, subject to conditions.

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## 1. BACKGROUND

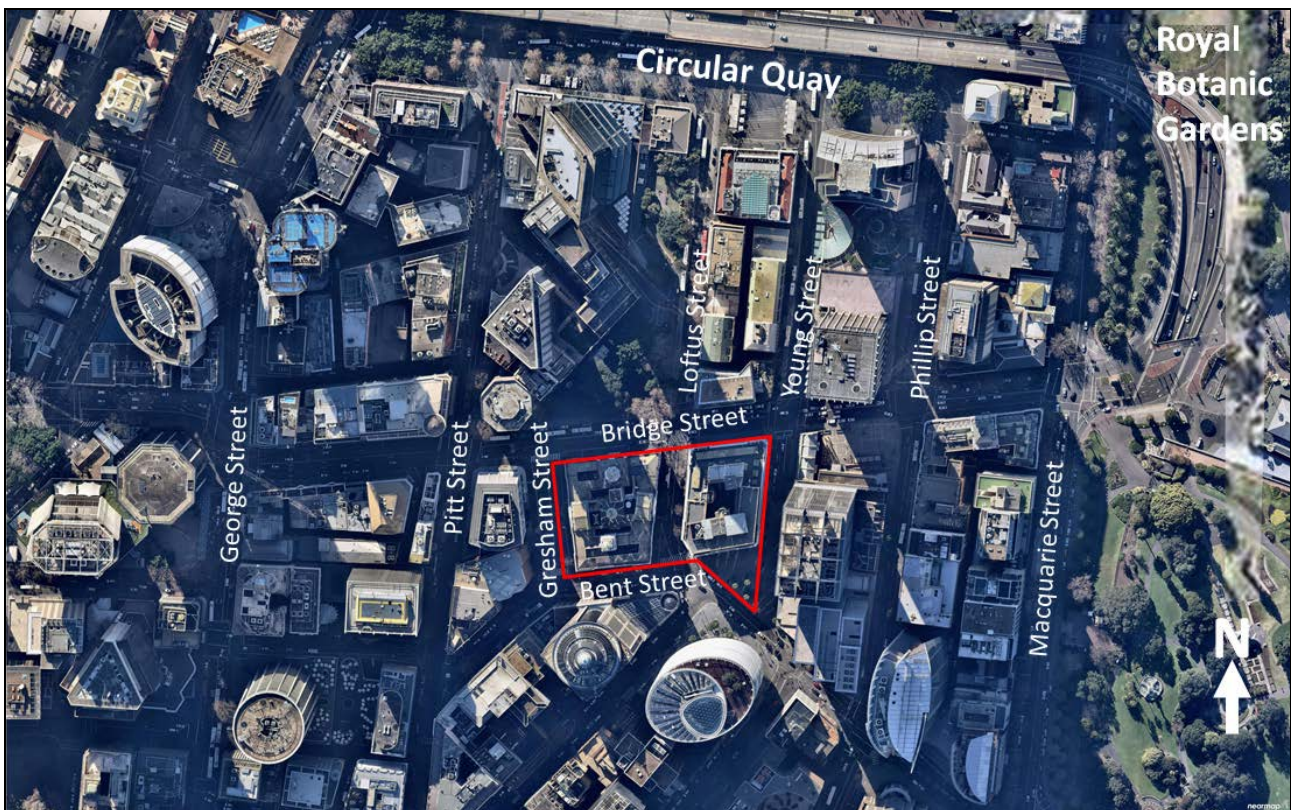
### 1.1 Site and Context

The subject site is known as 'the Sandstone Precinct' and is located within the northern end of the Sydney Central Business District (CBD). It has a total area of 9,370m<sup>2</sup> and comprises the:

- Lands Building - 23-33 Bridge Street, Sydney with an area of 3,350m<sup>2</sup>;
- Education Building - 35-39 Bridge Street, Sydney with an area of 2,795m<sup>2</sup>; and
- adjacent road and public reserve areas – part Loftus Street, Gresham Street and Farrer Place with an area of 3,220m<sup>2</sup>.

The site is also highly accessible within close walking distance to Circular Quay, Wynyard and Martin Place railway stations, and also key bus and ferry services. The site is located within the City of Sydney Local Government Area. The site is shown in **Figures 1-4**.

The site is located in close proximity to major tourist attractions including Circular Quay and The Rocks, Sydney Harbour Bridge, Sydney Opera House and Royal Botanic Gardens.



**Figure 1:** Subject site (red) and surrounding context

#### Lands Building

The Lands Building is listed as an item of state and local heritage significance, listed on the State Heritage Register and Sydney Local Environmental Plan 2012 (SLEP 2012). The building is also listed on the Commonwealth Register of the National Estate (non statutory). The Lands Building was constructed in two stages between 1876 and 1893 and is one of the few remaining major 19th Century buildings in Australia which remains intact in both fabric and setting.

The Lands Building occupies an entire block and is bounded by Bridge Street to the north, Bent Street to the south, Loftus Street to the east and Gresham Street to the west.

The Lands Building is constructed of sandstone and contains 4 storeys (approximate height of 28 metres from the ground to the parapet, with floor to ceiling heights of approximately 6-7 metres). The building contains a domed roof-top feature and clock tower. The current built form provides



four wings which surround a central vault with two central courtyards. The Lands Building also comprises a number of moveable heritage artefacts including furniture and plaques reflecting the history and use of the building. The building provides pedestrian entries to all street frontages with the primary entry at Bridge Street. Vehicular access to a ground level loading dock is provided from Gresham Street.

The Lands Building is currently used as government offices by the NSW Department of Planning and Environment (**Figure 2**).



**Figure 2:** View of the Lands Building from the corner of Bent Street and Loftus Street looking north west

### **The Education Building**

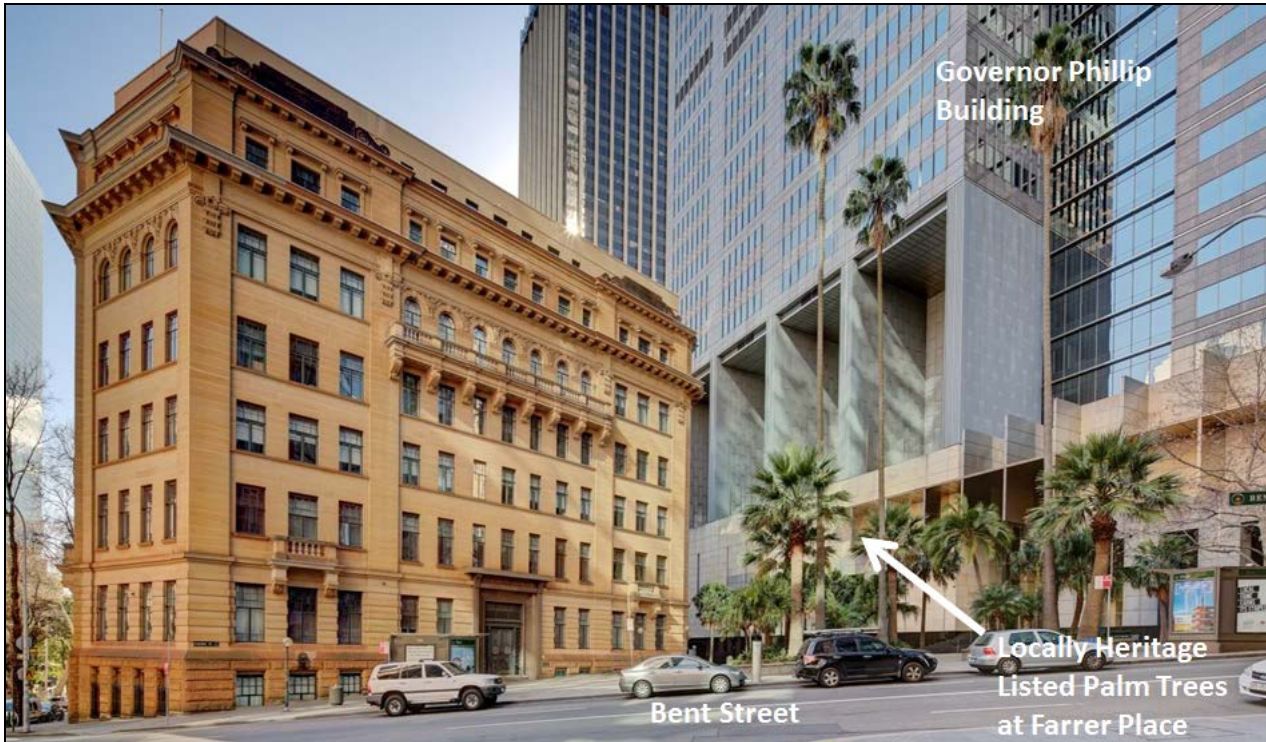
The Education Building is also listed as an item of state and local heritage significance, listed on the State Heritage Register and Sydney Local Environmental Plan 2012 (SLEP 2012). The building is also listed on the Commonwealth Register of the National Estate (non statutory). The Education Building was constructed in two stages between 1915 and 1930.

The Education Building occupies an entire block and is bounded by Bridge Street to the north, Farrer Place and Bent Street to the south, Loftus Street to the west and Young Street the east.

The Education Building is constructed of sandstone and contains seven storeys, with an attic on level eight and caretaker's accommodation on levels eight and nine. The built form provides a single rectangular building around a central light well. There is also a prominent Lift Motor Room above these, just to the south of the caretaker's accommodation. During the 1980-1990s the building underwent major renovations to bring the office accommodation up to modern standards and requirements.

The Education Building also comprises a number of moveable heritage artefacts including furniture and plaques reflecting the history and use of the building. Pedestrian access is provided at the Bridge and Farrer Place frontages. A loading dock and 12 off street parking spaces are provided at the Loftus Street frontage.

The Education Building is currently used as government offices by the NSW Department of Education (**Figure 3**).



**Figure 3:** View of the Education Building (left) including Farrer Place (middle) and Governor Phillip Building from Bent Street looking north east

### Adjacent Road and Public Reserve Areas

The adjacent road and public reserve areas comprise:

- Loftus Street - four lane local road which separates the two sites;
- Gresham Street - four lane local road to the west of the Lands Building;
- Young Street - three lane local road to the east of the Education Building; and
- Farrer Place - a local public space which fronts onto the Education Building to the south east and comprises some casual outdoor seating constructed around three heritage listed palm trees and two booths selling fruits and coffee (**Figure 4**).

## 1.2 Surrounding Development

The site and surrounding area forms part of the northern Sydney CBD and are characterised by a mix of uses including major tourism, retail, office, residential uses and public open space (**Figures 1-5**). The construction date and heights of buildings vary vastly within this part of the CBD. The surrounding context comprises:

- to the north, Sydney Harbour, Circular Quay, Customs House (heritage item), Macquarie Place (heritage site) and the AMP Precinct (consisting of a commercial tower and some of the surrounding buildings on Young and Loftus streets);
- to the south, Farrer Place with three palm trees identified as heritage items under SLEP 2012, 1 Bligh Street office tower, 1 O'Connell Street office tower and a range of other commercial office buildings;
- to the east, the Museum of Sydney (heritage item), Governor Phillip Tower, Government Macquarie Tower, the Botanic Gardens (heritage site), Young Street Terraces (heritage item) and First Government House (heritage item); and



- to the west, a commercial office tower (56 Pitt Street) and a range of other commercial office buildings.

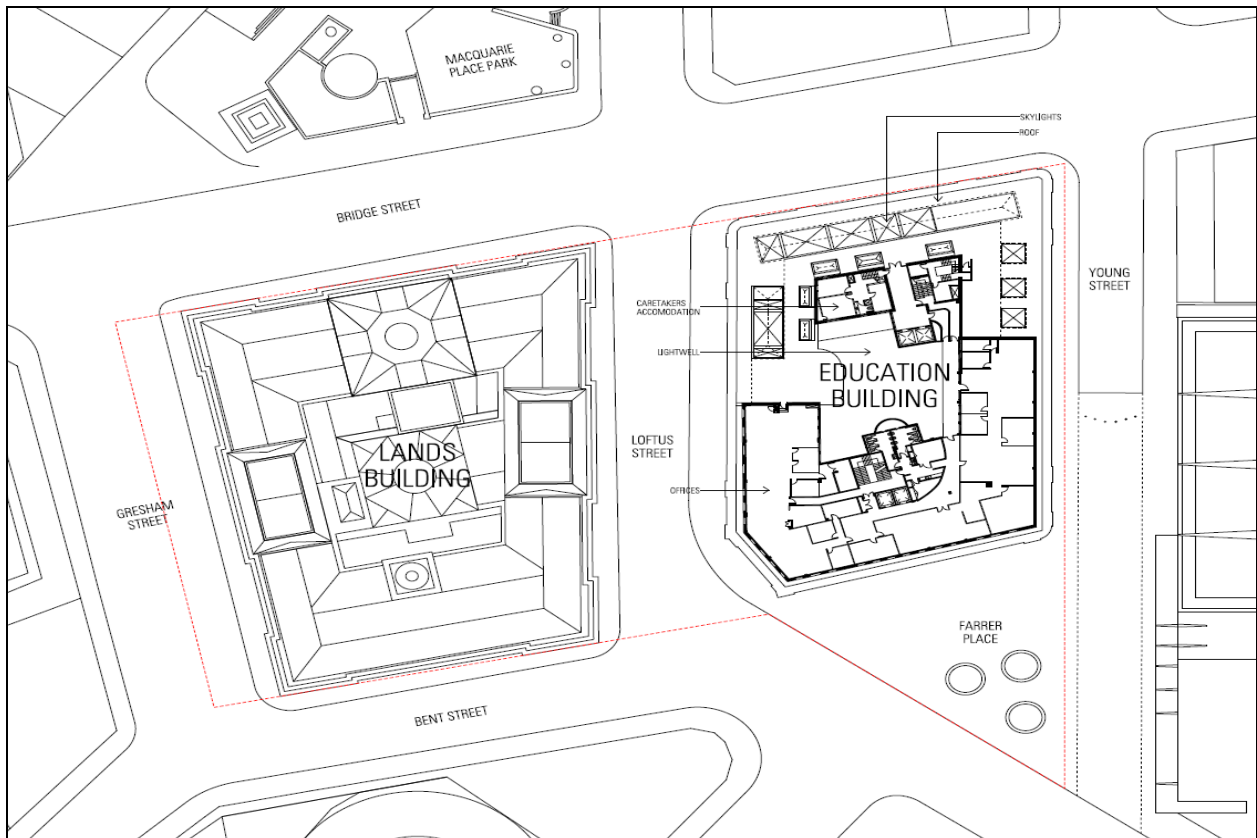


Figure 4: Aerial Layout of existing site marked in red and immediate surrounding context



Figure 5: View look south west showing roof of the Education and Lands Buildings and surrounding buildings to the south



## 2. PROPOSED PROJECT

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### 2.1 Project Description

The proposal seeks development consent for the adaptive reuse of the Lands and Education Buildings for the purposes of Tourist and Visitor Accommodation and associated ancillary uses. The proposal seeks Stage 1 Concept Approval and no physical works are proposed.

The proposed development is detailed in **Table 1** below and images are provided in **Figures 6 – 8**.

**Table 1:** Key Components of Development

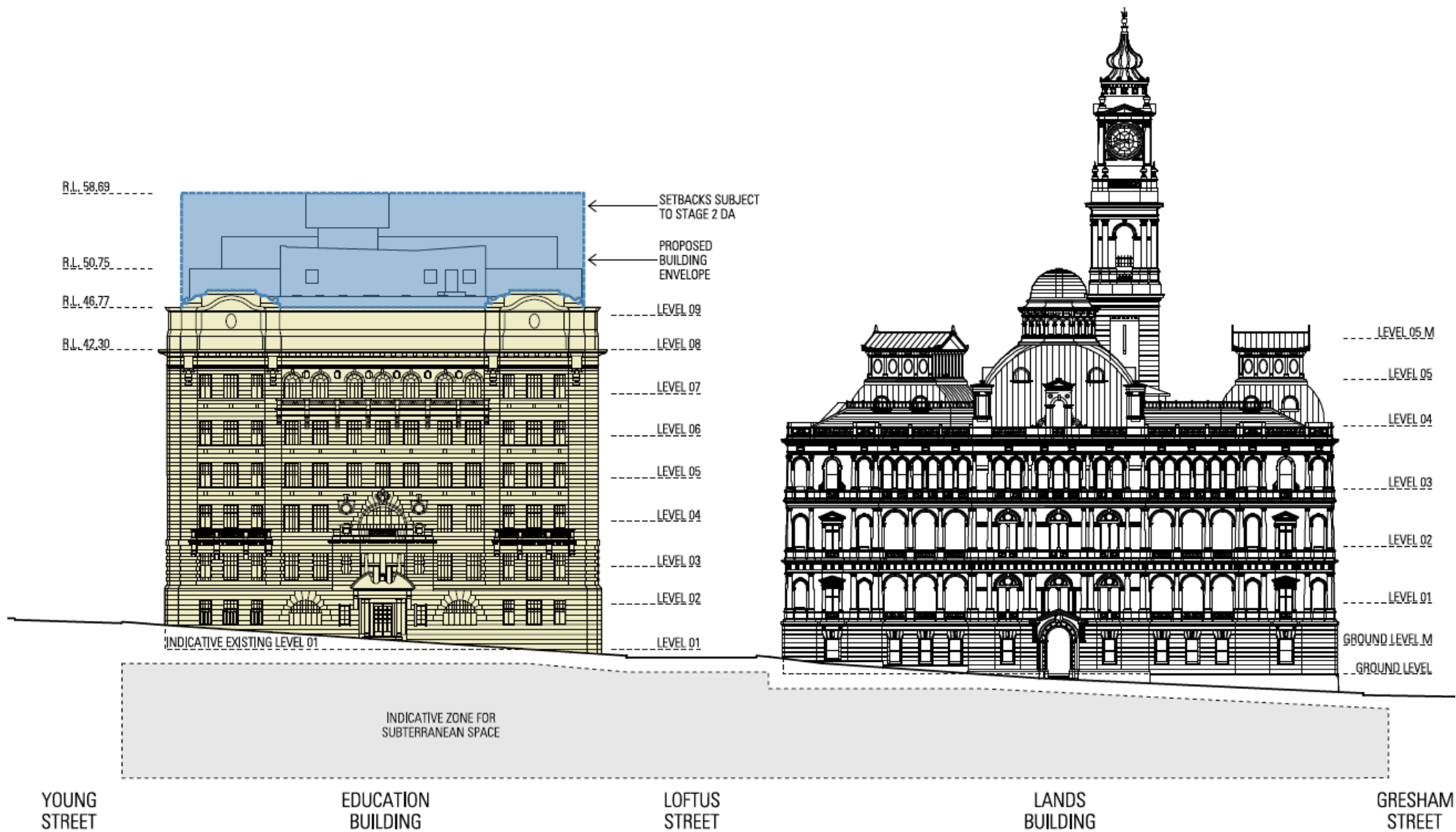
<b>Aspect</b>	<b>Description</b>
<b>Uses</b>	Tourist and visitor accommodation including ancillary uses comprising: <ul style="list-style-type: none"><li>• predominantly hotel accommodation;</li><li>• serviced apartments;</li><li>• retail premises;</li><li>• function centre; and</li><li>• other uses including gym, pool, spa, and other ancillary uses relating to the hotel function.</li></ul>
<b>Subterranean Space</b>	Concept approval for a potential subterranean space to allow: <ul style="list-style-type: none"><li>• pedestrian linkage between the two buildings under Loftus Street in order to minimise/avoid the need for major new entries through the highly significant street facades of the two buildings; and</li><li>• hotel associated support infrastructure such as back of house facilities, loading, access and car parking reserves below both buildings and the road reserves of Farrer Place and Gresham Street.</li></ul>
<b>Building Form and Height</b>	<ul style="list-style-type: none"><li>• Lands Building: no changes to the envelope.</li><li>• Education Building: a new "T" shaped building envelope above the existing parapet to a maximum height consistent with the existing lift motor room height (RL58.69m AHD) to allow approximately 3 additional storeys (11.92m).</li></ul>

It is noted that the Applicant is currently considering expressions of interest for future leasing and development of the site. Three shortlisted candidates have been identified as part of this process and the future successful candidate will be responsible for future development in accordance with the approval.

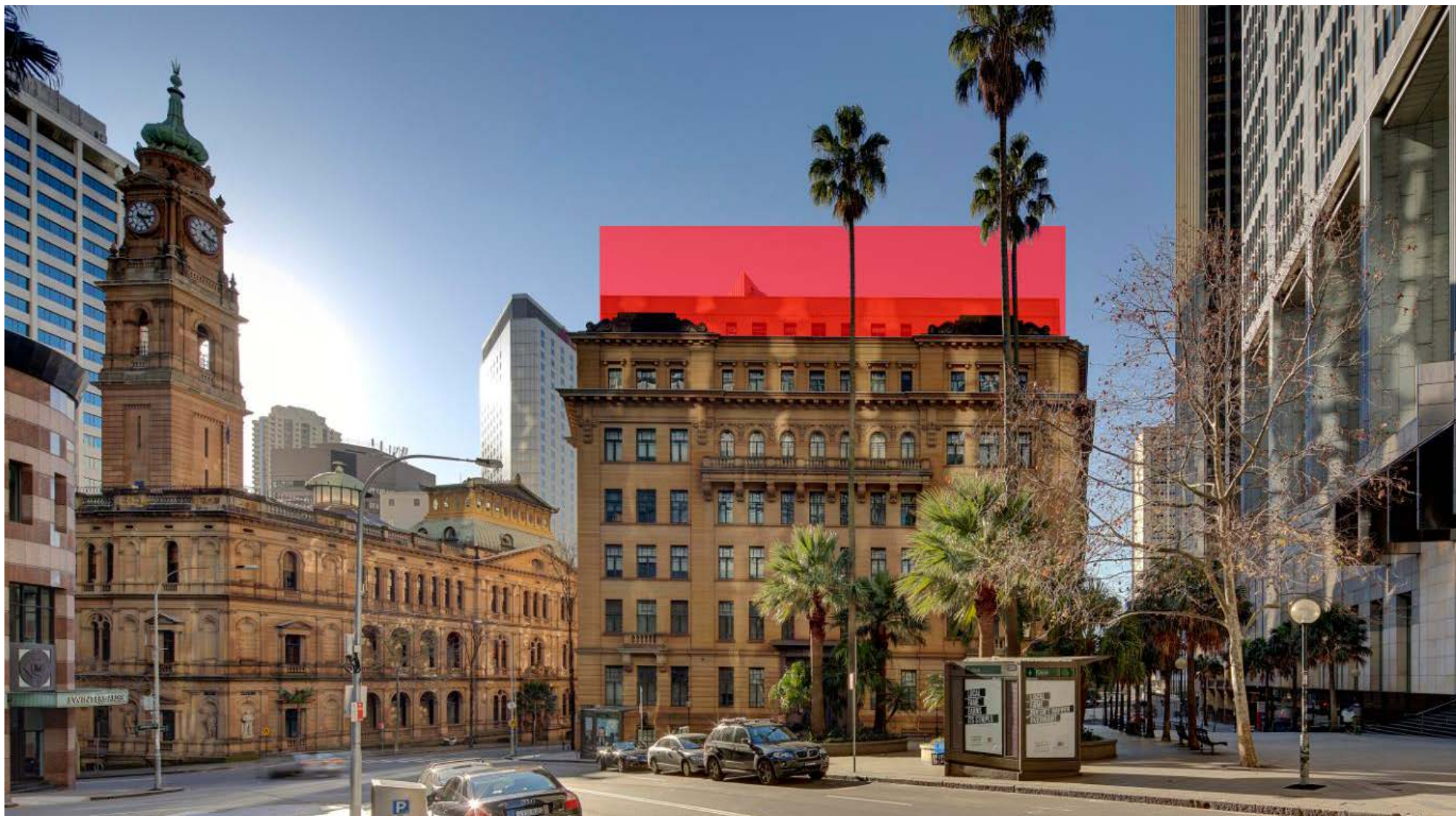
### 2.2 Response to Submissions

Following the public exhibition of the EIS, the Department advised the applicant of a number of issues which required further consideration, and requested the submission of a Response to Submissions (RtS). The key issues to be addressed include built form, land use, subterranean space, and conservation management

On 13 May 2015, an RtS was submitted. No changes to the proposal were made as part of the RtS.



**Figure 6:** Northern elevation from Bridge Street showing proposed concept envelope for the Education Building



**Figure 7:** Photomontage from Bent Street looking south showing proposed concept envelope for the Education Building in red



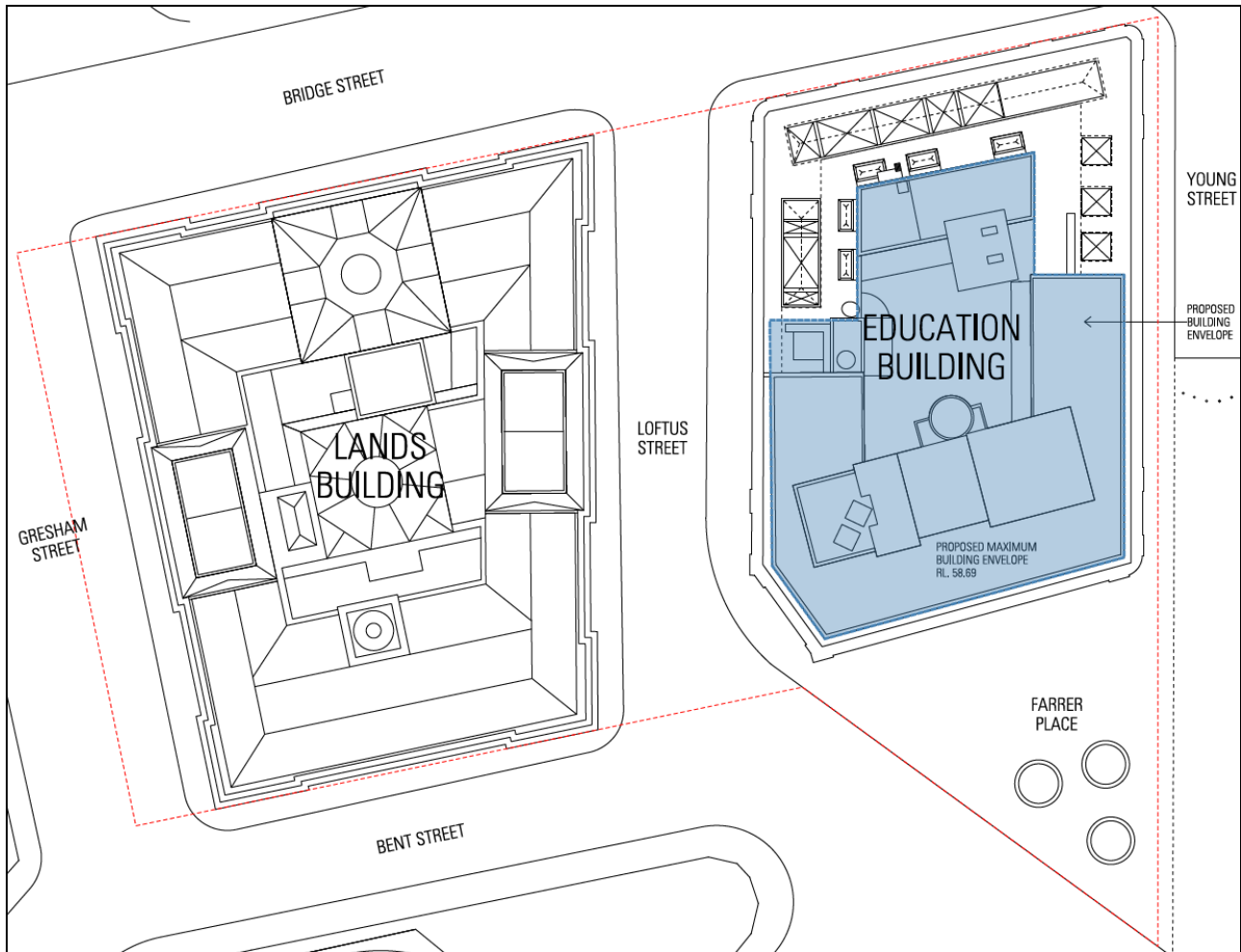


Figure 8: Layout of proposal with site outlined in red and proposed concept envelope in blue

## 2.3 Project Need and Justification

### NSW 2021

NSW 2021 is the NSW Government's strategic business plan for setting priorities for action and guiding resource allocation. NSW 2021 is a ten year plan to rebuild the economy, provide quality services, renovate infrastructure, restore government accountability and strengthen the local environment and communities. NSW 2021 identifies key state goals including increasing tourism in NSW to double the visitor expenditure by 2020. NSW 2021 states that realising NSW's full potential as a global tourism and event destination will support economic growth and create a more vibrant place to live. Further, NSW 2021 targets the creation of 100,000 new jobs and outlines the need to protect the State's most significant heritage places for future generations.

The proposal will provide a new high class tourist and visitor accommodation within the core of the Sydney CBD and tourism district with excellent access to public transport, services, facilities and tourism icons. This will assist in the target to double visitor expenditure by 2020. The future adaptive reuse of the existing state heritage buildings will increase opportunities to visit and use the heritage items whilst ensuring the long term economic viability and preservation of these heritage items for future generations. The proposal will also generate a total of approximately 2,054 jobs during construction and operation. The proposal is therefore consistent with the aims of NSW 2021.

### A Plan for Growing Sydney

A Plan for Growing Sydney is a strategic document that guides the development of the Sydney Metropolitan area for the next 20 years. The Plan seeks to promote Sydney's arts and culture, tourism and entertainment industries, and provide capacity for additional mixed use development in the Sydney CBD for tourism, retail, arts, culture and services.

The proposed adaptive reuse of the heritage items for tourism and visitor accommodation will support the growth of tourism in the Sydney CBD and provide improved opportunities for accessibility and use of the historical buildings. The proposal will also activate this part of the Sydney CBD at night time hours through increased patron activity. The proposal is therefore consistent with the objectives of *A Plan for Growing Sydney*.

### **Visitor Economy Industry Action Plan**

The *Visitor Economy Industry Action Plan* (the Action Plan) was developed in response to *NSW 2021*. The Action Plan establishes key actions to revitalise tourism and events industries to achieve the *NSW 2021* goal of doubling visitor expenditure by 2020. Key actions identified by the Action Plan include:

- supporting and encouraging private investment in accommodation facilities;
- encouraging and facilitating investment in new visitor accommodation that matches market needs; and
- introducing specific incentives and remove unnecessary regulatory/approval procedures and requirements to encourage the adaptive re-use and preservation of heritage buildings.

The proposal supports the Action Plan through providing concept approval for the adaptive reuse of existing heritage items to facilitate future private investment and development of a new hotel and visitor accommodation within the heart of the CBD and tourist district of Sydney.

## **3. STATUTORY CONTEXT**

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### **3.1. State Significant Development**

Under Clause 13, Schedule 1 of *State Environmental Planning Policy (State and Regional Development) 2011* (S&R SEPP), any development for tourist related purposes (but not including any commercial premises, residential accommodation and serviced apartments whether separate or ancillary to the tourist related component) that is located in an environmentally sensitive area of state significance with a capital investment value (CIV) in excess of \$10 million is State Significant Development.

The proposal is State Significant Development under Part 4, Division 4.1 of the *Environmental Planning and Assessment Act 1979* (EP&A Act), as the proposal relates to tourist uses (primarily comprising hotel uses) with a CIV of \$252 million. The Lands and Education Buildings are state listed heritage items and therefore are an environmentally sensitive area of state significance. The Minister for Planning is therefore the consent authority.

Although the site extends beyond the extent of the environmentally sensitive area of state significance and includes serviced apartments use which is not SSD, Clause 8(2) of the S&R SEPP states that if a development application is partly SSD, then the remainder of the development is also declared to be SSD (unless the Secretary determines it is not sufficiently related to the SSD). The Department notes that the future proposed subterranean space and serviced apartments is directly related to the use of the buildings for tourist accommodation and therefore it is also deemed to be SSD.

### **3.2. Permissibility**

The site is predominantly zoned B8 Metropolitan Centre under *Sydney Local Environmental Plan 2012* (SLEP 2012) and partly zoned RE1 Public Recreation (**Figure 9**). The proposed tourist and visitor accommodation including associated ancillary uses are permissible within the B8 Metropolitan Centre zone. Whilst the proposed uses are prohibited in the RE1 Public Recreation zone, Clause 5.3A of SLEP 2012 permits otherwise prohibited land uses where it is compatible to surrounding land use planning and other planning principles relating to the efficient and timely development of land, and will not have any significant adverse effects on the environment or prevent any land being used for recreational purposes.



Figure 9: Extract of zoning map from SLEP 2012 with site outlined in red.

The development of the subterranean space below Farrer Place to support the tourist and visitor accommodations is desirable as it provides the opportunity to provide back of house facilities underground. These facilities will not impede or impact on the recreational use of Farrer Place above and therefore based on the provisions of Clause 5.3A of the SLEP, the proposed uses within the RE1 Public Recreation zone are permissible.

### 3.3. Environmental Planning Instruments

Under Section 79C of the EP&A Act, the Secretary's report for an application is required to include a copy of, or reference to, the provisions of any State Environmental Planning Policy (SEPP) that substantially governs the carrying out of the project, and the provisions of any EPIs that substantially govern the carrying out of the project and that have been taken into consideration in the assessment of the project. Applicable EPIs include:

- *State Environmental Planning Policy (State & Regional Development) 2011;*
- *State Environmental Planning Policy (Major Development) 2005;*
- *State Environmental Planning Policy (Infrastructure) 2007;*
- *State Environmental Planning Policy No. 55 – Remediation of Land;*
- *Sydney Regional Environmental Plan (Sydney Harbour Catchment) 2005;* and
- *Sydney Local Environmental Plan 2012.*

The Department's consideration of relevant SEPPs and EPIs is provided in **Appendix C** and **D**. The proposal is generally consistent with the relevant provisions of the abovementioned EPIs. Any inconsistencies are discussed in **Section 5**.

### 3.4. Determination Under Delegation

In accordance with the Minister for Planning's delegation of 16 February 2016, the Executive Director, Infrastructure and Industry Assessments may determine applications in cases where:

- the relevant local Council has not made an objection;
- less than 25 public submissions have been received objecting to the proposal; and
- a political donations disclosure has not been made in relation to the application.

City of Sydney Council (Council) does not object to the development, 18 public submissions have been received and a political donations disclosure has not been made in relation to the application. Therefore the proposal can be determined by the Acting Executive Director, Infrastructure and Industry Assessments, under delegated authority.



### 3.5. Objects of the EP&A Act

Decision-makers are required to consider the objects of the EP&A Act when making decisions under the Act. These objects are detailed in Section 5 of the Act, and include:

- (a) *to encourage:*
- (i) *the proper management, development and conservation of natural and artificial resources, including agricultural land, natural areas, forests, minerals, water, cities, towns and villages for the purpose of promoting the social and economic welfare of the community and a better environment,*
  - (ii) *the promotion and co-ordination of the orderly and economic use and development of land,*
  - (iii) *the protection, provision and co-ordination of communication and utility services,*
  - (iv) *the provision of land for public purposes,*
  - (v) *the provision and co-ordination of community services and facilities, and*
  - (vi) *the protection of the environment, including the protection and conservation of native animals and plants, including threatened species, populations and ecological communities, and their habitats, and*
  - (vii) *ecologically sustainable development, and*
  - (viii) *the provision and maintenance of affordable housing, and*
- (b) *to promote the sharing of the responsibility for environmental planning between the different levels of government in the State, and*
- (c) *to provide increased opportunity for public involvement and participation in environmental planning and assessment.*

The proposal complies with objects a(ii) and a(vii) as the proposal promotes the orderly and economic use and future development of the site for tourism and visitor accommodation and associated ancillary uses. Further, the adaptive reuse of the buildings in a highly accessible location is consistent with Ecologically Sustainable Development (ESD) principles as discussed below.

### 3.6. Ecologically Sustainable Development

The Act adopts the definition of ESD found in the *Protection of the Environment Administration Act 1991*. Section 6(2) of that Act states that ESD requires the effective integration of economic and environmental considerations in decision-making processes and that ESD can be achieved through the implementation of:

- (a) *the precautionary principle,*
- (b) *inter-generational equity,*
- (c) *conservation of biological diversity and ecological integrity, and*
- (d) *improved valuation, pricing and incentive mechanisms.*

The Department has assessed the proposed development in relation to the ESD principles and has made the following conclusions:

- **Precautionary Principle** - the site has been appropriately planned for development and will not result in any serious or irreversible environmental damage.
- **Inter-Generational Equity** - the proposal will not have adverse impacts on the environment and will assist in maintaining the environment and heritage value of the buildings for future generations.
- **Biodiversity Principle** - the site is located in a highly urbanised area and the project would not disturb any significant flora or fauna.
- **Valuation Principle** – the proposal includes a number of mitigations to reduce resources on suppliers, the costs of which have been included in the total project costs.

Future applications will need to demonstrate that ESD principles have been incorporated into the detailed design.

### 3.7. Environmental Assessment Requirements

**Section 4** of the EIS addresses compliance with the Secretary's Environmental Assessment Requirements. These matters have been addressed in the EIS sufficiently to enable an adequate consideration and assessment of the proposal for determination purposes.

## 4. CONSULTATION AND SUBMISSIONS

### 4.1. Exhibition

Under Section 89F(1)(a) of the EP&A Act, the Secretary is required to make the EIS of a State Significant Development application publicly available for at least 30 days. The Department publicly exhibited the EIS from Wednesday 10 December 2014 until Monday 2 February 2015 (53 days) on the Department's website, at the Department offices at Bridge Street and Council's office. The Department also advertised the public exhibition in the Sydney Morning Herald, the Daily Telegraph and the Sydney Central Courier on Wednesday 10 December 2014 and notified landholders and relevant State and local government authorities in writing.

The Department received 18 public submissions during the exhibition of the EIS objecting to the development. Eight submissions were also received from public authorities.

A further two submissions were received from public authorities in response to the RtS.

Copies of submissions may be viewed at **Appendix B**. A summary of the issues raised in submissions is provided below.

### 4.2. Public Authority Submissions

A total of ten submissions were received from public authorities comprising eight submissions in response to the EIS, and two submissions in response to the RtS. The issues raised by public authorities are summarised in the **Table 2** below and have been addressed in detail in **Section 5** and/or by way of a recommended condition in the instrument of consent at **Appendix D**.

**Table 2:** Summary of public authority submissions

City of Sydney Council (Council)	
EIS	<p>Council advised that it generally supports the proposal, however required further resolution of the following issues:</p> <ul style="list-style-type: none"> <li>any future use of subterranean space beneath the public domain of Loftus Street, Gresham Street and Farrer Place is not state significant as it is outside the property boundaries of the Lands and Education Buildings. Noting this, the Stage 1 approval cannot provide any entitlement for the subterranean space. Further consultation with Council regarding the proposed subterranean use and future agreement is required;</li> <li>the designation of the project appears to be an anomaly as Council is the consent authority for other hotels in the CBD. Council requests that the Minister delegate future Stage 2 detailed applications to Council for assessment and determination;</li> <li>prior to lodgement of the Stage 2 detailed application, the proposal should be subject to a competitive design process to ensure design excellence is achieved;</li> <li>the proposed building envelope extension to the Education Building should be further reduced through increased setbacks;</li> <li>the roof of the addition to the Education Building will be highly visible and must have an appropriate architectural quality;</li> <li>further consultation is required with Ausgrid surrounding Farrer Place substation;</li> <li>a minimalist approach to car parking is supported;</li> <li>any on-street pick up and drop off will need to be integrated into the long term transport planning in the northern CBD (post light rail and bus relocation); and</li> <li>the future Stage 2 application will be required to review and upgrade the public domain where necessary.</li> </ul>

RtS	<p>Council reiterated its support of the proposed land use but also reiterated its request that the future Stage 2 application be delegated to Council for assessment and determination. Council considers it is best placed to assess the application given the need for future agreement for development of the subterranean space and above ground public domain owned by Council.</p> <p>Further, Council has assessed a number of applications for hotels and also heritage listed sites in the CBD and considers that this proposal should be similarly be assessed by Council and determined by the Council's Central Sydney Planning Committee.</p> <p>Council stated that all concerns raised will be withdrawn should the Stage 2 application be delegated to Council for assessment.</p>
<b>NSW Heritage Council</b>	
EIS	<p>The NSW Heritage Council commented that it supports the proposed land use which is informed by expert advice from heritage consultants to guide future changes sought. However, the proposal may have an adverse impact on the heritage significance of the buildings through the loss of their historic use and substantial intervention required to comply with the National Construction Code (NCC) (formally the Building Code of Australia), which may diminish the integrity and heritage significance of the buildings. NSW Heritage Council recommended that:</p> <ul style="list-style-type: none"> <li>• detailed guidelines should be prepared for both buildings to predict any upgrades required for any new uses by NCC, to ensure adverse impacts to the significant fabric of the buildings are mitigated and minimised where possible;</li> <li>• future development should be guided by the updated endorsed CMPs; and</li> <li>• future detailed applications shall be referred to the NSW Heritage Council for comment.</li> </ul>
RtS	<p>The NSW Heritage Council recommended conditions of consent regarding the future detailed design of the additional proposed building envelope and maintenance of the lightwell within the Education Building as a central element.</p> <p>The NSW Heritage Council also noted that detailed guidelines for both buildings have not been submitted. The detailed guidelines are important to provide practical solutions and methodologies so that any upgrade does not adversely affect significant fabric of the buildings.</p>
<b>Office of Environment and Heritage (OEH)</b>	
EIS	<p>The OEH comment that there is a high likelihood of highly significant aboriginal archaeology on the site. The OEH recommends that the following is undertaken before any concept approval is given for the subterranean space:</p> <ul style="list-style-type: none"> <li>• further consideration of aboriginal and historical archaeology;</li> <li>• consultation with local Aboriginal community;</li> <li>• further assessment of the urban archaeological site and preservation processes; and</li> <li>• details of proposed future management and mitigation measures.</li> </ul> <p>Should the subterranean space not be approved as part of Stage 1, OEH recommended conditions to inform any detailed design option and approval for the subterranean space as part of the Stage 2 application.</p>
<b>Transport for NSW (TfNSW)</b>	
EIS	<p>TfNSW recommend that conditions be imposed in relation to:</p> <ul style="list-style-type: none"> <li>• detailed geotechnical and structural investigations to ensure the proposal will not impact on future rail tunnels;</li> <li>• bicycle parking; and</li> <li>• a loading dock management plan.</li> </ul>
<b>Roads and Maritime Services (RMS)</b>	
EIS	<p>The RMS raise no objections with the proposal.</p>



Sydney Water	
EIS	Sydney Water comment there is insufficient information to provide detailed advice but notes that any stormwater assets (including heritage items) which may be impacted must be identified and addressed in future applications. Sydney Water recommend a number of conditions including the requirement for a flood impact assessment and flood hazard management plan.
Ausgrid	
EIS	Ausgrid advised that new substations will be required to service the future development. Further Ausgrid assets may be affected which require further consultation as part of future applications.
Environmental Protection Authority (EPA)	
EIS	The EPA advised that the future applications must address future noise issues associated with the development and have recommended conditions accordingly.

### 4.3. Public Submissions

During the exhibition of the EIS, the Department received 18 public submissions, including a submission from the National Trust. The principle of adaptive re-use of the two buildings was generally supported, although submissions suggested a number of alternative land uses for the government buildings and also raised concerns with the impact of the proposal on the heritage significance and fabric of the buildings.

The key issues raised in public submissions are listed in **Table 3** below.

**Table 3:** Summary of issues raised in public submissions

Issue	Percentage
Consideration of alternative adaptive reuses including school, cultural and arts facilities, and government offices (consistent with the existing use)	78%
Adverse heritage impacts including inadequate Conservation Management Plans (CMP) and impact of the hotel fit out on the heritage fabric and significance of buildings	50%
Built form impacts including views, overshadowing and loss of solar access	39%
Insufficient public consultation	33%
Adverse impact of the proposed subterranean works under the buildings and within the public realm	17%
Unclear how the proposal will further activate the streets	11%
Concern with the State Significant Development assessment process, such as potential for future modifications and lack of consideration of the Heritage Act	11%
Construction impacts in particular during subterranean works under the public domain	11%

The National Trust raised the following additional concerns:

- the Department should consider the implications of potential National Heritage Listing of buildings as part of 'Colonial Sydney';
- concern that the SSD process overrides Heritage Act provisions and easily allows future modifications;
- lack of consultation with community groups and affected landowners;
- impact of increased height and garden space on heritage value of the Education Building;
- impact of internal modifications on the heritage value of the buildings;
- impact of subterranean building works and access on heritage of the building and the nearby listed Palm trees; and
- potential structural archaeological remains below the buildings.

Other issues raised in public submissions include:

- potential archaeological impacts;
- consideration of a new railway station below the buildings;
- development cost will result in excessive hotel tariffs; and
- privacy impacts from hotel rooms to the north.

The Department has considered the issues raised in submissions in its assessment of the proposal.

#### 4.4. Applicant's Response to Submissions

As detailed in **Section 2.2** the RtS (see **Appendix A**), the RtS addressed all submissions received as a response of the public exhibition and issues raised by the Department. Details of the amendments made within the RtS are provided in **Section 2.2** of this report.

### 5. ASSESSMENT

**Table 4** identifies the matters for consideration under Section 79C of the EP&A Act that apply to State significant development. The table represents a summary for which additional information and consideration is provided for in further sections of the report and the relevant appendices or the EIS.

**Table 4:** Section 79C(1) Matters for Consideration

Section 79C(1) Evaluation	Consideration
(a)(i) any environmental planning instrument	Satisfactorily complies - see <b>Appendix C</b>
(a)(ii) any proposed instrument	Not applicable
(a)(iii) any development control plan	DCPs do not apply to SSD developments.
(a)(iiia) any planning agreement	Not applicable
(a)(iv) the regulations <i>Refer Division 8 of the EP&amp;A Regulation</i>	The development application satisfactorily meets the relevant requirements of the Regulation, including the procedures relating to Development Applications (Part 6 of the Regulations), public participation procedures for State Significant Developments and Schedule 2 of the Regulation relating to environmental impact statements.
(a)(v) any coastal zone management plan	Not applicable
(b) the likely impacts of that development	Appropriately mitigated or conditioned - refer to <b>Section 5</b> of this report.
(c) the suitability of the site for the development	Suitable as discussed in <b>Sections 3</b> and <b>5</b> of this report.
(d) any submissions	Refer to <b>Sections 4</b> and <b>5</b> of this report.
(e) the public interest	Refer to <b>Section 5</b> of this report.
Biodiversity values exempt if: (a) On biodiversity certified land (b) Biobanking Statement exists	Not applicable

## 5.1. Key Assessment Issues

The key environmental issues for the proposal are:

- built form and design;
- heritage;
- land use; and
- subterranean space.

Each of these issues is discussed in the following sections of this report. **Section 5.6** of the report discusses other issues that were taken into consideration during the assessment of the application.

## 5.2. Built Form and Design

### 5.2.1. Height, scale and bulk of the additional envelope to the Education Building

The existing Education Building comprises seven to nine storeys with a parapet height of RL 46.77 to 50.75m AHD. The maximum building height is RL58.69m AHD which is formed by the prominent lift motor room which protrudes above the roof. The building has an approximate gross floor area (GFA) of 13,410m<sup>2</sup> equating to a floor space ratio (FSR) of 4.85:1. The building is built to the boundary and occupies an entire block (**Figure 6**).

SLEP 2012 built form controls apply to the site and allow a maximum FSR of 14:1 and a maximum height being the existing maximum height of the building.

The proposal seeks concept approval for an additional building envelope (approximately 11.92m in height) to a height consistent with the existing lift motor room (RL58.69m AHD) being an indicative increase of three storeys in a 'T' shape arrangement. The proposed envelope is setback 12.5 to 29 metres from the northern boundary and generally two metres from the eastern, southern and western boundaries (**Figures 6-8**).

The proposed height of RL 58.69m AHD is consistent with the height of the existing lift motor room and therefore complies with the maximum height prescribed by SLEP 2012.

The Applicant has not sought approval for GFA within the additional envelope. However the Department notes that future applications would be assessed against the SLEP 2012 maximum FSR of 14:1. Noting that the existing FSR of the building is 4.85:1, the Department is satisfied that the GFA within the addition can comfortably be accommodated within the permissible FSR for the site.

While the height and GFA of the addition is consistent with SLEP 2012, the Department has critically assessed the scale and bulk of the proposed envelope for the Education Building, and its relationship to the existing heritage fabric and surrounding context.

The Applicant notes the proposed additional building envelope maintains the current maximum building height established by the existing highest point of the Education Building. Further, the form of the additional envelope is generously setback from the northern boundary so as to minimise any visual impact from the predominant street frontage at Bridge Street and ensure the skylights over the existing gallery space at Level 7 would not be affected (**Figure 10**).

Council supports the proposed additional envelope as the height is limited to the existing height of structures. However, Council is concerned that the building bulk is too large and should be further refined through further setbacks of an additional two metres from the existing building edges at the south, east and west. Council stated that the setbacks would need to be resolved at the Stage 2 DA stage.

The NSW Heritage Council has not raised concern with the proposed additional envelope subject to:

- any future development being guided by the endorsed CMPs; and

- conditions requiring the proposed additional building envelope to be carefully designed and visually subservient, whilst maintaining the legibility of the existing light well as a central element with clear views to the sky.



**Figure 10:** Photomontage from Bridge Street of Education Building and proposed envelope in blue.

The Department notes the proposed additional envelope has a 12.5 to 29 metre setback from the northern façade, which minimises the visual impact of the proposal from the primary frontage to Bridge Street. The Bridge Street/Macquarie Place/Bulletin Place is identified in SDCP 2012 as a special character area due to its setting, historical character and composition of a number of heritage significant buildings and sites including the subject buildings, Macquarie Place, and First Government House Site. The Department considers that the setback provides an appropriate response to ensure that the proposed addition will be visually subservient to the existing building when viewed from Macquarie Place. Further, the setback will ensure that no discernible change in character will occur along the primary building frontages and principal street address of both buildings to Bridge Street.

The additional envelope would be more visually prominent from areas to the south of the site as a result of the reduced (generally two metre) setbacks to the south, east and west frontages (**Figure 7**). Although the northern frontage is the most significant, the southern frontage of the Education Building also provides a building entry and also adjoins the Farrer Place special character area as identified in SDCP 2012. Farrer Place is significant urban plaza and new development needs to be carefully designed in terms of bulk and scale to maintain the special character of this space and also to maximise winter sun access to Farrer Place.

As shown in **Figure 6**, the additional envelope will be highly prominent when viewed from the south, as a result of the increase in height, width of the envelope and limited setback. The Department therefore considers that an increase to this setback may be warranted to ensure that the addition is both subservient to the Education Building and maintains and enhances the special character of Farrer Place.



Notwithstanding, the Department considers that Council's request for a minimum four metre setback is too specific at the concept stage noting that it would limit flexibility and design interpretation in the Stage 2 detailed design. The Department is of the view that the precise setback should be resolved at the detailed design stage having regard to the visual quality of the building and its relationship to the existing heritage fabric.

The lesser two metre setbacks to the east and west frontages are considered generally acceptable, noting that the width of the envelope to these frontages varies from 28 to 33 metres and will not be as highly visible from the surrounding special character areas.

The Department is satisfied that the additional building envelope is reasonable in the context of the massing of the overall development. Further, the future addition within the proposed envelope can be designed, through increased setbacks, articulation, architectural expression and materials, to ensure that it is subservient to the Education Building and maintains and enhances the relationship between Farrer Place. Further, subject to detailed design the addition is not expected to cause any adverse impacts on the character or significance of the listed heritage items in the vicinity, including the Lands Building, nor on the significance of the Bridge Street/Macquarie Place/Bulletin Place and Farrer Place special character areas.

The Department recommends the following requirements to ensure that the proposed addition achieves a high design quality necessary for this prominent heritage building:

- the detailed design should give consideration to increased setbacks and articulation within the building envelope, particularly from the southern façade to minimise visual impacts of the addition from Farrer place and maintain the visual prominence of the existing building, and the legibility of its composition, architectural style, form and features;
- the final form and materials of the addition should minimise potential overshadowing of the 1 Blight Street steps in mid winter (as discussed in **Section 5.2.2**);
- the architectural expression of the addition should present as contemporary and complementary projection of the existing building and be visually subservient to the existing building;
- the materials and composition of the façades should respect and be submissive to the heritage sandstone facades of the Education Building; and
- the future detailed design of the addition will be subject to review by a specially established design review panel as discussed in **Section 5.2.3**.

On this basis, the Department is satisfied that the height and scale of the future additional envelope is consistent with the SLEP 2012 and is acceptable in the context of the existing form and massing of the Education Building, surrounding buildings and public spaces. Further, the Department accepts that a minimum setback of two metres would be acceptable for the west and east facades of the future development, however the bulk and any potential increase in setback of the addition from the southern façade can be further resolved in the detailed design to ensure that the addition that is compatible with the existing form and massing of the Education Building and surrounding special character areas.

### **5.2.2. Overshadowing**

The applicant's EIS contains a detailed shadow analysis that depicts the potential overshadowing impact of the proposed building envelope on the Education Building. The analysis considers the potential impact at 9am, 12 noon and 3pm on 21 June (winter solstice), 21 December (summer solstice) and 21 March and 21 September (autumn and spring equinox).

11% of public submissions raised issues related to overshadowing and loss of solar access.

The Department has considered the impact of the proposal on the two public spaces to the south of the site including Farrer Place and the steps in front of 1 Bligh Street.

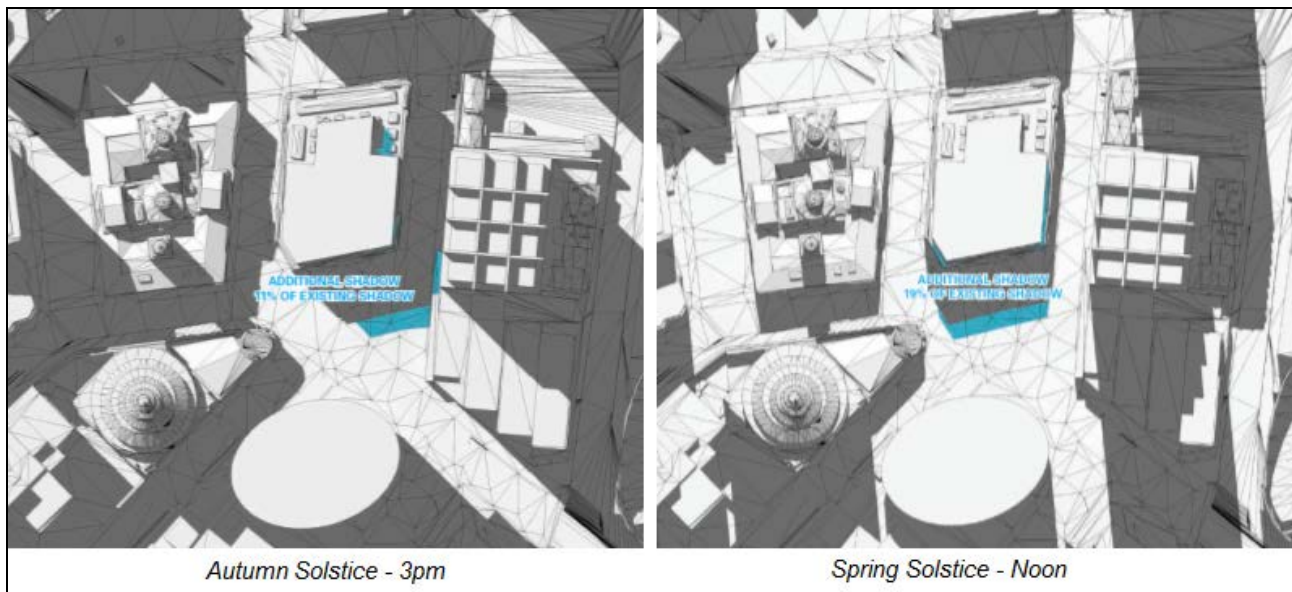
### Farrer Place

Farrer Place is a public square fronting Governor Phillip tower. It is primarily used for pedestrian activity with some limited outdoor seating, a café and some palm trees.

Being located to the south of the Education Building and to the east of the Governor Phillip tower, the square is currently overshadowed at various times of the day throughout the year. The shadow analysis submitted with the proposal demonstrates that the proposed addition will not cause any additional overshadowing to Farrer Place in mid winter.

However, the proposal will cause some impacts at other times of the year, with the largest additional overshadowing likely to occur during the autumn and spring equinox with an 11 to 19% increase compared to the existing shadow (**Figure 11**).

As the proposal maintains the sunlight to Farrer Place at the key lunch time period in mid winter, the Department considers that minor increase in overshadowing of during the autumn and spring equinox is acceptable and will not adversely impact on the public use of this space.

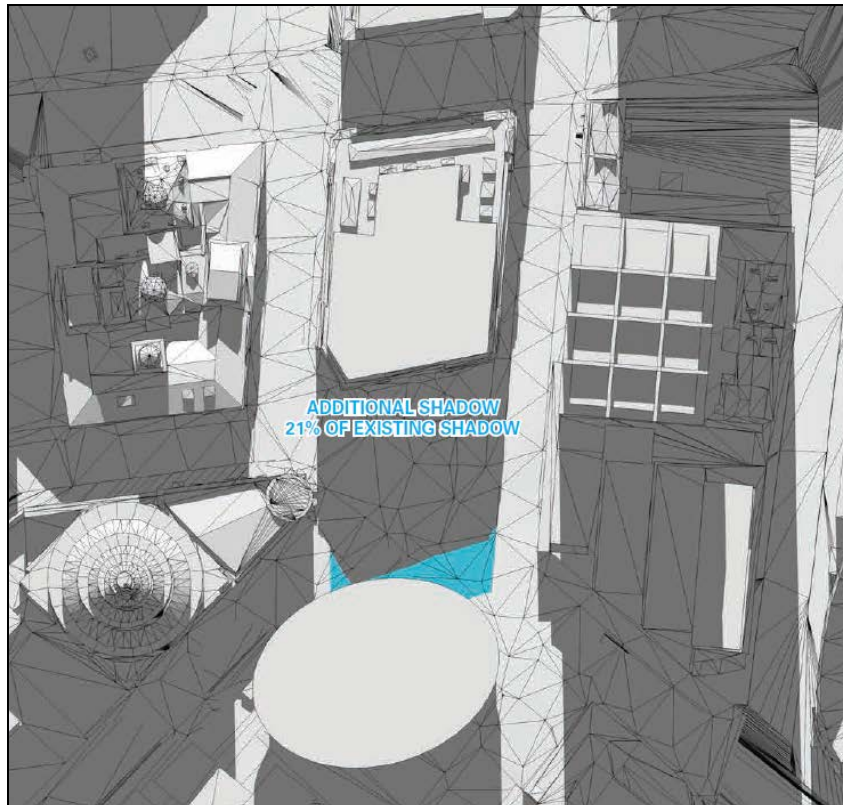


**Figure 11:** Extent of potential overshadowing on Farrer Place

### 1 Bligh Street steps

The 1 Bligh Street steps and outdoor seating area for the café in the lobby are north facing. The steps provide access to the lobby of the building from Bent and O'Connell Street but also provide an incidental meeting space and sitting area during lunchtime. The steps and seating area are contained entirely within the footprint of the building above and are not a formal public domain area, but they are used informally for this purpose and compliment the surrounding public domain, including Farrer Place opposite.

The Department notes that the additional overshadowing to 1 Bligh Street moves across the northern base of the steps between 11am and approximately 1.30pm in mid winter (**Figure 12**). The largest additional overshadowing of the steps occurs at 11.30am and by 1pm only a small portion of the steps are overshadowed. The formal outdoor seating area is not overshadowed at any time.



**Figure 12:** Extent of possible overshadowing at the steps of 1 Bligh Street during the winter solstice at midday

The Department considers that the additional overshadowing to the steps is minimal during mid-winter and will not create an unacceptable impact on the amenity and usable area of this space. Notwithstanding, in conjunction with the consideration of increased setbacks, articulation and design of the proposed addition to minimise view impacts from Farrar Place, the Department also recommends that the future detailed design of the additional envelope seek to minimise overshadowing on the steps where possible to maximise the amenity of the space between the core lunch period of 12 noon and 2pm in mid winter.

The Department also notes that there is likely to be some incidental overshadowing to adjoining commercial properties, such as the Lands Building (also subject to this proposal), the Wintergarden and Governor Macquarie tower. Minimum solar access requirements are not typically applied to commercial properties as they are less sensitive to shadow impacts than residential properties. In this regard, the minor additional overshadowing is considered acceptable to adjoining commercial properties.

The Department considers that the overshadowing impacts of the proposal are acceptable as they are minor and the amenity of the spaces is reasonably retained.

### **5.2.3. Design Excellence**

SLEP 2012 requires that developments with a capital investment value of \$100 million or more enter into a competitive design process. SLEP 2012 however provides certain circumstances where a design competition may not be warranted, including where alterations and additions to a building do not significantly increase the height or GFA of the building, do not significantly adversely impact on adjoining impacts and the public domain and do not significantly alter aspects of the building when viewed from public places.

Council contends that a design competition comprising of at least three architects with an experienced jury/design review panel is necessary to facilitate the achievement of design excellence for future development of the buildings.

The Applicant alternatively proposes that a Design Review Panel be established to provide advice and input into the Stage 2 detailed design but contends that a competitive design process is unreasonable and unnecessary in this instance for the following reasons:

- the project does not rely on a design competition to achieve additional height or FSR as it is fully compliant with FSR and height controls for the site and;
- the building envelope will not have any adverse impacts on views from public spaces or impacts on adjoining buildings and the public domain;
- the shortlisted candidates for the future long term lease of the buildings are required to commit to delivering particular design outcomes to inform their feasibility. Requiring a design competition would replicate the work already done by shortlisted parties who have been working closely with chosen architects and heritage specialists; and
- ongoing design consultation will be undertaken between the future applicant, Council and the NSW Heritage Council as part of the Stage 2 application.

The Department notes that the internal works to the Education and Lands Buildings involve alterations only and that the future fit out must be designed so that it does not detrimentally impact on the heritage significance and fabric of the buildings in accordance with the endorsed CMPs as discussed in **Section 5.3**. The Department therefore considers that a design excellence process for any internal works is unreasonable and unnecessary given the high level of guidance provided by the endorsed CMP.

The Department does however recommend that a design excellence process is carried out as part of the detailed Stage 2 design for the proposed additional envelope above the Education Building. The addition would be visible from a number of public places including Macquarie Place and Farrer Place. Further, a high quality design is required to ensure that the addition will be visually subservient and respect the heritage values of the Education and Lands Buildings and surrounding special character areas.

However, the Department does not agree that a formal competitive design process is required to achieve a high quality design as:

- the proposed envelope above the Education Building is also guided by the CMP which provides criteria in relation to the design, scale and location of the addition;
- the proposal does not involve any elements above the existing height of the building;
- the proposal will not result in a significant increase in GFA in the context of the existing development;
- the proposal will not have any significant impacts on adjoining buildings in terms of overshadowing, outlook or privacy; and
- the proposed envelope is setback from the edges of the Education Building and subject to detailed design has the potential to introduce a new architectural form that is subservient to the existing sandstone fabric when viewed from public places including Macquarie Place and Farrer Place.

In this instance, the Department considers that design excellence can be ensured by the establishment of a Design Review Panel by the applicant, rather than a formal design competition.

The Department recommends that the Design Review Panel brief and composition should be endorsed by the Department to ensure that the panel comprises independent design advisors who have appropriate experience with adaptive re-use and heritage conservation projects, and also an understanding of the functionality and commerciality of tourism accommodation projects. This will ensure suitable feedback is provided to provide a balanced design that prioritises the heritage needs of the development and a high quality design for the proposed addition whilst achieving the function and commercial needs of the development.

The Department is satisfied that, subject to the recommendations outlined in **Section 5.2.1** and the establishment of a Design Review Panel, design excellence can be achieved as part of the Stage 2



detailed design to provide a high quality built form outcome necessary for the prominent heritage building.

### 5.3. Heritage and Archaeology

#### 5.3.1 Heritage

50% of the 18 public submissions received have raised concern that the proposal will negatively impact on the heritage significance and fabric of the existing Lands and Education Buildings. Particular concerns were raised given the limited detail with regards to the proposed physical works associated with the adaptive reuse.

The proposal is supported by a Heritage Impact Statement (HIS) and recently updated individual CMPs for the Education and Lands Building which have been endorsed by the NSW Heritage Council.

The HIS assesses the potential impacts of the proposed adaptive reuse including future potential internal and external works impacts on the heritage significance of the buildings. The HIS concludes that the proposal:

- will have minor adverse impacts and has been designed in a manner which minimises and mitigates such impacts to an acceptable level;
- is consistent with the intent and objectives of the relevant strategic conservation policies and best practice policies as contained in the CMPs;
- provides excellent potential for positive impacts on the sustainability, long term continuity and evolutionary potential of the heritage significance and architectural character of the buildings;
- would significantly increase public accessibility into the heritage buildings and surrounding public domain not currently available under the existing government use of the buildings; and
- will not have any adverse impacts to the heritage significance of nearby heritage items.

The updated CMPs provide a framework for the proposed future adaptive reuse of the Lands and Education Buildings including alterations to the existing fabric and the proposed envelope on the Education Building. The CMPs also inform the future detailed design to ensure impact to significant heritage fabric is appropriately mitigated or minimised where possible. Further the CMP requires that any change which reduces cultural significance of either building should be reversible, and be reversed when circumstances permit. Reversible changes should be considered temporary and non-reversible change should only be used as a last resort and should not prevent future conservation action.

Council and the NSW Heritage Council support the proposed adaptive reuse of the Lands and Education Buildings. The NSW Heritage Council recommends the following requirements to ensure that the heritage impacts of the development are appropriately mitigated:

- detailed guidelines should be prepared for both buildings to predict any upgrades required by the NCC for the proposed uses, including practical solutions and methodologies to protect the significant fabric and spaces within the buildings (prior to determination);
- any future development should be guided by the endorsed CMPs that acknowledge future development actions and impacts on heritage significance; and
- the NSW Heritage Council should be consulted as part of the Stage 2 detailed design with regards to heritage impacts, interpretation, ongoing consultation and archaeology.

The NSW Heritage Council also provided detailed comments on the proposed additional envelope above the Education Building as discussed in **Section 5.2.1**.

The Department considers that the endorsed CMPs provide a clear and rigorous framework for the design and assessment of the future internal and external works to the Education and Lands Buildings. The Department recommends that the future Stage 2 application is designed to be consistent with the endorsed CMPs.

The future use of the Education and Lands Buildings will likely require upgrades to comply with the NCC. However, as the proposal seeks concept approval only (ie no physical works are proposed) the details and extent of works are not known at this stage. The future layout and distribution of uses across the buildings will be considered as part of the Stage 2 application and compliance with the NCC would normally need to be demonstrated as part of the construction certification. However, noting the potentially significant impacts any upgrades would have on the heritage fabric of the buildings, the Department recommends that the detailed guidelines for necessary upgrades to comply with the NCC be developed in consultation with NSW Heritage Council prior to submission of the Stage 2 application.

The Department concludes that the proposed tourist and visitor accommodation use will provide an additional historical and architectural layer and evolution to the long term heritage significance of the buildings. The proposal will also allow for greater public appreciation of and accessibility to the heritage items for both local and international visitors. The Department is satisfied the proposal will have a positive impact on the longevity and usability of the heritage buildings, subject to appropriate design and compliance with the endorsed CMPs.

Further, the Department notes the future detailed design of the buildings will be the subject of further consultation processes with Council and NSW Heritage Council, including the preparation of future updated CMPs which reflect the proposed Stage 2 works. On this basis, the Department is satisfied that the proposed alterations and additions to the building to facilitate the proposed use can be undertaken while preserving and enhancing the heritage values of the Education and Lands Buildings.

### **5.3.2 Archaeology**

The proposal seeks concept approval for potential subterranean works below the buildings and beneath Loftus Street, Gresham Street and Farrer Place. OEH has identified that the site is likely to hold significant European and Aboriginal archaeology. Any proposed subterranean works therefore need to be carefully assessed to ensure that appropriate mitigation, conservation and interpretation measures are in place.

On this basis, the Applicant submitted a preliminary archaeological assessment including a preliminary interpretation strategy to inform the future design and development. The archaeological assessment concludes that the site holds significant European and Aboriginal archaeology value noting the history of the site and previous experiences of archaeology in surrounding sites of a similar nature.

OEH recommends that further consideration of Aboriginal and historical archaeology is undertaken before any Concept approval is given for the subterranean space:

- consultation with Aboriginal community;
- formulation of more comprehensive predictive modelling;
- further assessment of the urban archaeological site and preservation processes; and
- further impact assessment and mitigation measures.

The applicant's preliminary archaeological assessment recommends that the level of assessment required by OEH be undertaken as part of the Stage 2 Application, following detailed design. This is due to the fact that the extent of any subterranean work is not known at the concept stage. Recommendations on the level of investigation have been provided depending on the area of development.

The Department notes that the proposal does not incorporate physical works and, while an indicative subterranean space is identified, the level of archaeological investigation required is entirely dependent upon the nature, scale and location of any sub-surface works proposed at the site in the future. The Department is satisfied that the preliminary archaeological assessment is adequate for the concept proposal and recommends that a detailed archaeological assessment,

including consultation with the local Aboriginal land community, be undertaken prior to submission of a Stage 2 application.

## 5.4. Land Use

78% of the 18 public submissions received, raised concern with the proposed use of the Lands and Education Buildings for tourist and visitor accommodation uses.

These submitters requested that the existing buildings retain the current use for government administration offices or be adaptively reused as an educational establishment, museum or similar cultural use.

The Applicant has detailed the various land use options considered for the buildings via an "Alternative Land Use and Tenure" assessment as part of the Heritage Impact Statement (HIS) which includes consideration of the following land use options:

- continuation of government administrative occupancy;
- reuse for inner city school;
- occupation by other commercial office users;
- residential conversion;
- cultural institution re-use (including museums and theatre/concert venue); and
- tourism related uses.

The Applicant contends that tourism related uses provide the most beneficial long term option for the site noting the ability to mobilise extensive financial resources through long term leasing of the sites to the private sector whilst maintaining the commitment to retention, conservation and sensitive adaptive re-use for tourism related purposes. This will have a positive outcome through long term continuity and evolution of the buildings' heritage significance, and architectural character and public accessibility of the buildings and surrounding public domain.

The Applicant further notes that an assessment of the detailed feasibility study of the adaptive reuse of the buildings as an education establishment has not been undertaken. Notwithstanding, the Applicant contends that an education establishment use for the site will have undesirable traffic impacts far greater than the proposed tourism and visitor accommodation and would have similar, if not worse impacts to the heritage fabric of the buildings in any adaptive reuse.

The Department notes the change of use of historic public sector buildings and places is common, most relevantly in Sydney, and throughout NSW. This is evident in nearby heritage items including Customs House, Museum of Contemporary Art and the GPO building.

The proposed tourist and visitor accommodation including ancillary land uses are permissible under SLEP 2012. Although a number of other uses, including educational, cultural or office uses as outlined in public submissions would also be permissible on the site, the Department has assessed the merits of this proposal and is of the view that tourist and visitor accommodation is consistent with the broader objectives of the B8 Metropolitan Centre zoning as it:

- will contribute to Sydney's global status and participation in the global economy;
- contributes to providing a diversity of compatible land uses which will serve the workforce, local and international visitors and wider community; and
- will encourage the use of public transport, walking and/or cycling.

In addition, the proposed tourist and visitor accommodation is well located in close proximity to nearby major tourism attractions, including Circular Quay and The Rocks, Sydney Harbour Bridge, Sydney Opera House and the Royal Botanic Gardens, and will provide the following benefits:

- it will have a positive outcome through long term continuity and evolution of the buildings' heritage significance, architectural character and public accessibility of the buildings and surrounding public domain;

- it will provide the opportunity for greater public access and enjoyment of the heritage buildings (e.g. retail uses and restaurants) than the current government office use or any educational establishment use;
- the proposal will provide new visitor accommodation within the heart of the Sydney CBD and tourism district contributing towards the target to double visitor expenditure by 2020, consistent with key strategic planning policies including *NSW 2021, A Plan for Growing Sydney* and the *Visitor Economy Industry Action Plan* (as discussed in **Section 2.2**);
- subject to compliance with the approved CMPs and recommended conditions, the future use can be accommodated without unacceptable impacts on the heritage significance and fabric of the heritage items (as discussed in **Section 5.2** and **5.3**); and
- it will increase activation and revitalisation of the northern end of Sydney CBD, strengthening the City's role in the global economy. This will encourage a range of new opportunities for workers, visitors and the wider community in a centrally located, highly accessible part of the CBD.

The Department therefore supports the proposed tourist and visitor accommodation.

## 5.5. Subterranean Space

The proposal outlines that the future Stage 2 application may utilise subterranean space to allow for:

- a pedestrian linkage between the two buildings under Loftus Street in order to minimise/avoid the need for major new entries through the highly significant street facades of the two buildings; and
- hotel associated support infrastructure such as back of house facilities, loading, access and car parking reserves below both buildings and the road reserves and public domain of Gresham Street and Farrer Place (**Figure 6**).

The road reserve and public domain are owned by Council, which has not provided landowner's consent for this land to be developed. Notwithstanding, as the applicant is a public authority and has complied with Clause 49(2)(a) of the EP&A Regulation, owners consent is not required. Whilst Council's consent is not required for this application, the potential development of the subterranean space will be subject to further agreement from Council as part of the Stage 2 application.

The Department supports the principle of subterranean uses beneath the buildings and adjacent road reserves as:

- it will improve the future adaptive reuse of the buildings through reduced heritage impacts by potentially locating back of house infrastructure within the subterranean space;
- a subterranean pedestrian link under Loftus Street would allow for the shared usage of back of house infrastructure and provide a link between the buildings; and
- future detailed archaeological investigations will be undertaken as part of the Stage 2 detailed application to ensure that appropriate mitigation, conservation and interpretation measures are in place (as discussed in **Section 5.3.2**).

Council therefore comment that the proposed future uses should be able to operate without approval of the subterranean spaces within the adjoining road reserve and public domain noting landowners consent may not be granted for development of the sites. The Department is satisfied that should the proposal not proceed with the subterranean space beneath the road and public reserves, the buildings can operate independently of each other noting their large floor plates and CMPs in place to mitigate any potential heritage impacts.

The Department also notes the subterranean space has the potential to impact on underground rail lines which sit approximately 60 metres below the site. TfNSW has not raised any concerns with regards to the proposed subterranean space but recommended a condition requiring any future detailed application involving any excavation include detailed geotechnical and structural investigation to ensure the development does not impact on future rail tunnels. The Department



further recommends a condition requiring consultation with TfNSW prior to any future detailed design of subterranean space to ensure any potential impacts are appropriately addressed.

The Department also acknowledges that any subterranean space within the road reserve and public domain will be the subject of a separate agreement with Council and therefore recommends a condition requiring agreement with Council for development of the subterranean space prior to determination of any Stage 2 application for subterranean space within a public or road reserve.

## 5.6. Other Issues

<i>Issue</i>	<i>Department's Comment</i>
<b>Outlook Impacts</b>	<p>A public submission from an owner at a residential apartment at 38-42 Bridge Street, Sydney has raised concern with impacts of the proposal on existing views. 38-42 Bridge Street is a 15 storey mixed use building and is located opposite the Education Building to the north.</p> <p>The Department notes that the upper levels of 38-42 Bridge Street enjoy an outlook to the south over the existing Education Building towards the 30 storey tower at 1 Bligh Street. The proposed building envelope on the Education Building will affect views to 1 Bligh Street but will provide a similar cityscape view. As discussed in <b>Section 5.2.1</b>, the proposed height and scale of the envelope is consistent with the SLEP 2012 and is well setback from the Bridge Street frontage which minimises the bulk of the addition.</p> <p>The applicant also submitted view montages to illustrate the extent of view impacts of the proposal on the commercial building at 1 Bligh Street. The Department notes that the north facing elements of 1 Bligh Street currently enjoy views to the Sydney Harbour from levels 9 and above. View montages demonstrate the additional envelope will have minor to no impacts on these views noting that buildings closer to the harbour already impede water and iconic views towards the harbour (<b>Figure 9</b>).</p> <p>The Department therefore concludes that view impacts are acceptable</p>
<b>Future Applications</b>	<p>Council requests that Stage 2 application be delegated to Council for assessment and determination. Council considers it is best placed to assess the application given the need for future agreement to develop the subterranean space and above ground public domain owned by Council.</p> <p>Further, Council has assessed a number of applications for hotels and heritage listed sites in the CBD and considers that this proposal should be similarly assessed by Council and determined by the CSPC.</p> <p>The Applicant comments that the State heritage significance of the buildings make it appropriate that the Minister for Planning remain the consent authority.</p> <p>The Department notes that the SRD SEPP provides that if a Stage 1 concept application is SSD, the subsequent applications are also SSD. The consent authority therefore remains the Minister for Planning.</p>
<b>Future rooftop uses on the Lands Building</b>	<p>The proposal does not seek approval for any envelope above the Lands Building, however the applicant has noted in the EIS that opportunities may be explored for new building works to enhance the use of the existing roofscape for rooftop bars, restaurants, urban gardens, meeting rooms and the like associated with the proposed tourist and visitor accommodation. As the applicant has not sought approval for any envelope above the Lands Building, the Department has not assessed the reasonableness or impacts of any rooftop uses or structures. Any future uses and structures would have to be generally consistent with the Stage 1 Concept Approval and considered in detail as part of the future Stage 2 application.</p>

## 6. CONCLUSION

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The Department has assessed the merits of the proposal taking into consideration the issues raised in all submissions and is satisfied that the impacts have been satisfactorily addressed within the applicant's EIS, RtS and the Department's recommended conditions.

The proposed adaptive reuse of the Lands and Education Buildings for tourism and visitor accommodation including associated ancillary uses will have some impacts on the existing fabric and heritage significance of the heritage buildings. Notwithstanding, the Department is satisfied the proposal will have a positive impact on the longevity and usability of the heritage buildings, subject to appropriate design and compliance with the endorsed CMPs, recommended conditions and close consultation with the NSW Heritage Council and Council.

The adaptive reuse will provide an additional historical and architectural layer and evolution to the long term heritage significance of the buildings. The proposal will also allow for greater public appreciation and accessibility into the heritage items for both a local and international visitors.

The Department is satisfied that the proposed building envelope of the Education Building is reasonable in the context of the massing of the overall development. The Department is satisfied that the height and scale of the proposed envelope is consistent with the SLEP 2012 and is appropriate in the context of the existing heritage items and the surrounding special character areas. Further the bulk and the need for any additional setbacks of the future addition, particularly to the southern façade can be further reviewed as part of the assessment of the Stage 2 application to ensure an addition that is compatible with the existing form, massing and heritage values of the Education Building and achieve an appropriate relationship to Farrer Place. The proposed height and massing of the additional envelope will not have any unacceptable overshadowing, view or privacy impacts.

The Department supports the principle of subterranean uses beneath the buildings and adjacent road reserves as it will improve the future adaptive reuse of the buildings through reduced heritage impacts by potentially locating back of house infrastructure within the subterranean space, provide a pedestrian linkage between the buildings. Further, future detailed archaeological investigations will be undertaken as part of the Stage 2 Detailed Application to ensure appropriate mitigation, conservation and interpretation measures are in place.

The proposal is in the public interest for the following reasons:

- it will have a positive outcome through long term continuity and evolution of the buildings heritage significance, architectural character and public accessibility of the heritage items and surrounding public domain;
- it will provide the opportunity for greater public access to and enjoyment of the heritage buildings than the current government office use or any educational establishment use;
- the proposal will provide new visitor accommodation within the heart of the Sydney CBD and tourism district contributing towards the target to double visitor expenditure by 2020, consistent with key strategic planning policies including *NSW 2021* and *A Plan for Growing Sydney*;
- it will increase activation and revitalisation of the northern end of Sydney CBD, strengthening the City's role in the global economy. This will encourage a range of new opportunities for workers, visitors and the wider community in a centrally located, highly accessible part of the CBD; and
- it will generate a total of approximately 2,054 jobs both during construction and operation.

Subject to the recommended conditions, the Department concludes that the proposal is in the public interest and recommends the application be approved.

## 7. RECOMMENDATION

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It is RECOMMENDED that the Executive Director:

- **consider** the findings and recommendations of this report;
- **approve** the development application subject to conditions in accordance with section 89E of the *Environmental Planning and Assessment Act 1979*.

Prepared by Simon Truong  
Senior Planner – Key Site Assessments

Endorsed by

*AWatson 18/8/15*

Amy Watson  
**Team Leader**  
**Metropolitan Projects**

Endorsed by

*[Signature] 18.8.15.*

Ben Lusher  
**Acting Director**  
**Key Site Assessments**

Approved by

*[Signature] 25/8/15*

Daniel Keary  
**Acting Executive Director**  
**Infrastructure and Industry Assessments**

## **APPENDIX A ENVIRONMENTAL IMPACT STATEMENT/ RESPONSE TO SUBMISSIONS**

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See the Department's website at: <http://majorprojects.planning.nsw.gov.au>



## **APPENDIX B SUBMISSIONS**

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See the Department's website at: <http://majorprojects.planning.nsw.gov.au>

## APPENDIX C CONSIDERATION OF ENVIRONMENTAL PLANNING INSTRUMENTS

### ENVIRONMENTAL PLANNING INSTRUMENTS (EPIS)

To satisfy the requirements of Section 79C(a)(i) and Section 79C(a)(ii) of the Act, this report includes references to the provisions of the environmental planning instruments that govern the carrying out of the project and have been taken into consideration in the environmental assessment of the project.

Controls considered as part of the assessment of the proposal are:

- *State Environmental Planning Policy (State & Regional Development) 2011*;
- *State Environmental Planning Policy (Infrastructure) 2007*;
- *State Environmental Planning Policy No. 55 – Remediation of Land*; and

### COMPLIANCE WITH CONTROLS

#### *State Environmental Planning Policy (State and Regional Development) 2011*

Relevant Sections	Consideration and Comments	Complies?
<p><b>3 Aims of Policy</b> The aims of this Policy are as follows: (a) to identify development that is State significant development,</p>	The proposed development is identified as SSD.	Yes
<p><b>8 Declaration of State significant development: section 89C</b> (1) Development is declared to be State significant development for the purposes of the Act if: (a) the development on the land concerned is, by the operation of an environmental planning instrument, not permissible without development consent under Part 4 of the Act, and (b) the development is specified in Schedule 1 or 2.</p>	The proposed development is permissible with development consent. The site is specified in Schedule 2.	Yes
<p><b>Schedule 1 State significant development—General</b> (Clause 13 (2)(b))</p> <p><b>13 Cultural, recreation and tourist facilities</b> (2) Development for other tourist related purposes (but not including any commercial premises, residential accommodation and serviced apartments whether separate or ancillary to the tourist related component) that: (b) has a capital investment value of more than \$10 million and is located in an environmentally sensitive area of State significance or a sensitive coastal location.</p>	The proposal is State Significant Development as the proposed development is for adaptive reuse of the state listed heritage items the Lands and Education Buildings for tourist and visitor accommodation including associated ancillary uses and the proposal has a CIV of \$252.762 million.	Yes

### **State Environmental Planning Policy (Infrastructure) 2007**

Consideration is given to the following relevant clauses of the SEPP:

#### *88 Development within or adjacent to interim rail corridor*

*(b) in the area marked "Zone B" on a rail corridors map and:*

- (i) involves the penetration of ground to a depth of at least 2m below ground level (existing), or*
- (ii) has a capital investment value of more than \$200,000 and involves the erection of a structure that is 10 or more metres high or an increase in the height of a structure so that it is more than 10m.*

Clause 88 requires that any site that is within or adjacent to an interim rail corridor that involves excavation of 2m or more, or has a capital investment value of more than \$200,000 and involves the erection of a structure that is 10 or more metres high or an increase in the height of a structure so that it is more than 10m.

The site sits above an interim rail corridor as identified within the SEPP Infrastructure maps and the proposal seeks potential development of a subterranean space below the buildings including adjacent public and road reserves. Further an addition in excess of 10 metres is sought above the Education Building.

The proposal has the potential to impact on the interim underground rail lines which sit approximately 60 metres below the site. TfNSW have not raised any concerns with regards to the proposed subterranean space but have recommended a condition requiring any future detailed application involving any excavation include detailed geotechnical and structural investigations to ensure the development does not impact on future rail tunnels. Further, the Department recommends consultation with TfNSW prior to any future detailed design of subterranean space to ensure any impacts are appropriately addressed. These have been recommended as conditions of consent.

### **State Environmental Planning Policy No. 55 - Remediation of Land**

The Department notes concept approval is sought for an indicative subterranean space below the Lands and Education Building including adjacent public and road reserves. The potential development of the subterranean space is subject of future Stage 2 application.

The proposal is supported by a preliminary contamination assessment report. The report finds that the original construction of both buildings remain generally unchanged and the risk of contamination is relatively low. The current uses on site present relatively low risk for any significant environmental contamination. The Department has recommended that a Stage 2 detailed site investigation accompany any future application.

### **Sydney Regional Environmental Plan (Sydney Harbour Catchment) 2005; and**

*Sydney Regional Environmental Plan (Sydney Harbour Catchment) 2005 (SREP SHC)* provides planning principles for development within the Sydney Harbour catchment. The Sandstone Precinct falls within the Sydney Harbour Catchment area. Relevant planning principles for land within the Sydney Harbour Catchment include:

- decisions with respect to the development of land are to take account of the cumulative environmental impact of development within the catchment;
- the heritage significance of particular heritage items in and around Sydney Harbour should be recognised and conserved; and
- significant fabric, settings, relics and views associated with the heritage significance of heritage items should be conserved.

The proposal is consistent with the relevant Planning Principals of the *SREP* and will not have any significant adverse impact on the Sydney Harbour Catchment. The Stage 1 proposal recognises and aids to conserve the heritage value, fabric, setting and views associated with the Education and Lands Buildings. The proposal will assist

As stated in the Statement of Heritage Impact prepared by Graham Brooks and Associates, the proposal 'is highly likely to have a very positive outcome on the long term continuity and evolution of the heritage significance, architectural character and public accessibility of these two fine and distinctive heritage buildings and their surrounding public domain'.



## **APPENDIX D    RECOMMENDED CONDITIONS OF CONSENT**

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