

**SECTION 4.55(2) MODIFICATION AND 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 MOD 2 and SSD 7484



Environmental Assessment Report
Sections 4.55(2) and 4.40 of the *Environmental Planning
and Assessment Act 1979*

April 2018

ABBREVIATIONS

Applicant	Pontiac Land (Australia) Pty Ltd
CIV	Capital Investment Value
Stage 1 Approval / Concept Approval / Concept Proposal	Approved Concept Proposal for the redevelopment of the site (SSD 6751)
Commission	Planning Assessment Commission
Consent	Development Consent
Department	Department of Planning and Environment
EIS	Environmental Impact Statement
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
ESD	Ecologically Sustainable Development
FEAR	Future Environmental Assessment Requirement
GA NSW	Government Architect of NSW
GSC	Greater Sydney Commission
LEP	Local Environmental Plan
LGA	Local Government Area
Minister	Minister for Planning
RtS	Response to Submissions
SEARs	Secretary's Environmental Assessment Requirements
Secretary	Secretary of the Department of Planning and Environment
SEPP	State Environmental Planning Policy
SSD	State Significant Development

Cover Photograph: Aerial artist impression of the Lands and Education Buildings (Source: Applicant's EIS)

© Crown copyright 2018
Published April 2018
NSW Department of Planning & Environment
www.planning.nsw.gov.au

Disclaimer:

While every reasonable effort has been made to ensure that this document is correct at the time of publication, the State of New South Wales, its agents and employees, disclaim any and all liability to any person in respect of anything or the consequences of anything done or omitted to be done in reliance upon the whole or any part of this document.

NSW Government
Department of Planning & Environment

EXECUTIVE SUMMARY

This report provides a concurrent assessment of an application to modify the Sandstone Precinct stage 1 concept approval (SSD 6751 MOD 2) and a State significant development (SSD) application (SSD 7484) for hotel accommodation and ancillary uses within the Sandstone Precinct at 23-33 and 35-39 Bridge Street, Sydney. The Applicant is Pontiac Land (Australia) Pty Ltd and the site is located within the City of Sydney Local Government Area.

The proposals seek approval:

- to introduce a rooftop building envelope above the Lands Building and increase in height of the envelope to the Education Building
- for demolition works, construction above the Lands and Education Buildings, internal works and use of the buildings for hotel accommodation with ancillary and incidental uses.

The applications were publicly exhibited between 17 November 2016 and 31 January 2017. The Department received nine submissions from government authorities and 12 public submissions, including an initial objection from the City of Sydney Council (Council). The Department received seven submissions from government authorities in response to the Applicant's Response to Submissions. This included updated submissions from Council withdrawing its earlier objection, on the basis that a Voluntary Planning Agreement has been executed between Council and the Applicant to secure public benefits and it is in the process of being registered on the title of the land. Council has also reviewed and agreed to the recommended conditions of consent. The Heritage Council of NSW also supports the proposals subject to a number of conditions. Other key issues raised in submissions include built form impacts, heritage and archaeology impacts, construction impacts, traffic, servicing and bicycle parking.

The Department has considered the above issues in its assessment, along with consistency with the stage 1 concept approval and the overall design of the development. The Department has considered the merits of the proposal in accordance with the *Environmental Planning and Assessment Act 1979*, and the principles of Ecologically Sustainable Development, together with issues raised in submissions and the Applicant's response to these.

The Department's assessment concludes the increase in height of the Education Building envelope (1.34 metres) is minor in nature and would not have any unacceptable heritage, built form or amenity impacts. The introduction of a new building envelope above the Lands Building would not be highly visible, facilitates the removal of the existing modern metal roof and would not have adverse heritage impacts.

The proposed roof extensions within these envelopes will achieve a high standard of design that will positively contribute to both buildings and the proposed internal / external alterations sensitively respond to the heritage significance of the site. The Department has recommended the conditions suggested by the Heritage Council and Council. The development's impact on archaeological resources can be managed subject to conditions.

The Department considers the likely construction impacts can be managed and mitigated and the proposal would not have adverse traffic or servicing impacts and further investigation will be undertaken into bicycle parking provision. Light reflection impacts are considered acceptable and the development will include public art and heritage interpretation.

The Department supports the proposed 24 hour a day 7 day a week operation of the hotel and the various hours of operation of the ancillary uses as this is appropriate for function of modern hotel establishment. The Department recommends the fitout, use and associated hours of operation of incidental uses are assessed in separate future development application(s).

Overall the development will provide for the appropriate adaptive re-use of the Lands and Education Buildings and protection of the heritage significance of the site. The proposal will provide significant

public benefit as it will provide for the revitalisation of the Sandstone Precinct, greater public access to two significant heritage items, new hotel accommodation and employment opportunities.

The Department concludes that the proposals are in the public interest and recommends that the applications be approved subject to conditions.

TABLE OF CONTENTS

1.	BACKGROUND	1
1.1	Introduction	1
1.2	The Sandstone Precinct	1
1.3	Previous approvals and other relevant applications	3
2.	DESCRIPTION OF PROPOSAL	4
2.1	Description of proposal	4
2.2	Strategic context, project need and justification	7
3.	STATUTORY CONTEXT	9
3.1.	Consent authority	9
3.2.	Determination under delegation	9
3.3.	Permissibility	9
3.4.	Environmental Planning Instruments	10
3.5.	Objects of the EP&A Act	10
3.6.	Ecologically Sustainable Development	11
3.7.	Secretary's Environmental Assessment Requirements	12
4.	CONSULTATION AND SUBMISSIONS	12
4.1.	Exhibition	12
4.2.	Response to Submissions	14
4.3.	Supplementary information and amendments	15
5.	ASSESSMENT	15
5.1	Key assessment issues	15
5.2	Stage 1 modification to the concept approval	16
5.2.1	Section 4.55(2) matters for consideration	16
5.2.2	Building envelopes	17
5.2.3	Amendments to conditions	22
5.3	Stage 2 SSD Application	23
5.3.1	Section 4.15(1) matters for consideration	23
5.3.2	Consistency with the stage 1 concept approval	24
5.3.3	Design quality	24
5.3.4	Heritage impacts	30
5.3.5	Archaeology	32
5.3.6	Voluntary Planning Agreement	33
5.3.7	Traffic, parking and servicing	33
5.3.8	Construction impacts	35
5.3.9	Other issues – SSD Application	36
6.	CONCLUSION	39
7.	RECOMMENDATION	41
APPENDIX A	RELEVANT SUPPORTING INFORMATION	
APPENDIX B	CONSIDERATION OF ENVIRONMENTAL PLANNING INSTRUMENT(S)	
APPENDIX C	CONSISTENCY WITH THE CONCEPT APPROVAL	
APPENDIX D	RECOMMENDED INSTRUMENT OF MODIFICATION	
APPENDIX E	RECOMMENDED CONDITIONS OF CONSENT	

1. BACKGROUND

1.1 Introduction

This report provides a concurrent assessment of a section 4.55(2) modification application to the stage 1 concept approval (SSD 6751 MOD 2) and a stage 2 State significant development (SSD) application (SSD 7484) for hotel accommodation and ancillary uses within the Sandstone Precinct (precinct), 23-33 and 35-39 Bridge Street, Loftus and Gresham Streets and Farrer Place, Sydney.

The proposal seeks approval for:

- modifications to the stage 1 concept approval to introduce a building envelope above the Lands Building and increase the height of the Education Building envelope by 1.34 metres (m)
- stage 2 development consent for demolition works, excavation below both buildings and a subterranean tunnel link below Loftus Street and construction of three levels above the Education Building and a new roof above the Lands Building to facilitate the conversion of the Lands and Education Buildings into hotel accommodation with ancillary uses.

The applications have been lodged by Pontiac Land (Australia) Pty Ltd (the Applicant). The site is located within the City of Sydney Local Government Area (LGA).

1.2 The Sandstone Precinct

The precinct is located at the northern end of the Sydney Central Business District (CBD) (**Figure 1**). The precinct comprises two city blocks bound by Bridge Street to the north, Bent Street to the south, Gresham Street to the west and Young Street to the east (**Figure 2**).

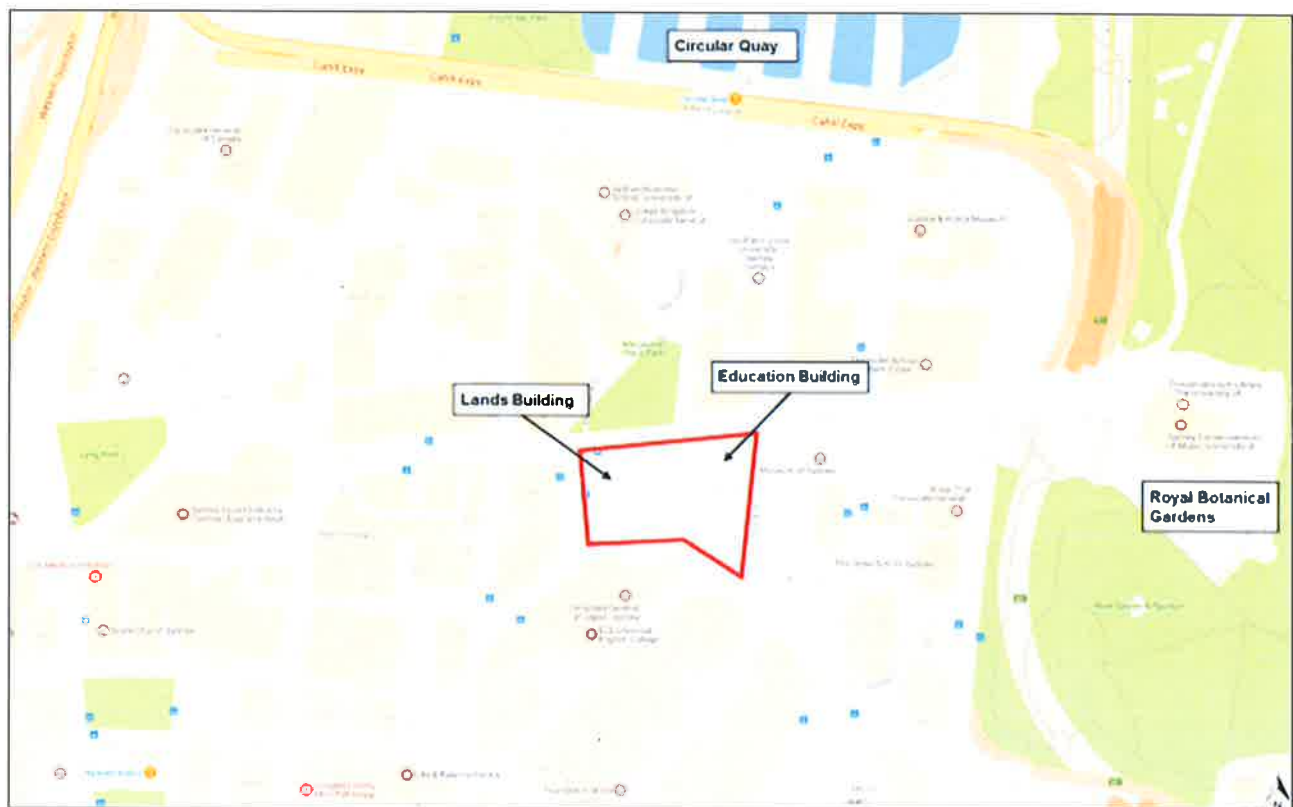


Figure 1: Sandstone Precinct outlined in red (Base source: Nearmap)

The precinct has a total area of 9,370 square meters (m²) and comprises the:

- Lands Building at 23-33 Bridge Street with an area of 3,350 m²
- Education Building at 35-39 Bridge Street with an area of 2,795 m²

- adjacent road and public reserve areas, being part Loftus Street, Gresham Street and Farrer Place with an area of 3,220m². (note: the stage 2 SSD application does not propose works to Farrer Place).

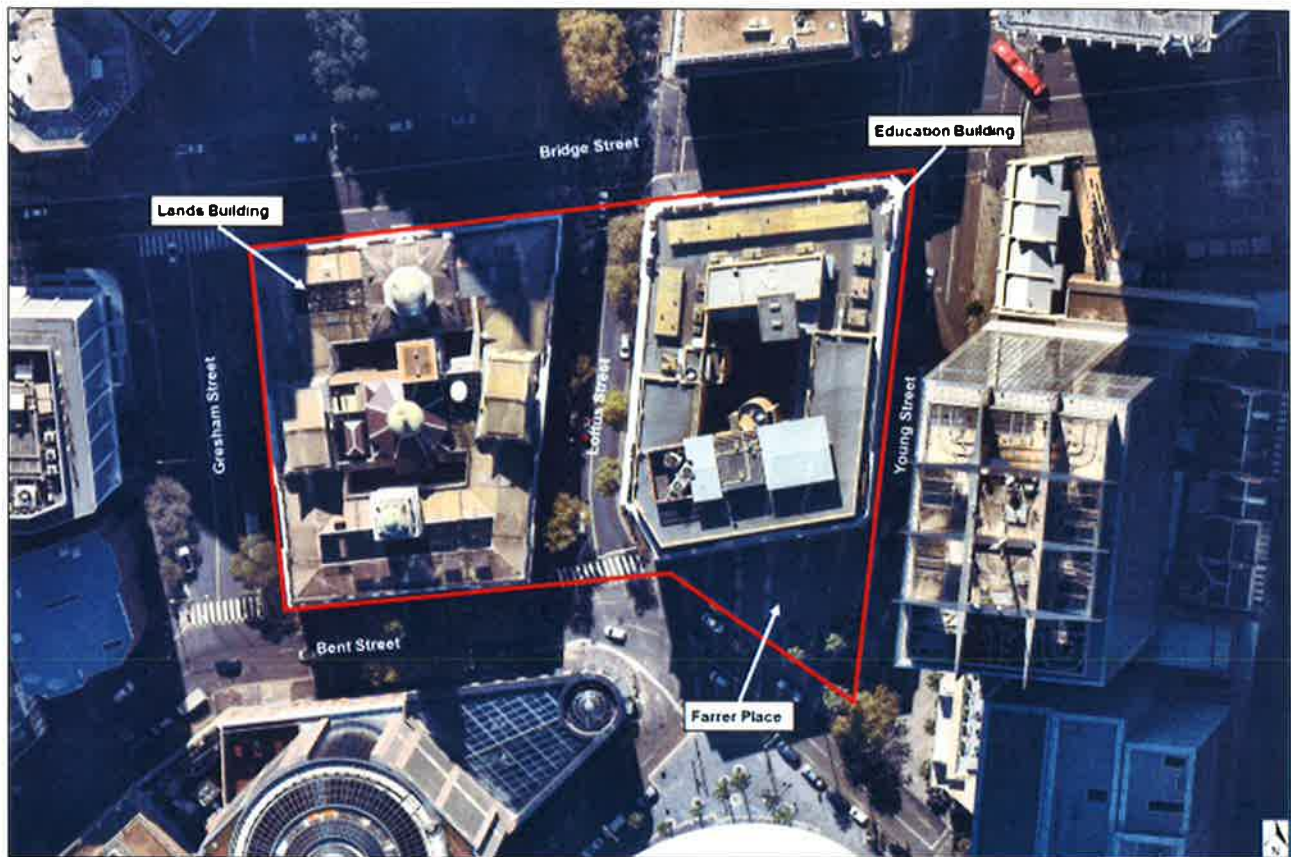


Figure 2: Aerial view of the Sandstone Precinct (outlined in red) (Base source: Nearmap)

The Lands Building (**Figure 3**) was constructed in two stages between 1876 and 1893. It is one of the few remaining major 19th Century buildings in Australia which remains intact in both fabric and setting. It is four storeys in height (approximately 28 m, with floor to ceiling heights of approximately 6-7 m) and constructed of sandstone, with a domed and lantern roof-top feature and clock tower.

The Education Building (**Figure 3**) was constructed in two stages between 1915 and 1930 and is principally a seven storey sandstone building. However, it also includes two additional roof levels, which were added later in the 20th century, containing an attic, caretaker's accommodation and a prominent rooftop lift overrun/motor room.

Both buildings are listed as items of State and local heritage significance on the State Heritage Register, Sydney Local Environmental Plan 2012 (SLEP 2012) and appear on the Commonwealth Register of the National Estate (non-statutory). Both buildings contain several moveable heritage artefacts, including furniture and plaques reflecting the history and use of the building.

The site and surrounding area forms part of the northern Sydney CBD and is characterised by a mix of uses, including major tourism, retail, office, residential uses and public open space. Both buildings are currently used as offices for various State government agencies and private companies.

The site is located in close proximity to major tourist attractions, including Circular Quay, The Rocks, Sydney Harbour Bridge, Sydney Opera House and Royal Botanic Gardens. It is highly accessible within close walking distance to Circular Quay, Wynyard and Martin Place railway stations, and key bus and ferry services.



Figure 3: View north-west to the Lands Building (left) and view north-east to the Education Building (right) from the corner of Bent and Loftus Streets (Source: SSD 6751)

1.3 Previous approvals and other relevant applications

On 25 August 2015, the Acting Executive Director, Infrastructure and Industry Assessments (as delegate of the Minister) approved a stage 1 concept proposal (SSD 6751) for the development of the Sandstone Precinct (stage 1 concept approval). The approval allows for:

- the adaptive reuse of the Lands and Education Buildings for tourist and visitor accommodation and ancillary uses
- a building envelope up to RL 58.69 (approximately 3 additional storeys) above the Education Building
- an indicative subterranean building envelope below the Lands and Education Buildings, under Loftus Street, Farrer Place and Gresham Street.

On 4 April 2016, an application was submitted to modify the design review panel (DRP) requirements of stage 1 concept approval (SSD 6751 MOD 1). However, this application was subsequently withdrawn.

The stage 1 concept approval envisaged the future stage 2 applications construction works to the buildings, which would also involve external works to upgrade Farrer Place and the pavements on Young Street, Gresham Street, Loftus Street and Bridge Street, along with the provision of a new vehicular pick-up/drop-off area on Bent Street.

Following discussions with Council, the Applicant sought approval for these works through a separate development application (DA), which was approved by Council on 28 March 2018. This gives consent for:

- public domain works to Farrer Place comprising:
 - excavation for a new subterranean substation, enlarging an existing substation
 - removal of existing kiosks and street furniture
 - the provision of new hard and soft landscaping
 - a signage zone
- construction of a new vehicular pick-up/drop-off area on Farrer Place, adjacent to Bent Street
- public domain improvements to the pedestrian footpaths on Young Street, Gresham Street, Loftus Street, Bridge Street and Bent Street.

2. DESCRIPTION OF PROPOSAL

2.1 Description of proposal

The applications comprise a section 4.55(2) modification application to the stage 1 concept approval (SSD 6751 MOD 2) and a stage 2 State significant development (SSD) application (SSD 7484) for hotel accommodation and ancillary uses within the Sandstone Precinct.

In summary, approval is sought for:

- modifications to the stage 1 concept approval to introduce a building envelope above the Lands Building and increase the height of the Education Building envelope by 1.34 m
- stage 2 development consent for demolition works, excavation below both buildings and a subterranean tunnel link below Loftus Street and construction of three levels above the Education Building and a new roof above the Lands Building to facilitate the conversion of the Lands and Education Buildings into hotel accommodation with ancillary uses.

The key components and features of the proposals are provided in **Table 1** and **Figures 4 to 7**.

Table 1: Description of the stage 1 modification and stage 2 SSD application

SECTION 4.55(2) MODIFICATION (SSD 6751 MOD 2) (the stage 1 modification)	
Aspect	Description
Built form	<ul style="list-style-type: none"> • Introduce a building envelope above the Lands Building, comprising: <ul style="list-style-type: none"> ○ a maximum height of RL 38.50 ○ maximum gross floor area (GFA) of 1,582 m² • increase the height of the building envelope above the Education Building by 1.34 m (from RL 58.69 to RL 60.03).
SSD APPLICATION (SSD 7133) (the stage 2 SSD application)	
Aspect	Description
Demolition	<ul style="list-style-type: none"> • Demolish several internal partitions, structures and other aspects of the Lands and Education Buildings • strategic interventions to the historic fabric of the buildings for services, fire safety, acoustic and utility requirements to facilitate their adaptive reuse.
Excavation and subterranean space	<ul style="list-style-type: none"> • Excavate and construct three basement levels below the Education Building and two basement levels below the Lands Building, with a subterranean link between the two buildings beneath Loftus Street.
Built form	<ul style="list-style-type: none"> • Replace the Lands Building pitched roof with a new modern roof structure to a height of RL 38.00 • construct three levels above the Education Building to a maximum height of RL 60.03
Gross Floor Area (GFA)	<ul style="list-style-type: none"> • Provide a total GFA of 31,633 m², including: <ul style="list-style-type: none"> ○ 10,918 m² within the Lands Building ○ 20,715 m² within the Education Building.
Use and fit-out	<ul style="list-style-type: none"> • Provide a total of 253 hotel rooms, including: <ul style="list-style-type: none"> ○ 61 rooms within the Lands Building ○ 192 rooms within the Education Building • provide ancillary hotel uses, including: <ul style="list-style-type: none"> ○ guest lounges, breakfast/bar, meeting room/event space/gallery, spa and gym in the Lands Building ○ ballroom/event space and kitchen, events/function rooms, bar, restaurant, pool/spa and gym in the Education Building.
Loading facilities	<ul style="list-style-type: none"> • Provide loading bay facilities within the Education Building, accessed from Loftus Street.
Bicycle parking	<ul style="list-style-type: none"> • Provide 60 bicycle parking spaces within the lower ground floor of the Education Building.

The SSD application has a Capital Investment Value (CIV) of \$247,727,775 and is expected to generate 240 construction jobs and 300 operational jobs once fully developed.



Figure 4: Aerial view of the proposed works to the roofs of the Lands (left) and Education (right) Buildings, viewed from the south (Source: Applicant's EIS)



Figure 5: View north-east to the Education Building from the corner of Bent Street and Loftus Street showing the building envelope (left) and proposed roof extension (right) (Source: Applicant's EIS)



Figure 6: Distance view looking east along Bridge Street showing a comparison of the existing (left) and proposed (right) roof of the Lands Building (Source: Applicant's EIS)



Figure 7: View looking north along Bent Street towards the Lands (left) and Education (right) Buildings (Source: Applicant's EIS)

2.2 Strategic context, project need and justification

NSW Premiers Priorities

The Premier has set 12 Priorities to improve outcomes for the people of NSW. Of the 12 priorities, creating jobs and delivering infrastructure are relevant to this application.

While the Premier's target of creating 150,000 new jobs by 2019 has already been met, the proposal will accommodate a further 240 construction jobs and 300 operational jobs once fully developed.

The NSW Government has also identified 18 State priorities in relation to the economy, infrastructure and housing, social welfare, cultural participation, services and safer communities.

The proposal will contribute to encouraging business investment through the delivery of significant new hotel accommodation within the heart of the Sydney CBD and creating new jobs. The proposal will help to position NSW as Australia's prime location for business growth and investment.

The proposal would contribute to the enhancement and modernisation of the buildings, while being respectful of their historic significance. The site's location nearby numerous high-profile tourist destinations, including the Sydney Opera House, Sydney Harbour Bridge and the Rocks Precinct, will increase access to and appreciation of key cultural centres and support the Arts.

Greater Sydney Region Plan and Eastern City District Plan

The Greater Sydney Commission's (GSC) role is to coordinate and align planning to shape the future of Metropolitan Sydney. In March 2018, the GSC published the *Greater Sydney Region Plan* (the Region Plan) and the associated District Plans.

The Region Plan replaces *A Plan for Growing Sydney* and outlines how Greater Sydney will manage growth and change and guide infrastructure delivery. It sets the vision and strategy for Greater Sydney, to be implemented at a local level through District Plans.

The overriding vision for Greater Sydney in the Region Plan is to rebalance Sydney into a metropolis of three unique but connected cities; an Eastern Harbour City, the Western Parkland City west of the M7 and the Central River City with Greater Parramatta at its heart.

Historically, Greater Sydney's jobs and transport have been focused to the east, requiring many people to make long journeys to and from work and other services. The three cities vision allows opportunities and resources to be shared more equitably while enhancing the local character we value in our communities. By integrating land use, transport links and infrastructure across the three cities, more people will have access within 30 minutes to jobs, schools, hospitals and services.

The proposal is consistent with the Region Plan, as it supports productivity through a growth in jobs within the Harbour CBD. In doing so, it supports integrating land use and transport through an increase in employment floorspace in a highly accessible part of the Harbour City, being close to the Circular Quay transport hub.

The Precinct is located within the Eastern City District area. The proposal is consistent with the objectives of the draft *Eastern City District Plan*, in particular as proposed adaptive reuse of the heritage items for hotel accommodation will provide improved opportunities for accessibility and use of these historic buildings, includes heritage interpretation, and respects the District's history (Planning Priority E6).

In addition, the proposal will contribute to a stronger and more competitive Harbour CBD (Planning Priority E7), deliver integrated land use and transport planning and a '30-minute city' (Planning Priority E10) and grow investment, business opportunities and jobs within the Harbour CBD (Planning Priority E11).

Sustainable Sydney 2030

Sustainable Sydney 2030 sets out City of Sydney's vision to make Sydney a more Global, Green and Connected metropolis by 2030.

The proposal will contribute to several strategic directions in *Sustainable Sydney 2030*, as it will:

- deliver a growth in jobs to contribute to a globally competitive and innovative city (Strategic Direction 1)
- protect and enhance existing heritage items supporting a cultural and creative city (Strategic Direction 7)
- re-use the existing building and provide opportunities for greater public access to, and enjoyment of, these significant heritage items providing for a sustainable renewal of the buildings (Strategic Direction 9).

Visitor Economy

The Visitor Economy Industry Action Plan (VEIAP) seeks to double overnight visitor expenditure in NSW (to 36.6 billion) by 2020 and improve the standing of the NSW visitor economy in highly competitive market conditions in Australia and the Asia Pacific region. In addition, it confirms that Sydney is reaching its hotel occupancy capacity, which is resulting in more expensive and uncompetitive accommodation.

The proposal supports the strategic imperatives set out in the VEIAP, as it will:

- provide new hotel accommodation within the heart of the Sydney CBD and nearby high-profile tourist destinations, including the Sydney Opera House, Sydney Harbour Bridge and the Rocks Precinct, which will support the visitor economy, grow accommodation capacity and increase visitation (Strategic Imperatives 1 and 2)
- adaptively re-use two historically significant buildings to provide new hotel accommodation, contributing to the renewal / revitalisation of the area and improving the visitor experience (Strategic Imperative 3 and 4)
- provide additional hotel accommodation to address the identified shortfall within Sydney and improve the competitiveness of the visitor economy in NSW (Strategic Imperative 6).

In response to the State Government's various tourism initiatives, in 2013 Government Property NSW identified the Sandstone Precinct as a preferred location for tourism and visitor accommodation uses and the adaptive re-use of the Lands and Education Buildings.

The proposal provides significant strategic benefits to NSW, as it will:

- result in 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
- provide the opportunity for greater public access to and enjoyment of the heritage buildings
- increase activation and add further vitality to the northern end of Sydney CBD, which will strengthen the City's role in the global economy
- provide new hotel accommodation within the heart of the CBD to complement existing uses and encourage a range of new opportunities for workers, visitors and the wider community in a centrally located, highly accessible part of the CBD
- provide hotel accommodation that has excellent access to public transport (bus, train, light rail and ferry), employment, other social infrastructure
- contribute towards employment growth by providing an estimated 240 jobs during the construction phase and 300 jobs at the operational stage.

Draft National Heritage Listing - Governors' Domain and Civic Precinct (which includes the Sandstone Precinct)

Australia's National Heritage List comprises places of outstanding heritage significance to Australia. Currently there are over 100 places of outstanding heritage value on the list including the Great Barrier Reef, Port Arthur Historic Site, and West Kimberley. Some places within Sydney are already

included on the National Heritage List including the Sydney Opera House, Bondi Beach, Hyde Park Barracks and the First Government House, Sydney.

The Australian Heritage Council is seeking to recognise the outstanding national significance of a number of buildings and places, including the Lands and Education Buildings, located within the place named 'Governors' Domain and Civic Precinct'. The Australian Heritage Council considers the Precinct includes an extraordinary combination of historic public parks, gardens and buildings which as a whole, are able to tell a national story about Australia and has included these two buildings on the list. The Draft National Heritage Listing was exhibited until 24 February 2017.

If included in the National Heritage List the national heritage values of the buildings relating to their contribution towards Australia's cultural history it will be protected under *The Environment Protection and Biodiversity Conservation Act 1999* and may require separate approval from the Commonwealth Government.

The Applicant has developed the proposal in consultation with the Heritage Council NSW. The Department has referred the application to the Heritage Council NSW and has carefully considered its response and any recommendations on suggested conditions (**Sections 4 and 5**). The Department's assessment concludes the proposal is acceptable and, subject to conditions, would not have adverse overall heritage impact or harm the setting or historic significance of the Education or Lands Buildings.

3. STATUTORY CONTEXT

3.1. Consent authority

Under clause 13, schedule 1 of State Environmental Planning Policy (State and Regional Development) 2011 (SRD SEPP), any development for tourist related purposes located in an environmentally sensitive area of state significance with a CIV in excess of \$10 million is SSD.

The stage 2 application is SSD as it involves the adaptive reuse of the Lands and Education Buildings, being state listed heritage items and therefore in an environmentally sensitive area of state significance, for tourist and visitor accommodation (including associated ancillary uses) with a CIV of in excess of \$10 million (\$247,727,775).

The Minister for Planning is therefore the consent authority for these applications

3.2. Determination under delegation

In accordance with the Minister for Planning's delegation of 11 October 2017, the Executive Director, Key Sites and Industry Assessments may determine SSD and section 4.55 applications where:

- the relevant local council has not made an objection, and
- a political disclosure statement has not been made, and
- there are less than 25 public submissions in the nature of objections.

The City of Sydney Council (Council) does not object to the revised proposal subject to conditions, less than 25 public submissions have been received objecting to the proposal and a political disclosure statement has not been made in relation to the application. The proposal can therefore be determined by the Executive Director, Key Sites and Industry Assessments, under delegated authority.

3.3. Permissibility

The Lands and Education Buildings are identified as being located within zone B8 Metropolitan Centre under the SLEP 2012 and Farrer Place and Young Street are zoned RE1 Public Recreation.

The proposed tourist and visitor accommodation and associated ancillary uses are permissible within the B8 Metropolitan Centre zone. However, the proposal also involves creation of subterranean spaces below Loftus Street and Farrer Place within the RE1 Public Recreation zone.

While 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.

The development of the subterranean space below Farrer Place to support the tourist and visitor accommodation 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 2012, the proposed uses within the RE1 Public Recreation zone are permissible.

In light of the above, the Department is satisfied that the development is permissible with consent and is consistent with the land uses approved in the stage 1 concept approval.

3.4. Environmental Planning Instruments

Under section 4.15 of the EP&A Act, the Secretary's assessment report is required to include a copy of, or reference to, the provisions of any environmental planning instruments (EPI) that substantially govern the project and that have been taken into account in the assessment of the project. The following EPIs apply to the site:

- State Environmental Planning Policy (State & Regional Development) 2011
- State Environmental Planning Policy (Infrastructure) 2007
- State Environmental Planning Policy No. 55 – Remediation of Land
- Sydney Regional Environmental Plan (Sydney Harbour Catchment) 2005
- Draft Remediation of Land State Environmental Planning Policy
- Draft Environment State Environmental Planning Policy.

The Department's consideration of these EPIs is provided in **Appendix B**. In summary, the Department is satisfied the application is consistent with the requirements of the EPIs.

3.5. Objects of the EP&A Act

Decisions made under the EP&A Act must have regard to the objects as set out in section 1.3 of that Act. A response to the Objects of the EP&A Act is provided at **Table 2**.

Table 2: Response to the Objects of the EP&A Act

The objects of the EP&A Act are as follows:	Department's Response
a) <i>to promote the social and economic welfare of the community and a better environment by the proper management, development and conservation of the State's natural and other resources</i>	The proposal adaptively reuses a State heritage item and an existing inner-city site that has excellent access to services and public transport. The proposal maximises the efficient use of the site and provides for significant economic and social benefits. The adaptive reuse of the buildings and associated internal and external alterations will not have any adverse heritage impacts.
b) <i>to facilitate ecologically sustainable development by integrating relevant economic, environmental and social considerations in decision-making about environmental planning and assessment</i>	The proposal includes measures to deliver ESD (Section 3.6).
c) <i>to promote the orderly and economic use and development of land</i>	The adaptive reuse of the buildings for tourist accommodation and associated uses represents the orderly and economic use of the land.

d) to promote the delivery and maintenance of affordable housing	The proposal is for tourist and visitor accommodation and ancillary uses, and is not required to provide or maintain affordable housing.
e) to protect the environment, including the conservation of threatened and other species of native animals and plants, ecological communities and their habitats	The project involves the adaptive reuse of an already developed site and will not adversely impact on any native animals and plants, including threatened species, populations and ecological communities, and their habitats.
f) to promote the sustainable management of built and cultural heritage (including Aboriginal cultural heritage)	The Department's assessment carefully considers any impacts of the proposal on the built and cultural heritage, including potential Aboriginal cultural heritage (Section 5). Relevant State and local authorities have also been consulted on heritage impacts, and do not object.
g) to promote good design and amenity of the built environment	The proposal has prepared in consultation with the DRP, which endorses the detailed design. This and the Department's assessment of the design quality of the proposal is provided in Section 5 .
h) to promote the proper construction and maintenance of buildings, including the protection of the health and safety of their occupants.	A condition is recommended ensuring that the proposal complies with the relevant standards in the National Construction Code (NCC), including in relation to the health and safety of the occupants.
i) to promote the sharing of the responsibility for environmental planning and assessment between the different levels of government in the State	The Department publicly exhibited the applications, which included consultation with Council and other public authorities and consideration of their responses (Section 4.1). In particular, the Department consulted closely with Council and the Heritage Council NSW in relation to the heritage fabric of the buildings.
j) to provide increased opportunity for community participation in environmental planning and assessment.	The Department publicly exhibited the applications, which included notifying adjoining landowners, placing a notice in the press and displaying the application on the Department's website, its information centre and at Council's office (Section 4).

3.6. Ecologically Sustainable Development

The EP&A 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:

- the precautionary principle
- inter-generational equity
- conservation of biological diversity and ecological integrity
- improved valuation, pricing and incentive mechanisms.

The development proposes ESD initiatives and sustainability measures, including:

- reuse of existing buildings to achieve a 4 Star Green Star equivalent rating (discussed further in **Section 5.3.9**)
- high efficiency plant including chillers, boilers, fans, pumps and control systems
- reuse of the existing materials to improve material efficiency
- provision of a courtyard and rooftop gardens to the Education Building
- stormwater collection and upgraded drainage to reduce peak discharge from the site
- wall and roof insulation and thermally efficient glass to exceed NCC requirements
- provision of master switches to guest rooms to reduce energy consumption
- management of lighting and air conditioning systems
- energy efficient fittings, fixtures and including LED lighting, lighting controls and ventilation
- high efficiency water fittings and fixtures including toilets, showers and taps

- low or zero volatile organic compound (VOC) paints and adhesives and low formaldehyde engineered wood products
- diversion of a minimum of 90% of construction/demolition waste from landfill.

The Department has considered the project in relation to the ESD principles. The Precautionary and Inter-generational Equity Principles have been applied in the decision making process via a thorough assessment of the environmental impacts of the project. Overall, the proposal is consistent with ESD principles and the Department is satisfied the proposed sustainability initiatives will encourage ESD, in accordance with the objects of the EP&A Act.

3.7. Secretary's Environmental Assessment Requirements

On 23 February 2016, the Department notified the Applicant of the Secretary's Environmental Assessment Requirements (SEARs) for the Stage 2 SSD application. The Department is satisfied that section 1.7 of the EIS adequately addresses compliance with the SEARs to enable the assessment and determination of the application.

SEARs were not required for the modification to the stage 1 concept approval (SSD 6751 MOD 2) as sufficient information was provided to enable assessment of that proposal.

4. CONSULTATION AND SUBMISSIONS

4.1. Exhibition

In accordance with schedule 1, clause 9 of the EP&A Act and clause 83 of the *Environmental Planning and Assessment Regulation 2000* (EP&A Regulation), the Department publicly exhibited the applications from 17 November 2016 until 31 January 2017 (76 days). The applications were exhibited on the Department's website, at the Department's information centre and at Council's office.

The Department placed public exhibition notices in the Central Courier on 16 November 2016, 23 November 2016 and 14 December 2016, and notified adjoining landholders and relevant State and local government authorities in writing.

The Department received 21 submissions, comprising nine submissions from public authorities and 12 public submissions (including a submission from the National Trust). A summary of the issues raised in the public authority submissions is provided in **Table 3** and a summary of issues raised in public submissions is provided in **Table 4**. Copies of the submissions may be viewed at **Appendix A**.

The Department has considered the comments raised in the public authority and public submissions during the assessment of the applications (**Section 5**) and/or by conditions in the recommended modification of consent (**Appendix D**) or development consent (**Appendix E**).

Table 3: Summary of public authority submissions to the EIS exhibition

Council
Council initially objected to both applications principally on the grounds that the Applicant had not obtained landowner's consent from Council and inadequate information had been provided on the extent of heritage impacts on the Lands and Education Buildings. Council provided the following comments:
<u>Stage 1 modification</u>
<ul style="list-style-type: none">• insufficient detail in relation to the heritage impacts on the Lands Building• no objection to the 1.34 m building envelope height increase to the Education Building.
<u>Stage 2 SSD</u>
<ul style="list-style-type: none">• the Applicant has not entered into an agreement with Council relating to the construction of the subterranean tunnel connecting the Lands and Education Buildings

- need to update the Conservation Management Plan, architectural drawings and shadow diagrams
- further details required in relation to the heritage impacts of the building upgrades
- additional information required on the Lands Building roofscape
- further justification required for internal changes, demolition of historic fabric and the roof extension to the Education Building
- the Design Report recommendations for the Education Building should form architectural design details/guidelines
- the proposal should be subject to a competitive design process
- the number of signage zones is unclear and a signage strategy should be prepared
- a VPA has not yet been agreed between Council and the Applicant
- need to prepare an Acid Sulfate Soil Management Plan
- late-night trading beyond 10pm should be subject to an 18-month trial period
- clarification of servicing, vehicular pick-up/drop-off locations, and bicycle and end of trip facilities
- the need to prepare a lighting strategy and waste management strategy.

Heritage Council NSW

The Heritage Council NSW supports both applications, including the increase in envelope height of the Education Building. The Heritage Council NSW confirmed it has been involved during the design development of the stage 2 application, but requested further details in relation to:

- the proposed pool, spa and water villa within the Education Building
- the new prominent elements, including staircases and elevators, the Strong Room adaptation, services, balustrades and roof junctions
- a schedule of conservation works
- update of the Lands Building moveable heritage management strategy
- preparation of tenancy fitout guidelines to guide future retail / hospitality tenants.

The Heritage Council NSW also recommended a number of conditions requiring heritage supervision of building works, a salvage methodology for storage and reuse of significant fabric, preparation of a construction management plan, archaeological research methodology and procedures for unexpected historic and Aboriginal archaeological finds.

Office of Environment and Heritage (OEH)

OEH does not object to the proposal, and recommends a combined historical and Aboriginal archaeological excavation program be undertaken.

Transport for NSW (TfNSW)

TfNSW does not object to the applications, and recommends conditions to protect the CBD Rail Link (CBDRL) and Sydney Metro City and South West (SMCSW) rail corridors and require the preparation of a loading and servicing management plan and construction pedestrian and traffic management plan.

Sydney Trains

Sydney Trains does not object to the applications, and recommends conditions to protect the CBDRL and SMCSW rail corridors.

Roads and Maritime Services (RMS)

Sydney Trains does not object to the stage 1 modification application and notes that the scale of the stage 2 application will not impact on the operation of the classified road network.

Ausgrid

Ausgrid does not object to the applications, and made the following comments on the stage 2 application:

- evidence should be provided confirming the proposal will not impact on the City East Cable Tunnel
- the Applicant should continue to consult with Ausgrid throughout the development process.

Environment Protection Authority (EPA)

EPA does not object to the applications and provided no comments.

Sydney Water (SW)

Sydney Water requires further information on potential stormwater assets that may be impacted, particularly heritage assets, and notes its guidelines that buildings or permanent structures not be constructed within 1m from the outside wall of the stormwater asset.

Twelve public submissions of objection were received in response to the exhibition, including a submission from the National Trust. Two submissions objected to the stage 1 modification and 10

submissions objected to the stage 2 application. A summary of the objections is provided below and at **Table 4**.

Those who objected to the stage 1 modification raised the following concerns:

- adverse overshadowing of neighbouring residential properties
- Education Building roof extension is too tall and visually prominent
- buildings should not be converted for use as a hotel.

Table 4: Summary of public submissions objecting to the Stage 2 application

Issue	Proportion of submissions
Adverse noise and disturbance during construction	27%
Education Building roof extension is inappropriate, visually dominant and out of character	18%
Loss of views to residential properties	18%
Inadequate public consultation	18%
Lands Building glass roof would have an adverse heritage impact	9%
Solar glare from glazed façade of the Education Building roof extension	9%
Inappropriate and excessive up lighting of the building	9%
Bars are prohibited in the zone and results in adverse removal of internal historic fabric	9%
Adverse heritage and visual impact from signage	9%
Amenity impacts from late-night trading	9%

In its submission, the National Trust objects to the stage 2 application on the following grounds:

- the DRP should be independent rather than a developer appointed panel
- Lands and Education Buildings should not be sold or leased to a private entity and should remain in their current use
- Lands Building roof should be retained and the main entry to the building should be maintained from Bridge Street
- additional floors to the Education Building are too prominent, overwhelm the building and impact on solar access to Farrer Place
- construction of vehicular drop-off area decreases the size of Farrer Place.

The Department notes the issues raised in public submissions in relation to overshadowing, view loss, use of the buildings and the DRP were considered and addressed during the assessment of the stage 1 concept proposal. Notwithstanding, the Department has considered these particular issues in so far as they relate to the stage 1 modification and stage 2 application.

4.2. Response to Submissions

Following exhibition of the applications the Department placed copies of all submissions received on its website and requested the Applicant provide a response to the issues raised in the submissions.

The Applicant provided a Response to Submissions (RtS) (**Appendix A**), which provided additional information and justification in relation to the VPA, detailed design and heritage matters, archaeology, fit-out, view analysis and scheduling of the construction and occupation certification program.

The RtS was made publicly available on the Department's website and referred to relevant public authorities. A further seven submissions were received from public authorities. No public submissions were received on the RtS. A summary of the issues raised in the submissions is provided at **Table 5** and copies of the submissions may be viewed at **Appendix A**.

Table 5: Summary of public authority submissions on the RtS

Council
Council advised that it maintains its objection, until such time as:

<ul style="list-style-type: none"> the VPA between Council and the Applicant has been registered on the title of the land Council's recommended conditions of consent are included in the relevant instrument and it has reviewed the conditions.
Heritage Council NSW
The Heritage Council NSW notes that the majority of its previous conditions have been accepted by the Applicant, and recommended further conditions in relation to the pool/spa and water villa, prominent elements, moveable heritage items and tenancy fit out.
OEH
OEH reiterated its previous comments requiring a combined historical and Aboriginal archaeological excavation program for the site.
TfNSW
TfNSW reiterated its recommended conditions to protect the CBDRL and SMCSW rail corridors and required the preparation of a loading and servicing management plan and construction pedestrian and traffic management plan. TfNSW also recommended an additional condition requiring updated swept path analysis for 14.5m bus movements using the pick-up/drop-off area.
Sydney Trains
Sydney Trains requested that its previously recommended conditions be retained to protect the CBDRL and SMCSW rail corridors.
RMS
RMS does not object to the applications, stating that they are unlikely to have a significant impact on the classified road network.
EPA
The EPA reiterated that it had no comments on the proposal.

4.3. Supplementary information and amendments

Following notification of the RtS, the Department placed copies of all submissions on its website and requested the Applicant provide a further response to the issues raised in the submissions.

In response, the Applicant has provided supplementary information (**Appendix A**), which includes:

- commitment to the execution of the VPA, including a \$1.9 million financial contribution, improvements to Farrer Place, construction/lease of service tunnels and public artwork
- confirmation the maximum height of the stage 1 Lands Building envelope is RL 38.50 and the stage 2 Lands Building roof extension is RL 38.00
- revised hours of operation and definition of 'ancillary hotel uses' and associated updates to the Plan of Management
- clarification of proposed ESD performance
- proposed amendments to future environmental assessment requirement (FEAR) B3 (Internal Works) and B4 (Heritage and Archaeology) in response to comments from Council
- confirmation that updated conservation management plans for both building were endorsed by the Heritage Council NSW on 7 June 2017
- confirmation that signage and external lighting no longer forms part of the application
- an updated preliminary remedial action plan/strategy.

Council has considered the supplementary information provided by the Applicant and reviewed the recommended conditions of consent for the stage 1 modification and stage 2 application, and advised the Department that it withdraws its objection.

5. ASSESSMENT

5.1 Key assessment issues

The Department has considered the modification and SSD applications, the issues raised in submissions and the Applicant's RtS in its assessment of the proposals. The Department considers that the key issues associated with the proposals are:

Stage 1 modification

- Section 4.55(2) matters for consideration
- building envelopes
- amendments to conditions.

Stage 2 SSD application

- Section 4.15(1) matters for consideration
- consistency with stage 1 concept approval
- design quality
- heritage impacts
- archaeology
- contributions and voluntary planning agreement
- traffic, parking and servicing
- construction impacts.

Each of these issues are discussed in the following sections of this report. Other issues relating to the Stage 2 SSD application were taken into consideration during the assessment of the application and are discussed at **Section 5.3.9**.

Consideration of the proposal against relevant EPIs is set out in **Appendix B**.

5.2 Stage 1 modification to the concept approval

5.2.1 Section 4.55(2) matters for consideration

Section 4.55(2) of the EP&A Act requires the consent authority to be satisfied that the following matters (**Table 6**) are addressed in respect of all applications that seek modification approval.

Table 6: Consideration of proposed modification against section 4.55(2) of the EP&A Act

Section 4.55(2) matters for consideration	Comment
(a) it is satisfied that the development to which the consent as modified relates is substantially the same development as the development for which consent was originally granted and before that consent as originally granted was modified (if at all), and	The proposed use of the site for tourist accommodation is unchanged. The alterations to the height of the Education Building (increase of 1.34 m) and roof of the Lands Building are minor in nature (Section 5.2.2) and will not substantially change the approved building form. The Department is therefore satisfied that the proposed modification is substantially the same development as the development originally approved (through SSD 6751).
(b) it has consulted with the relevant Minister, public authority or approval body (within the meaning of Division 4.8) in respect of a condition imposed as a requirement of a concurrence to the consent or in accordance with the general terms of an approval proposed to be granted by the approval body and that Minister, authority or body has not, within 21 days after being consulted, objected to the modification of that consent, and	There are no conditions or general terms of approval imposed as a requirement of concurrence on the original approval (SSD 6751), as concurrence is not required for SSD.
(c) it has notified the application in accordance with the regulations, if the regulations so require.	The modification application has been appropriately notified (Section 4).
(d) it has considered any submissions made concerning the proposed modification within the period prescribed by the regulations or provided by the development control plan, as the case may be	All submissions made during the exhibition are considered in Sections 4 and 5 of this report, or by way of recommended conditions in Appendix D .

5.2.2 Building envelopes

The height and form of the building envelope above the Education Building were key considerations in the Department's assessment of the stage 1 concept approval. The Department concluded the height and scale of the Education Building envelope (maximum height of RL 58.69) is consistent with the SLEP 2012 and is acceptable in the context of the existing form and massing of the building, surrounding buildings and public spaces.

The stage 1 concept approval did not provide for changes to the Lands Building envelope.

The modification application now seeks approval to:

- increase the Education Building envelope height by 1.34 m (RL 58.69 to RL 60.03) (**Figure 8**)
- introduce a rooftop building envelope to the Lands Building (maximum RL 38.50) (**Figure 9**).

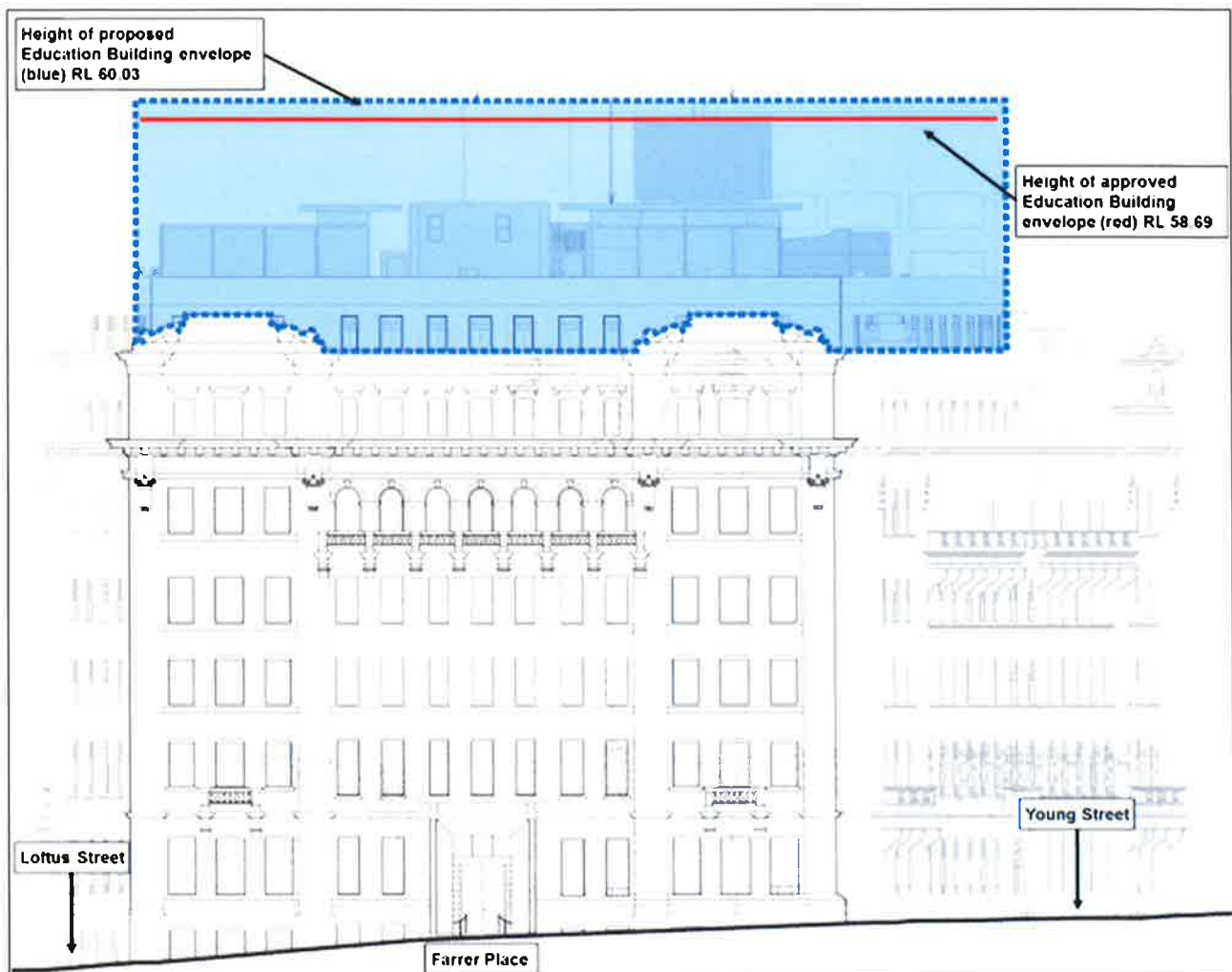


Figure 8: Comparison of the approved (red) and proposed (blue) height of the Education Building envelope height (Bent Street elevation) (Base source: Applicant's RtS)

Public submissions raise concern that the increased height of the Education Building envelope would be overly dominant and adversely impact on views. In addition, the submissions raise concern the changes to the Lands Building roof would adversely impact on the heritage significance of that building.

The Heritage Council NSW supports the roof top additions stating the proposal would improve the heritage outcomes for both buildings. Council did not object to the modifications subject to the inclusion of conditions requiring no additional roof plant or ductwork to extend beyond the building envelope.

The GA NSW have reviewed the modified envelopes and works proposed within them and advise the forms proposed for the additions to the heritage buildings are contemporary, respectful and appropriate and with further detailed development has the potential to evolve to be a positive element for these important buildings.

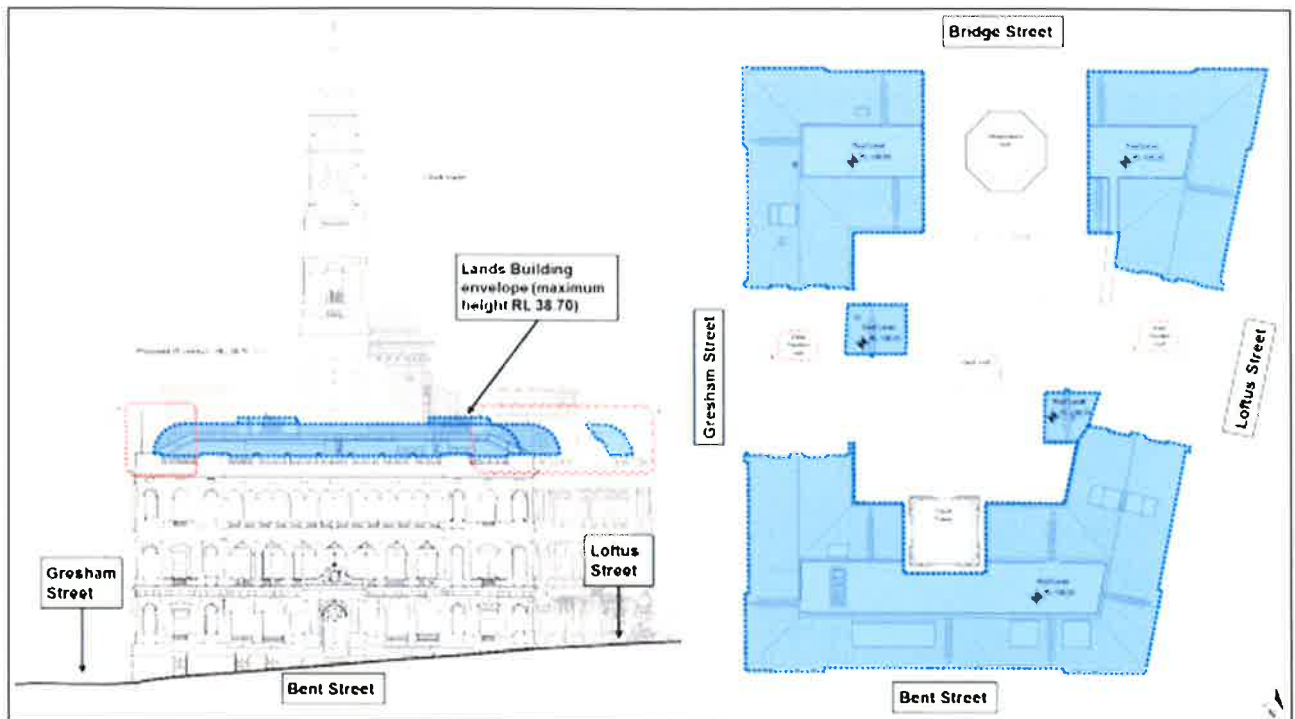


Figure 8: Lands Building envelope height (right) and location (left) (Base source: Applicant's RtS)

The Applicant has provided a Statement of Heritage Impact (SHI) and View Impact Statement (VIA), which considers the impacts of the proposed envelopes and conclude the:

- envelopes would have an acceptable heritage impact on the significance of the buildings, nearby heritage items and the special character of the area
- envelopes would not have any impact on existing important views
- Education Building envelope will frame existing public domain views and Farrer Place
- Lands Building envelope would not be visible by pedestrians on the streets surrounding the building and, although being visible in long-views, it would not detract from the building.

The Department's consideration of the proposed building envelopes is set out below.

Education Building envelope

The Applicant has stated the 1.34 m increase in the Education Building envelope height is required to accommodate the provision of appropriate floor to ceiling heights and services within the roof extension. The height of the building envelope would not extend beyond the uppermost structure (a service ladder) of the existing Education Building. The Applicant considers the increase in height would have a negligible impact on existing views.

The Department considers the increase in height is acceptable for the following reasons:

- the increase in height is minor and would be indiscernible when viewed from the surrounding open spaces, streets and public domain (**Figures 10 and 11**)
- the revised building envelope would not extend higher than the tallest part of the existing building
- the revised building envelope ensures a future building is capable of achieving appropriate internal amenity

- solar studies submitted with the modification application demonstrate the increase in height would have a negligible overshadowing impact on properties and spaces to the south of the site, including the 1 Bligh Street steps to the south
- the building envelope represents the outer extent of the building form and the concurrent stage 2 SSD application does not fill the envelope in its entirety as shown at **Figure 11** and discussed at **Section 5.3**
- the SHI and VIA submitted with the application demonstrates that any heritage or view impacts are acceptable
- the increase in height would not have an adverse impact on existing private views, as discussed below.



Figure 10: View north-west along Bent street showing the approved (left) and proposed (right) Education Building envelope (Base source: Applicant's RtS)

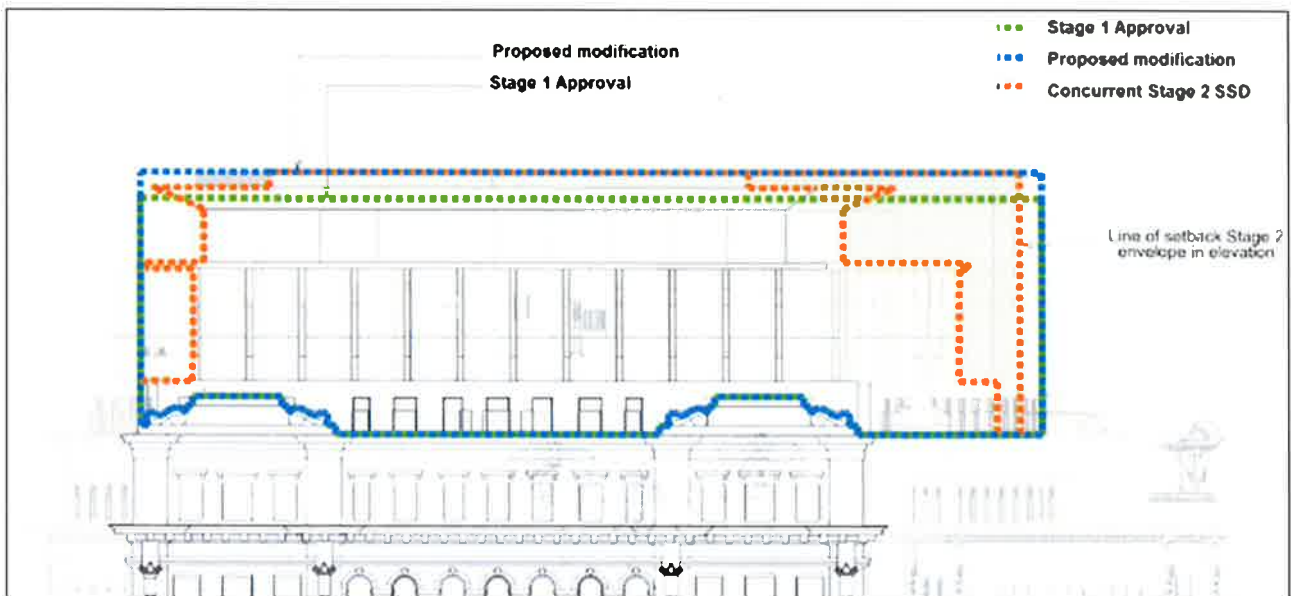


Figure 11: Comparison of the stage 1 concept approval and modified Education Building envelope, including the concurrent stage 2 SSD development (Base source: Applicant's RtS)

In submissions, the resident of an upper level apartment at 38-42 Bridge Street has raised concern the increase in height would have an adverse impact on the existing outlook/view from this apartment.

The Department notes the upper levels of 38-42 Bridge Street look southwards over the existing Education Building towards the 30-storey tower at 1 Bligh Street. As part of its assessment of the

stage 1 concept approval, the Department acknowledged that the Education Building envelope would alter views, but concluded the impact would be minor and maintain a similar cityscape view.

When compared with the stage 1 concept approval, the Department considers the increase in building envelope height would not significantly alter the outlook or view from 38-42 Bridge Street (**Figure 12**). The Department therefore considers the view impacts of the modified proposal are minor and remain acceptable.



Figure 12: View from 38-42 Bridge Street, approved (red) and proposed (blue) height of the Education Building envelope height (Base source: Submission from Patricia Burt)

Lands Building envelope

The Applicant has identified the existing linking roof structure of the Lands Building is significantly degraded and requires extensive repair. Since the stage 1 concept approval was granted, the Applicant has also been exploring options to enhance the use and appearance of the roof space of the Lands Building. The Applicant notes that the proposed building envelope would allow for the provision of additional level of habitable space, be of a high standard of design and would not affect the key roof features of the building.

The Department notes, as confirmed by the SHI, the major roof features (the southern clock tower, central Strong Room dome, northern dome, and eastern and western tempietti mansard structures) are of exceptional heritage significance. During the 1970s and 1980s the original slate roof of the linking roof structure of the Lands Building was removed and replaced with profiled metal sheet roofing, including access ladders, flues, ventilation grills and plant and equipment (**Figure 13**). The profiled metal sheet roofing and ancillary structures are of notably lesser significance. Notwithstanding, beneath this roof are original internal iron roof structure and timber lining boards.

The Heritage Council NSW supports the Lands Building envelope and has stated it would improve heritage outcomes for the building.

The Department supports the introduction of an envelope on the Lands Building roof, as:

- the profiled metal sheet roofing and its ancillary structures do not contribute significantly, or positively, to the heritage significance of the Lands Building
- the building envelope is discreet and would not be highly visible from the surrounding open spaces, streets and public domain (refer to **Figure 14**)
- the building envelope would not challenge the dominance of the major roof features, which are of exceptional heritage significance, and would therefore not have an adverse overall heritage impact

- the removal of the existing internal iron roof structure and timber lining boards would be compensated by the provision of a new roof of a high standard of design and that omits unsightly ancillary roof structures
- the building envelope represents the outer extent of the building form and the concurrent stage 2 SSD application does not fill the envelope in its entirety as discussed at **Section 5.3**
- the proposed replacement roof envisaged by the stage 2 SSD application exhibits design excellence (**Section 5.3**).



Figure 13: View west from the Education Building over the existing roofscape of the Lands Building (Base source: Applicant's Stage 2 SSD EIS)



Figure 14: View north-west along Bent Street to the existing roofscape of the (left) and proposed Lands Building envelope (right) (Base source: Applicant's EIS)

Conclusion

The Department supports the increase in height of the Education Building envelope (of 1.34 m) as it is minor in nature, unlikely to result in adverse heritage and amenity impacts, and would be visually

indiscernible when compared to the approved envelope. The Department also supports the proposed Lands Building envelope as it would allow for positive enhancements to the roof that would not adversely impact on the heritage significance of the building.

The Department agrees with Council no additional roof plant or ductwork should extend beyond the height of the building envelopes, and recommends a new condition to prevent ancillary roof structures about this height.

5.2.3 Amendments to conditions

The proposal seeks approval to delete FEAR B3 (Internal Works) and amend the wording of FEAR B4 (Heritage and Archaeology) and FEAR B14 (Traffic and Transport), as discussed below.

FEAR B3 (Internal Works)

FEAR B3 (Internal Works) requires guidelines, detailing any works necessary to comply with the National Construction Code (NCC), be prepared in consultation with the Heritage Council NSW prior to the submission of any future development application.

The Applicant proposes to delete this FEAR and states the performance requirements of the NCC are more appropriately addressed prior to the issue of the relevant Construction Certificate relating to the stage 2 application.

Council initially did not support the deletion of the FEAR. However, following consideration of the RtS it no longer raises any concern provided a condition requiring the preparation of NCC guidelines is applied to the stage 2 application.

The Department acknowledges that the preparation of the guidelines is a considerable task, and the specific works required to ensure compliance with the NCC could be deferred to a Construction Certificate stage without having an adverse impact on the protection of the heritage significance of the buildings.

The Department recommends a condition to the stage 2 application requiring the preparation of the NCC guidelines, as discussed at **Section 5.3.4**.

FEAR B4 (Heritage and Archaeology)

The Applicant notes that the conservation management plan (CMP) for each building referenced in FEAR B4 has been superseded by the CMPs prepared for the concurrent stage 2 SSD application. The proposal therefore seeks to amend FEAR B4 to refer to the updated CMPs endorsed by the Heritage Council NSW on 7 June 2017.

In its submission, Council raised concern the initial proposed wording of FEAR B4 removes requirements for any updated CMP to be appropriately endorsed and for the Applicant to comply with the updated CMP in the stage 2 development applications. Council has suggested revised wording (**Table 7**).

In response, the Applicant has clarified the proposed changes to FEAR B4 seek to refer to the endorsed CMPs (**Table 7**).

Table 7: Summary of Council's and Applicant's suggested changes to FEAR B4

Council's suggested condition	Applicant's suggested condition (latest position)
Future Stage 2 Development Applications for the Department of Education and Lands Building are to be accompanied by updated Conservation Management Plans for the Department of Education Building and the Lands Building that have been principally prepared to guide the	Future Development Applications shall comply with the endorsed Conservation Management Plans for the Department of Education Building prepared by City Plan Heritage dated March 2015 GBA Heritage dated May 2017 and the Lands Building prepare by the NSW Government Architect's

adaptive reuse of the buildings. These updated Conservation Management Plans are to be endorsed by the NSW Heritage Council, or delegate, and by the City of Sydney prior to the issue of Construction Certificate 1 – Demolition.	Office dated March 2015 GBA Heritage dated May 2017.
--	---

The Department supports the Applicant's suggested amendments to the condition (**Table 7**), as this will ensure future development applications comply with the up-to-date CMPs, which have been endorsed by the Heritage Council NSW and anticipate the detailed works anticipated in the stage 2 development application.

Given the CMPs were endorsed by the Heritage Council in June 2017 the Department does not see need for further endorsement by Council at Construction Certificate stage. However, the Department is satisfied that both the Heritage Council NSW and Council will have an active and ongoing role in monitoring the detailed works and advising on any likely heritage impacts during the works, as discussed in **Sections 5.3.4 and 5.3.5**.

The Department therefore recommends the revised FEAR be updated accordingly.

B14 Traffic and transport (bicycle parking)

The Applicant initially proposed to amend FEAR B14 (Traffic and Transport) to refer to the provision of 58 bicycle parking spaces for hotel staff and guests, rather than bicycle parking be provided in accordance with the Sydney Development Control plan 2012 (SDCP). Council raised concern that as retail floorspace was excluded from the calculation, an additional 14 bicycle parking spaces would be required (therefore a total 74 spaces).

In response to Council's concerns, the Applicant has requested flexibility in the application of SDCP requirements given the heritage significance of the buildings. In response, Council has suggested revised wording of the FEAR (**Table 8**).

Table 8: Summary of the Applicant's and Council's proposed changes to FEAR B14

Applicant's initial condition	Council's suggested condition
<i>Future development applications shall provide a minimum of 58 bicycle spaces bicycle access and servicing in accordance with Sydney Development Control Plan 2012</i>	<i>Future Stage 2 Development Applications shall provide bicycle access and servicing in accordance with the Sydney Development Control Plan 2012 or, where compliance is unable to be achieved, to the satisfaction of Council.</i>

The Department is satisfied with the condition suggested by Council, as this provides some flexibility in the application of the SDCP given the heritage significance of the buildings. However, the Department considers that any variation to the SDCP requirement should be to the satisfaction of the Secretary, as consent authority for the stage 2 application(s), having regard to any consultation with Council.

The Department therefore recommends the revised FEAR be updated accordingly. The Department has also considered the bicycle parking provision for the stage 2 application bicycle parking provision against the revised FEAR in **Section 5.3.7** and recommended a condition in consultation with Council.

5.3 Stage 2 SSD Application

5.3.1 Section 4.15(1) matters for consideration

Table 9 identifies the matters for consideration under section 4.15(1) of the EP&A Act that apply to SSD in accordance with section 4.40 of the EP&A Act. The table represents a summary for which additional information and consideration is provided in **Section 5** (key and other issues), relevant appendices or other sections of this report and EIS, referenced in the table. The EIS has been

prepared by the Applicant to consider these matters and also those required to be considered in the SEARs, section 4.11 of the EP&A Act and schedule 2 of the EP&A Regulation.

Table 9: Section 4.15(1) matters for consideration

Section 4.15(1) Evaluation	Consideration
(a)(i) any environmental planning instrument	Satisfactorily complies. The Department's consideration of the relevant EPIs is provided in Appendix B of this report.
(a)(ii) any proposed instrument	Not applicable.
(a)(iii) any development control plan	Under clause 11 of the SRD SEPP, development control plans do not apply to SSD.
(a)(iiia) any planning agreement	Satisfactorily complies. The Department's consideration of the VPA between Council and the Applicant is provided at Section 5.3.6 of this report.
(a)(iv) the regulations <i>Refer Division 8 of the EP&A Regulation</i>	The Application satisfactorily meets the relevant requirements of the EP&A Regulation, including the procedures relating to applications (Part 6 of the EP&A Regulation), public participation procedures for SSD and schedule 2 of the EP&A Regulation relating to EIS.
(a)(v) any coastal zone management plan	Not applicable.
(b) the likely impacts of that development	Appropriately mitigated or conditioned - refer to Section 5 of this report.
(c) the suitability of the site for the development	The site is suitable for the development, as established through the stage 1 concept approval (SSD 6751) and as discussed in Sections 3 and 5 of this report.
(d) any submissions	Consideration has been given to the submissions received during the exhibition period. See Sections 4 and 5 of this report.
(e) the public interest	Refer to Section 5 of this report.
Biodiversity values impact assessment not required if (a) On biodiversity certified land (b) Biobanking Statement exists	Not applicable.

5.3.2 Consistency with the stage 1 concept approval

The stage 1 concept approval establishes several parameters and requirements to be addressed in future applications for development in the Sandstone Precinct.

The Department has assessed this stage 2 SSD application against the stage 1 approval, as recommended to be modified (**Section 5.2**). The proposal is consistent with the building envelope provisions of the stage 1 concept approval as outlined in **Table 10** and in detail at **Appendix C**.

Table 10: Consistency with stage 1 concept approval building envelope controls

Building	Stage 1 concept approval requirement (as amended)	Proposed	Consistent
Lands	Maximum RL 38.50	RL 38.00	Yes
Education	Maximum RL 60.03	RL 60.03	Yes

5.3.3 Design quality

The proposal seeks to add roof extensions to the Lands and Education Buildings contained wholly within the stage 1 building envelopes (as modified) (**Section 5.2**). The external built form of the sandstone buildings is largely unaltered by the proposal.

Extensive internal works are proposed to both buildings, which includes demolition works, excavation and construction of basement levels below the Lands and Education Buildings and a tunnel linking the buildings beneath Loftus Street. Heritage and archaeological impacts of these particular changes are considered in **Sections 5.3.4 and 5.3.5** of this report.

The stage 1 concept approval (FEAR B2) requires the Applicant to establish a DRP to review and provide input and feedback on the detailed design. The Department endorsed the DRP brief and panel membership on 12 July 2015. Consistent with the requirements of FEAR B2, the DRP comprises four independent design experts with experience in adaptive re-use and heritage conservation projects, and includes a representative of the Government Architect NSW.

The DRP considered the proposal on five occasions between June 2016 and August 2017 and attended on-site meetings and site tours. The DRP made various recommendations in relation to the internal / external design approaches of each building, which the Applicant has considered and either implemented or suggested alternatives. The DRP concludes the design has integrity and quality detailing of the buildings has been maintained, and generally supports the design of both roof extensions. The DRP also supports the Applicant's proposal for prototyping certain elements to test materials and detailing, and has requested it be involved in the future design development process.

The Department agrees the DRP should continue to be involved in the ongoing design development of the proposal to ensure design integrity and provide independent oversight, and has recommended a condition accordingly.

The Department's consideration of the design quality of the rooftop extension above the Lands and Education Buildings is set out below.

Education Building roof extension

The Education Building roof extension includes the demolition of all modern roof extensions and components, replacement of the existing Level 6 roof addition to the same dimensions and the construction of a new roof extension at levels 7, 8 and 9. The new roof extension (**Figures 15 and 16**) comprises a series of replicated curved glass bays at Levels 7 and 8, which are setback approximately 1.5 m from the eastern and western elevations, behind the existing sandstone parapet. The Level 9 addition is setback at between 7 and 9 m from the sandstone parapet and is comprised of simple glazing, a cantilevering roof with roof gardens. The 3-storey projecting box feature sits directly behind the parapet.

The Applicant contends the roof extension to the Education Building complies with the approved massing and setbacks of the stage 1 concept approval and provides for an articulated, contemporary, but subservient, light-weight addition.

Concern was raised in public submissions about the visual dominance of the proposed Education Building roof extension and its impact on the character of the building. Council supports the provision of curved glass bays at levels 7 and 8 and recommended a condition to ensure the curved glass bays are not modified as part of the design development of the building to a faceted form, and prototypes be constructed prior to the issue of the relevant Construction Certificate. The Heritage Council requested further justification for the provision of water-villas at Level 9 of the Education Building.

The GA NSW recommended the composition of the extension design should be developed and improved, which the Department considers can be achieved through design development under the oversight of the DRP.

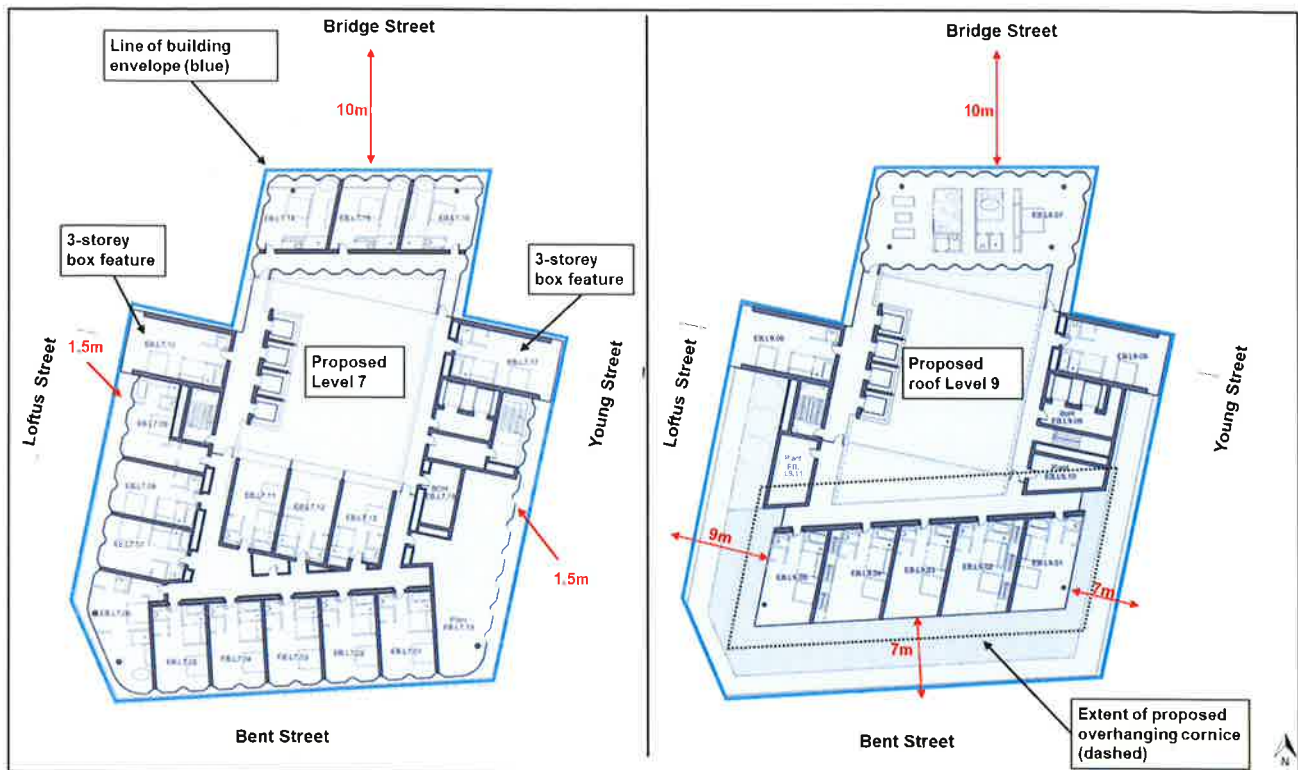


Figure 15: The proposed layout of the level 7 and 9 roof additions to the Education Building, with setbacks (shown in red) and a comparison against the stage 1 concept approval envelope (shown in blue) (Base source: Applicant's EIS)



Figure 16: View north across Farrer Place to the Education Building (left) and an aerial view of the proposed roof extension and the five water-villas (right) (Base source: Applicant's EIS)

The future design of the roof top addition to the Education Building was a key issue in the Department's assessment of the original stage 1 concept proposal. In granting approval to the new envelope, the Department (in FEAR B1) set out several design criteria to be addressed in the current application. The Department's consideration of the proposed roof top addition to the Education Building against these criteria is set out at **Table 11** and at **Appendix C**.

Table 11: The Department's consideration of the proposal against the design criteria (in FEAR B1)

FEAR B1 Criteria	Department's Comment
B1 Future Development Applications shall ensure that development above the existing parapet of the Education Building achieves a high quality design and:	
a) gives 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.	<ul style="list-style-type: none"> The roof extension is set within the building envelope (Figures 11 and 15) and includes appropriate setbacks, including <ul style="list-style-type: none"> eastern and western elevations: approximately 1.5 m at Level 7 and 8, and 7 m to 9 m at Level 9 southern elevation: approximately 7 m at Level 9 (roof level) and 5 m for the overhanging roof cornice northern elevation: approximately 10 m at Levels 7, 8 and 9. All elevations have been modulated and articulated, including replicated glass bays, curved corners and cantilevering cornices. The setbacks, articulation, high standard of design and use of lightweight materials maintain the prominence of the existing building, its architectural style and form and features.
b) minimises potential overshadowing of the 1 Bligh Street steps during the core lunch period of 12 noon to 2 pm in mid-winter.	<ul style="list-style-type: none"> The Education Building extension is contained wholly within the stage 1 building envelope, which envisaged the 1 Bligh Street Steps would be overshadowed at 12 noon and by varying degrees between 1 pm and 2 pm. The shadow studies submitted with the application confirm the proposed roof addition would overshadow the 1 Bligh Street steps at 12 noon in mid-winter, as predicted by the stage 1 approval. However, due to the inclusion of setbacks (up to 9 m) on the eastern and western elevations, the extension provides for a corresponding reduction in overshadowing of the 1 Bligh Street steps between 1 pm and 2 pm in mid-winter, when compared to the stage 1 approved envelope. The 1 Bligh Street steps would experience no overshadowing during the summer or spring solstices or the autumn equinox. Overshadowing impacts are therefore considered to have been appropriately minimised.
c) presents as a contemporary projection of the existing building and be visually subservient to the existing building.	<ul style="list-style-type: none"> The proposed extension is considered to achieve a high standard of design, which is contemporary and appropriately subservient to the original Education Building. The inclusion of 3-storey 'projecting box features' are appropriate modern interpretations and extensions of the traditional projecting sandstone bays of the lower levels of the Education Building and are therefore acceptable. The proposed extension is considered to represent a positive addition to the building and would not adversely impact on the heritage significance of the building (Section 5.3.4).
d) uses materials and detailing that respect and are submissive to the heritage sandstone facades of the Education Building.	<ul style="list-style-type: none"> The proposed materials consist primarily of glazed and metal cladding. These lightweight materials will contrast appropriately with the heavy sandstone of the existing building. The simple yet elegant modern design of the extension and the composition of its materials are submissive to the robust architectural expression of the original sandstone building.
e) maintains the legibility of the existing light well as a central element with clear views to the sky.	<ul style="list-style-type: none"> The proposal includes the provision of a rectangular shaped central lightwell, in the same location of the existing lightwell, with clear views to the sky.

The Department considers the proposed Education Building extension achieves a high standard of design and appearance. The extension is not considered to be overly dominant or adversely impact on the character of the Education Building. The Department is satisfied that the proposal adequately addresses the design requirements of FEAR B1.

The Department notes the south facing guest rooms at Level 9 are provided with shallow reflecting pools (**Figure 16**).

The Department recognises that the provision of the reflecting pools for the water-villas at Level 9 are significant additions that could impact on the heritage fabric of the building. Consistent with the advice of the Heritage Council, the Department considers that this element of the proposal requires further consideration to ensure it does not adversely impact on the heritage fabric of the building. In addition, the Department considers that the curved glass bays are a key design feature of the proposed extension and, consistent with Council's submission, agrees these should not be altered through design development. The Department therefore recommends conditions to address these matters.

Lands Building roof extension

The Lands Building roof extension includes the removal of the existing profiled metal roof, plant and ad-hoc structures and replacement with a contemporary curved roof. The historically significant domes, lanterns and clocktower are to be retained. The new curved roof has a maximum height of RL 38.00 and is located over the north-east and north-west corners and the southern part of the building (**Figure 17**). It comprises an elegant grid-shell construction composed of a spanning, metal geometric diamond/grid structure fitted with glazing and metal panels (**Figure 18**). The space created will provide for additional accommodation, including an open terrace, guest lounge, gym, spa and back of house/kitchen.

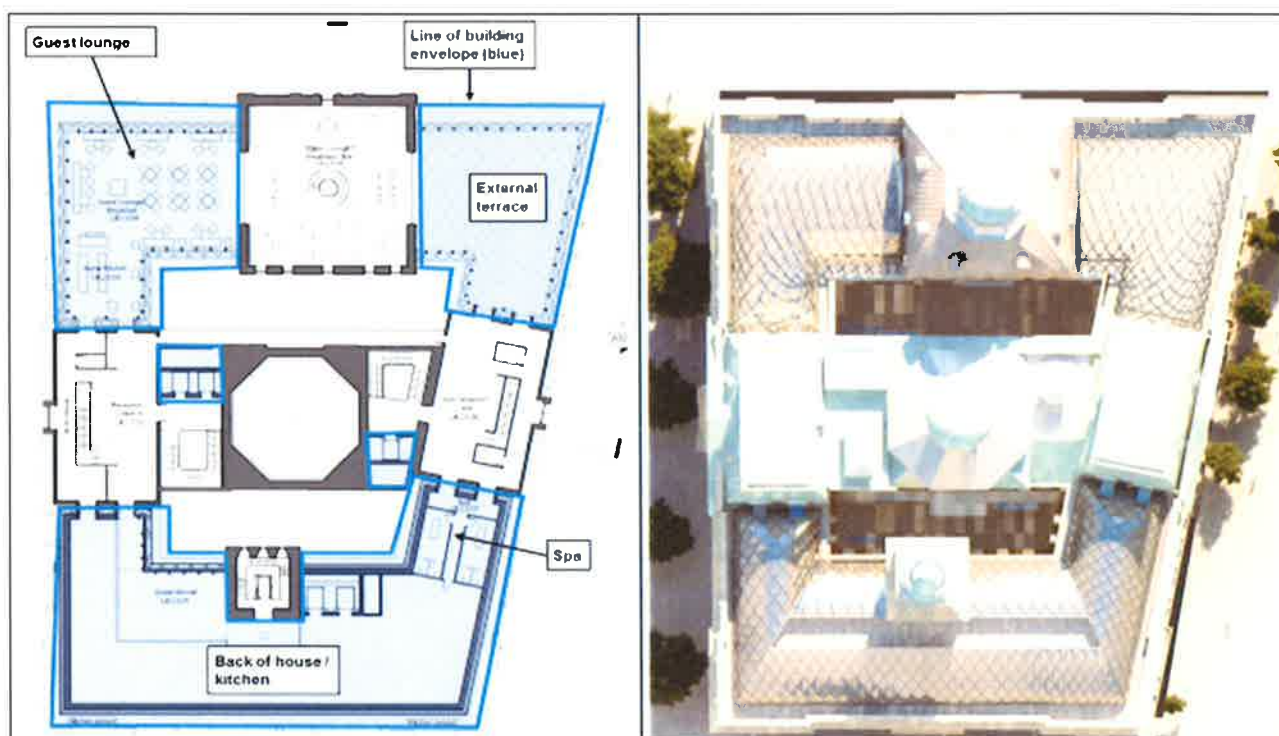


Figure 17: Proposed layout of the Lands Building roof extension, with stage 1 modification envelope highlight blue (left) and proposed grid-shell roof (right) (Base source: Applicant's EIS)

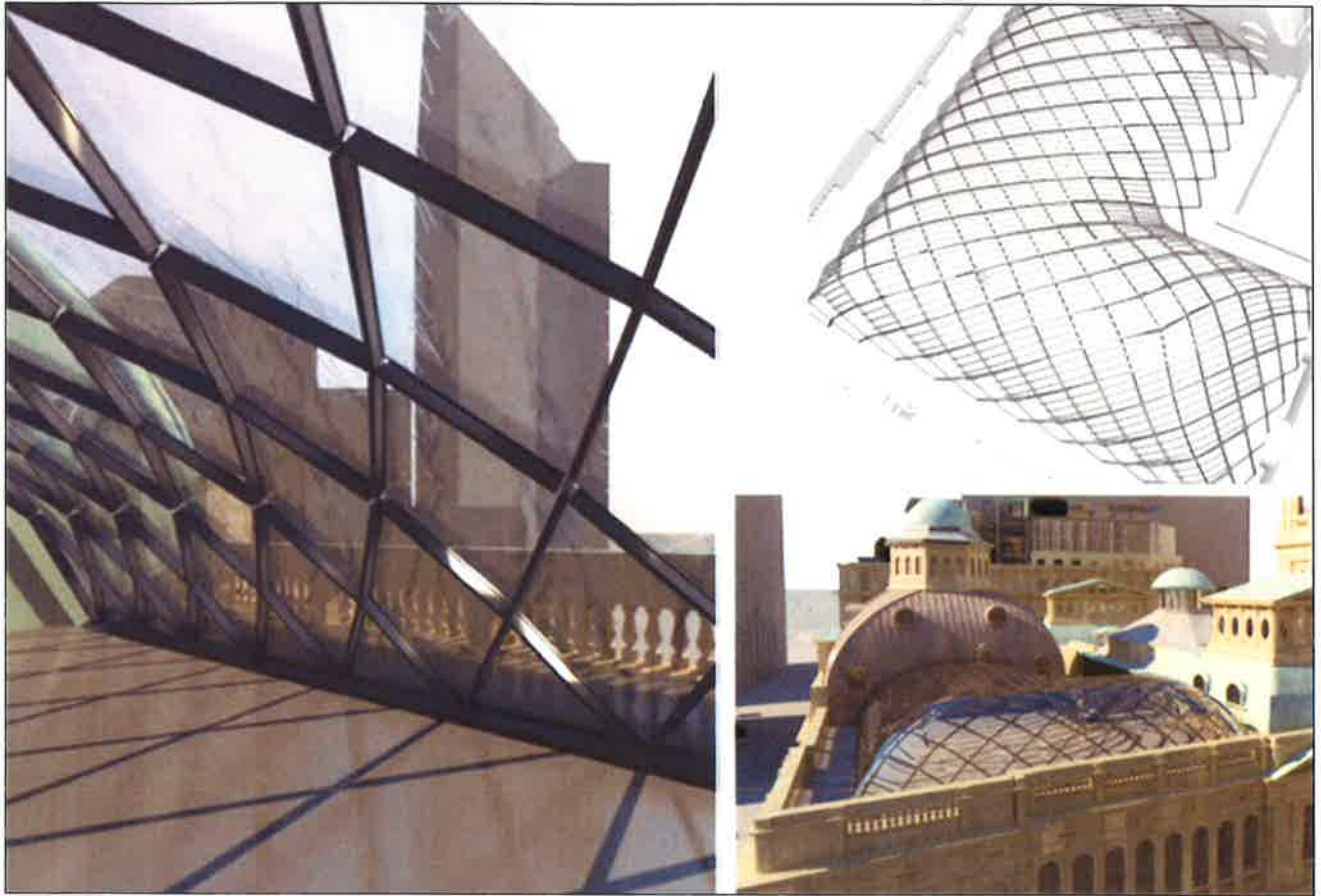


Figure 18: Proposed grid-shell structure (Source: Applicant's EIS)

The Applicant contends the new Lands Building roof will declutter the existing roofscape and celebrate the historically significant rooftop domes, lanterns and the clocktower of the building. In addition, the limited views of the proposed new roof have a positive visual impact on the overall appearance of the building.

Concern was raised in public submissions the proposed roof extension would have an adverse heritage impact on the Lands Building. Neither Council or the Heritage Council NSW have raised concerns in relation to the proposed roof extension to the Lands Building.

The GA NSW considers the Lands Building roof extension is clear and thoughtful and with further development using the DRP processes, will produce a high standard of building.

The Department notes the concerns raised in public submissions about the heritage impacts of the proposed roof addition. The Department however notes the existing profiled metal roof (and associated structures) is a modern (20th century) construction and does not contribute positively to the overall appearance of the building or its heritage significance (**Figure 13**). The Department therefore supports the principle of its removal and replacement with a new roof. In addition, all major roof features, which are of exceptional heritage significance, are retained and will not be affected by the proposed roof.

The expressed woven metal nature the proposed roof (the grid-shell) is repeated consistently and is an elegant and unifying feature of the roof design. The consistency of this structure allows for different material treatments, including glass panel infills above the guest lounge (north-west corner), no infills above the open terrace (north-east corner) and solid metal panel infills above the back of house/kitchen (southern part), without compromising the overall design or the lightweight appearance of the structure.

The proposed roof would not be visible from the immediate surrounding streets. However, it would be visible in more distant views from Bridge, Bent and Phillip Streets. The Department considers this is acceptable as these would only be limited views as shown at **Figures 6, 7 and 14** and the proposed roof is well designed, visually interesting and appealing, subservient to the original building and respectful of its heritage significance. In addition, the existing prefabricated roof, visible in these views, does not make a positive contribution to the existing building.

The Department considers the proposed new roof is a high standard of design and appearance, its construction is innovative and will make a positive contribution to the overall appearance of the building and would not adversely impact on the heritage significance of the Lands Building. In addition, the proposed roof:

- is contained wholly within the building envelope (as supported in **Section 5.2.2**)
- is single storey and set behind the existing sandstone parapets, and would therefore not visually dominate the major roof features, which have exceptional heritage significance (**Figure 18**)
- is a lightweight modern and visually interesting and appealing addition, that contrasts with the grand proportions, robust architecture and heavy sandstone construction of the Lands Building
- would not be visible from immediate surrounding streets and is acceptable in more distant views
- provides access to the roof level of the Lands Building, which will provide for a new viewing perspective to appreciate the major roof features of exceptional heritage significance.

Conclusion

The Department considers the roof extensions will provide unique and iconic additions to the Lands and Education Buildings, and contribute positively to the overall appearance of the buildings without adversely impacting on the heritage significance of either building (**Section 5.3.4**).

The roof extensions are well designed, with the light-weight design, appropriate setbacks and materials ensuring that they are visually subservient to the robust architecture and materiality of the sandstone building.

The Department therefore supports the design of the two rooftop additions, and subject to the ongoing involvement of the DRP, considers that the development will achieve design excellence.

5.3.4 Heritage impacts

The main objective of the proposal is to conserve and adaptively reuse the Lands and Education Buildings for tourist accommodation in accordance with the stage 1 concept approval. Both buildings are listed as items of State and local heritage significance on the State Heritage Register, SLEP 2012 and appear on the Commonwealth Register of the National Estate.

The application has been accompanied by a Statement of Heritage Impacts (SHI), which considers the proposal against the relevant SLEP 2012 controls and the guidance of the Burra Charter. In addition, the SHI considers the proposal against the conservation policies within the CMP and the Heritage Council NSW's specific advice on the project, which both seek to protect the heritage significance of the Lands and Education Buildings and guide their redevelopment.

The SHI confirms the adaptation of the Lands and Education Buildings must be carried out in conjunction with a program to conserve the buildings, provide improved public access and improved heritage interpretation. The SHI also states the Lands Building is a greater heritage significance and more intact than the Education Building, and therefore it is appropriate that proposed changes are focused on the Education Building's modified interior and roofspace.

The proposal includes the internal demolition of existing partitions, structures and other aspects of the internal layout of both buildings. In addition, the following strategic interventions are proposed to the historic fabric of each building:

- conservation of exterior and interior fabric that makes a defining contribution to overall significance

- new services to accommodate the new use
- new colour schemes and interior signage
- heritage interpretation
- interventions to address requirements of new or upgraded fire safety measures, acoustic isolation, utility requirements and modifications to meet the NCC
- the following interventions specific to each building:

Lands Building	Education Building
<ul style="list-style-type: none"> • publicly accessible facilities on the Lower Ground Level, off Bridge and Gresham Streets • adaptation of the Ground Level, off Bent Street, as the main hotel guest entry to the Lands Building and guest accommodation • changes to the Strong Room on all levels to reinstate the original spatial format • changes to the north / south courtyard light wells • new ancillary roofs that will accommodate new Level 3 and Level 4 facilities, areas of which will be accessible by the public, guests and staff • development of additional vertical transportation • inclusion of habitable space to the northern dome, eastern and western tempietti mansard structures • conservation of eastern, southern and western staircases • access to the southern clock tower. 	<ul style="list-style-type: none"> • provision for subsurface facilities • publicly accessible facilities and back of house facilities on the Bridge Street Lower Ground Level • adaptation of the Ground Level entrance off Farrer Place as the main hotel entry into the Education Building • publicly accessible facilities on Ground Level off Farrer Place • adaptation of Level 1-5 offices into guest accommodation • changes to the Level 5 Gallery, Annex and eastern spaces and the courtyard light well • conservation and adaptation of the western staircase • adaption of window openings into door openings • additional vertical transportation and horizontal circulation • new roof top development in accordance with the intent of the Stage 1 envelope approval.

The DRP has confirmed the proposal is acceptable from an architectural, heritage and functionality perspective. In addition, the heritage design development has been guided by an iterative process of review with the DRP. The GA NSW has commended the effort to open the buildings to the public and the thorough and thoughtful approach to the necessary work to the heritage fabric.

The Heritage Council NSW recommends:

- the use of a heritage consultant during construction, updates to the Moveable Heritage Management Strategy (MHMS) and preparation of a Schedule of Conservation Works, Maintenance Plan, Salvage Methodology including reuse of traditional building materials and photographic archival recording of each building
- additional details and justification for adaptations to the Strong Room in the Lands Building, reticulation of services, modifications to balustrades, proposed spa (in addition to the water-villa, previously discussed at **Section 5.3.3**) and roof junctions and alterations.

Council does not object to the heritage impacts of the proposal, subject to:

- the same document and plan requirements identified by the Heritage Council NSW, together with the preparation of a building protection strategy during construction
- the modification of the Education Building to retain significant portions of the 1915 north-western perimeter of the courtyard and greater retention of identified significant fabric of the Farrer Place entrance foyer
- the preparation of a Heritage Interpretation Plan (HIP).

The Applicant has advised it agrees to the suggested conditions by the Heritage Council NSW and Council, and provided the additional information requested.

Having reviewed the additional information, the Heritage Council NSW reiterates its comments regarding the proposed pool and spa, maintenance plan and moveable heritage. The Heritage Council NSW has suggested conditions requiring additional information on these aspects.

The Department acknowledges the adaptive reuse of heritage buildings into fit-for-purpose modern accommodation will result in a degree of heritage impact, which cannot be completely avoided. The key consideration is the retention of those aspects of the buildings which make a defining contribution to its overall heritage significance while carefully guiding change. In this regard, the Department notes detailed expert advice has been provided from the Heritage Council NSW and Council, which has informed the evolution of the design of the changes to each building and appropriate conditions have been agreed by all three parties to safeguard the heritage significance of the buildings and complies with the applicable performance requirements of the NCC.

The Department has carefully considered the proposed heritage implications of the proposed changes to the Lands and Education Buildings and is satisfied the proposal has appropriately and sensitively responded to the significance of the site in striving towards the reuse of each building. Notwithstanding, the Department considers the conditions recommended by the Heritage Council NSW and Council are critical in ensuring the conservation of the heritage significance of the buildings, including during the construction stages. The Department also recommends the Applicant prepare NCC guidelines, in consultation with the Heritage Council and Council, to ensure the works maximise the conservation of the historic value of each building.

The Department therefore concludes the likely heritage impacts arising from the proposed changes to the Lands and Education Buildings are acceptable and can be managed and mitigated through the recommended conditions.

5.3.5 Archaeology

The proposed development includes the excavation and construction of basement levels beneath the Lands and Education Buildings and creation of a tunnel link between the buildings beneath Loftus Street. These works have the potential to disturb archaeological resources beneath the site.

The site has not previously been subject to an archaeological investigation. However, as it is located on land that would have been a focus for Aboriginal occupation prior to and during the early years of European settlement, it has the potential to contain Aboriginal archaeological remains.

With regard to non-indigenous archaeology, the site has been subject to various historic development patterns and could potentially contain archaeological evidence of pre-settlement planting/farming, structures relating to the establishment of the colony, early infrastructure and underground services, the Lands Building moat and the Bennelong Stormwater Channel no.29.

An Aboriginal and Historical Archaeology Assessment (AHAA) was submitted with the application and proposes a framework for investigation and management of Aboriginal and non-indigenous archaeological resources. The AHAA concludes that due to the previous disturbance of the site there is a:

- low likelihood of finding intact Aboriginal archaeological remains and recommends Aboriginal archaeological research design program if three Aboriginal artefacts are encountered per square metre (artefacts/m²) or an unexpected finds methodology
- moderate to high potential for encountering non-indigenous remains and recommends a range of mitigation measures including archaeological research design methodology, interpretation strategy, appointment of an excavation director, protection of the Lands Building moat and Bennelong Stormwater Channel and unexpected finds methodology.

OEH recommends that a combined Aboriginal and historical archaeological excavation program should be undertaken, as well as the preparation of an interpretation strategy. In addition, OEH recommends that an Aboriginal archaeological research and design program be prepared if one Aboriginal artefact/m² is encountered. The Heritage Council NSW recommends standard archaeological conditions requiring design / excavation methodology, preparation of excavation

report, recording, interpretation strategy and unexpected Aboriginal and historical finds methodology.

In response to the comments raised, the Applicant has updated the AHAA, including its unexpected finds methodology. In addition, it agrees to the preparation of a combined Aboriginal and historical archaeological excavation program, including use of geotechnical results and preparation of an interpretation strategy. However, the Applicant states that an Aboriginal archaeological excavation program should only be required if three artefacts/m² are encountered, which it contends is consistent with the industry standard.

OEH maintains its view that an Aboriginal archaeological research and design program should be prepared if one Aboriginal artefact/m² is encountered. It also notes the methodology did not consider the potential of Aboriginal finds within historical archaeological (i.e. post-contact) and disturbed contexts.

The Department notes the AHAA confirms that should Aboriginal artefacts remain on site, they would be of high cultural and social significance.

The Department agrees with OEH that an Aboriginal archaeological research and design program should be prepared if one Aboriginal artefact/m² is encountered as:

- the land has not previously been the subject of detailed archaeological investigation, and is within a location that would have been a focus for Aboriginal occupation
- the existing buildings do not have extensive basement areas and finds could also be encountered within post-contact and disturbed soils
- archaeological artefacts and relics have been found in other nearby CBD sites.

The Department therefore recommends a condition that an Aboriginal archaeological research and design program be prepared if one Aboriginal artefact/m² is encountered, in addition to the other conditions suggested by OEH and the Heritage Council NSW.

5.3.6 Voluntary Planning Agreement

A VPA, agreed between the Applicant and Council, was executed on 27 February 2018 and has been lodged with the NSW Land and Registry Service for registration on the title of the land. The VPA includes the following terms:

- a monetary contribution comprising \$1.9 million towards the refurbishment of Macquarie Place
- refurbishment of Farrer Place
- construction and lease of a service tunnel under Loftus Street
- installation of bronze artwork on the buildings.

The Department is satisfied the VPA between the Applicant and Council is appropriate and commensurate to the nature of the development and will secure benefits for the community. The contribution to the refurbishment of Macquarie Place, the reconfiguration of Farrer Place and the installation of public art will improve the quality of the public domain around the site. Overall, the Department is satisfied the VPA is in the public interest and provides for appropriate benefits for the existing and future communities.

5.3.7 Traffic, parking and servicing

Traffic impact is a key consideration in the Department's assessment of the stage 2 application. The proposal includes loading and unloading facilities and provides 60 bicycle parking spaces for employees and guests. It does not include on-site car parking provision.

A pick-up / drop-off area to the Education Building is proposed within Farrer Place. This forms part of the development application for public domain works being assessed by Council (**Section 1.3**).

The Department's assessment focusses on traffic impacts, servicing and bicycle parking provision.

Traffic impacts

The application includes a Traffic Impact Assessment (TIA), which estimates the proposal will generate a maximum of 24 service vehicle trips per day and 25 guest cars requiring overnight parking in nearby car parks. The TIA concludes the low volume of vehicle movements would have little impact on the surrounding road network, including performance of existing intersections.

RMS confirmed the proposed development is unlikely to have a significant impact on the classified road network. In addition, no objections were raised in public submissions or by Council about potential traffic impacts.

The Department considers the estimated number of vehicle trips generated by the development to be minor and the proposal will not impact on the surrounding local or State road network.

However, in order to further reduce traffic demands and encourage sustainable forms of transport the Applicant proposes the preparation of a travel plan to assist future staff and guests in choosing appropriate transport options to and from the site. The Department agrees that a travel plan is an appropriate tool to encourage sustainable transport choices, and recommends a condition requiring the preparation of a travel plan before the development is occupied.

Servicing

The proposal provides a loading bay within the ground floor of the Education Building accessed by an existing vehicular entry point off Loftus Street. The loading bay can accommodate three vehicles including one 6.4 m small rigid vehicle and two small vans. A draft Loading Bay Management Plan (LDMP) has been submitted with the application.

Council initially raised concern about the dimensions of the loading bay vehicular entrance. In response the Applicant has confirmed that the entrance has been reviewed and complies with Australian Standard AS2890.2 Parking Facilities. TfNSW recommended that a LDMP be prepared prior to first occupation of the development.

The Department notes service vehicles will be able to enter and leave in a forward direction and the LDMP includes appropriate management measures (including delivery booking system, on-site personnel, internal traffic light system, appropriate signage and pedestrian warning system) to ensure the safe and effective operation of the loading bay and prevent vehicle/pedestrian conflicts. The Department is satisfied the number of loading bays is sufficient for the proposal, the space is appropriately designed and can be appropriately managed. The Department therefore recommends a condition requiring the LDMP be prepared prior to the first occupation of the development.

The Department notes that TfNSW provided comments and recommended conditions in relation to the vehicular pick-up / drop-off bay in Farrer Place. However, as noted at **Section 1.3**, public domain works in Farrer Place, including the vehicular pick-up / drop-off bay, forms part of the DA which was approved by Council on 28 March 2018, and therefore does not form part of the current application.

Bicycle parking

FEAR B14 (as amended by the concurrent stage 1 modification application) requires bicycle parking to be provided in accordance with the SDCP (being 74 spaces), unless agreed by the Secretary.

The proposal provides 60 bicycle parking spaces within the lower ground floor level of the Education Building for staff and guests. Lockers and changing rooms are provided for staff within the staff facilities area.

Council has raised concern the proposal provides insufficient bicycle parking spaces and the number of spaces should be increased to reflect the requirements of the SDCP.

The Applicant considers the proposed bicycle parking provision is sufficient for the hotel development and the SDCP 2012 requirements should be applied flexibly considering the heritage significance of the buildings. Notwithstanding, in response to Council's concern, the Applicant has offered to further investigate the possibility of providing a further 14 bicycle parking spaces.

The Department notes cycle routes pass nearby the site at Pitt and Bligh Streets and the provision of bicycle parking on-site is important in promoting cycle use for both hotel staff and guests. The Department also notes the sensitivity of the Education and Lands Buildings and the importance of ensuring alterations do not have an unacceptable impact on heritage significance. However, it considers it is reasonable to require the Applicant to explore options to provide an additional 14 spaces prior to the issue of a Construction Certificate.

The Department therefore recommends a condition requiring a minimum of 60 spaces, with the investigation for an additional 14 spaces provided on site without any unacceptable heritage impacts to the satisfaction of the Secretary prior to the issue of a Construction Certificate.

5.3.8 Construction impacts

The majority of properties surrounding the site are commercial, retail or hotel uses. However, there are two residential buildings opposite the Education Building to the north (38-42 and 44 Bridge Street). The demolition and construction works would generate noise, which has the potential to impact on the amenity of these surrounding residential properties. The stage 1 concept approval requires future development applications to consider construction impacts (FEAR B16).

The Applicant estimates the proposed construction works will take approximately 30 months (2.5 years) to complete and will require the use of a range of typical construction plant and equipment, including (but not limited to) bulldozers, excavators, jackhammers, generators, concrete saws, hand tools and various trucks. The Applicant advises the construction will be undertaken in five stages, being demolition, excavation, structure, façade and services and finishes.

The proposal seeks approval for the following construction hours, which are in accordance with Council's standard construction hours for the CBD:

- 7am to 7pm Monday to Friday
- 7am to 5pm Saturday
- No work on Sunday or public holidays.

Concerns were raised in public submissions about the potential noise and disturbance during construction. In addition to adhering with Council's standard construction hours, Council recommends the preparation of a Demolition, Excavation and Construction Noise and Vibration Management Plan (CNVMP) and establishing a Community Construction Liaison Committee (CCLC).

The Acoustic Report submitted with the application has assessed the impact of construction noise on the residential properties at 38-42 and 44 Bridge Street. The Acoustic Report identifies the existing daytime background noise level at these residences is between 60 and 65 dBA.

The Acoustic Report confirms the noise management level (NML) noise criteria for construction sites established in OEH's Interim Construction Noise Guideline (ICNG) will be applied to the site. This allows an increase of 10 dBA above background noise levels before 5:30pm during the week and before 3:30pm on Saturday and an increase of 5 dBA beyond these hours. The NML for the site is therefore between 65 and 75 dBA.

In applying the worst-case scenario, the Applicant's Acoustic Report anticipates construction noise would not exceed 75dBA. In addition, it confirms:

- existing building walls, which are being retained, will act as noise barriers for external surrounding properties

- the excavation of the basements within the Education Building will generate vibration, but the noise will be mostly shielded by the existing building envelope
- the construction of the additional floors above the existing buildings will generate noise. However, once the building envelope is fully sealed the internal fit out construction activities will generate minimal noise levels to the surrounding receivers.

The Department notes the modelling undertaken assumes a 'typical worst case' scenario, whereby all plant is running continuously. As such the modelling represents the likely noise levels that would occur during intensive periods of work and represent the uppermost range of expected noise levels.

The Department has considered the proposed noise impacts and considers the impacts are acceptable in this instance given the nature of the demolition and construction works required, the existing buildings will act as barriers to mitigate noise impacts, and the relatively few impacted residential properties. In addition:

- the Applicant has agreed to prepare a Construction Environmental Management Plan (CEMP) (including CNVMP) and establish a CCLC, prior to any works commencing, to ensure the impact of construction noise is effectively managed and mitigated
- the modelling has assumed a worst-case scenario and therefore noise impacts are likely to be less than what has been forecast in the Acoustic Report
- the proposed works will be confined to Council's standard construction hours for the CBD and will comply with the ICNG (which allows an increase in noise levels of 10 dBA only before 5.30pm during the week and 5 dBA only before 3.30pm on Saturdays).

In order to appropriately manage other construction impacts, TfNSW has recommended a Construction Pedestrian and Traffic Management Plan (CPTMP) be prepared. In addition, TfNSW also recommended a condition to protect the CBD Rail Link (CBDRL) and Sydney Metro City and South West (SMCSW) rail corridors during construction. Council has recommended the preparation of a Waste Management Plan.

The Applicant has agreed to the above conditions. The Department agrees that these conditions are necessary and appropriate to mitigate likely construction impacts and has recommended the conditions accordingly. The Department also recommends conditions requiring the construction be staged as proposed, the CCLC be established prior to the commencement of works and appropriate construction site management.

5.3.9 Other issues – SSD Application

Consultation

Concern has been raised in public submissions regarding the lack of public consultation.

The Department exhibited the proposed development in accordance with the requirements of the EP&A Act (refer to **Section 4**), and has carefully considered the issues raised in submissions as part of its assessment of the application.

In addition to the Department's exhibition process, the Applicant provided a Consultation Report, which outlines its consultation with key stakeholders, including Council, Heritage Council NSW, TfNSW, RMS, service providers, community groups and affected landowners. The Applicant also held three community consultation sessions in August 2016.

The Department is satisfied that the public consultation undertaken is reasonable and adequate to allow the assessment and determination of the application.

Hours of operation

The proposal outlines the proposed hours of operation for various functions of the hotel and other associated uses, as shown in **Table 12**.

Concern was raised in public submissions that the proposed late-night trading of the Education Building bar use would have an adverse impact on residential amenity.

The Department supports the proposed 24 hour a day, 7 day a week operation of the hotel and the hours of operation of the various ancillary uses (**Table 12**), as this is considered necessary to allow for the appropriate functioning of a modern hotel establishment.

However, as the fit-out and use of the incidental uses (including the Education Building bar and retail and restaurants in the Lands Building) will be the subject of separate future development application(s), the Department considers it inappropriate and premature to consider the proposed hours of operation, and potential late-night trading, of these incidental uses at this stage.

The Department therefore recommends operational conditions that regulate noise, reflect the hours of operation discussed above and that a separate development application is required for the fit-out and operation of all incidental uses, including the Education Building bar, and retail and restaurants on the lower ground level of the Lands Building.

Table 12: Proposed hours of operation (7 days a week)

Use	Council's Standard Hours of Operation	Hours of Operation	Difference	
			AM	PM
Hotel	N/A	24 hours	N/A	N/A
Education Building - Ancillary Hotel Uses				
Ballroom/Event Space and Kitchen (Basement 1, 764 m ²)	7am – 1am	6am to 2am	+1hrs	+1hrs
Events/Function (Lower Ground 416 m ²)		6am to 2am	+1hrs	+1hrs
Events/function and kitchen (Ground 683 m ²)		6am to 2am	+1hrs	+1hrs
Bar (Ground 44 m ²)		12pm to 2am	0	+1hrs
Bar (Ground 174 m ²)		6:30am to 12am	0	0
Restaurant (Ground 274 m ²)		6:30am to 10:30pm	+30min	0
Pool/Spa	N/A	6:30am to 10:00pm	N/A	N/A
Gym	N/A	24 hours	N/A	N/A
Education Building – Incidental Hotel Uses				
Bar (Lower Ground 112 m ²)	7am – 1am	5pm to 2am	0	+1hrs
Lands Building - Ancillary Hotel Uses				
Guest Lounge (Level 2 349 m ²)	N/A	24 hours	N/A	N/A
Guest Lounge/Breakfast Bar (Level 3 251 m ²)	7am – 1am	6:30am to 12am	+30min	0
Meeting/Event/Gallery (Level 5 69 m ² and Level 6 148 m ²)		6:30am to 10pm	+30min	0
Spa	N/A	6:30am to 10pm	N/A	N/A
Gym	N/A	24 hours	N/A	N/A
Lands Building – Incidental Hotel Uses				
Retail and Restaurants (Lower Ground 1,078 m ²)	7am – 1am	6:30am to 10:30pm	+30min	0

Fit-out and use of incidental uses

Concerns were raised in public submissions that the proposed Education Building bar facing Farrer Place is not an approved use under the stage 1 concept approval, and this would result in the adverse removal of internal historic fabric.

As discussed previously, the fit-out of incidental uses will be the subject of separate development applications, and any heritage impacts would be appropriately considered as part of the assessment of these applications.

The Department notes:

- restaurants and bars are permissible within the B8 Metropolitan Centre zone
- the fit-out of the Education Building bar, including its heritage impacts, will be considered in detail as part of a future development application
- the SHI and CMP both confirm that heritage impacts can be appropriately managed and mitigated.

The Department recommends a condition requiring the submission of separate development application(s) to Council for the fit-out and operation of all incidental hotel uses.

Contamination / Remediation

The Department's assessment of the stage 1 concept proposal considered the potential for encountering contaminants during the excavation and construction. The stage 1 application was accompanied by a preliminary contamination assessment, which found that the original construction of both buildings remains generally unchanged and the risk of contamination is relatively low. While noting that the current uses on site present relatively low risk for any significant environmental contamination, the Department's assessment recommended a detailed site investigation accompany any future application.

The Applicant submitted a preliminary remediation action plan (RAP), which notes, except for some potentially contaminated fill material below the current structures and foundations, there is no evidence of land use that would have caused odorous, gaseous, volatile or groundwater contamination. The RAP concludes that considering space constraints of the proposed development and the fill assessment (undertaken by PSM in 2017), the preferred remedial option for management of fill material is in situ characterisation, direct off-site disposal and validation, and that subject to the implementation of the preliminary RAP, the site can be made suitable the intended land use.

Based on the information provided by the Applicant, the Department considers the risk of contamination to be relatively low, and is satisfied, subject to the implementation of the preliminary RAP, the site can be made suitable for the proposed use, as required by State Environmental Planning Policy No. 55 – Remediation of Land.

However, given the constraints of existing buildings and structures on the site and in order to confirm whether remediation is ultimately required, the Department recommends conditions requiring a detailed environmental site investigation be carried out prior to construction commencing. Depending on the findings of this investigation, recommended conditions require the Applicant to provide evidence demonstrating that the site is suitable for the proposed use without remediation or whether remediation is required to make the site suitable for the proposed use.

Solar glare

Concerns were raised in public submissions that the proposed roof extension to the Education Building may result in reflected solar glare, which will adversely impact on the neighbouring property at 44 Bridge Street. The DRP recommended consideration be given to selecting appropriate materials to prevent unacceptable solar reflection.

The Applicant has confirmed that materials shall be selected so that light reflectively from the building would not exceed 20% in accordance with the City of Sydney Development Control (SDCP 2012).

The Department is satisfied that reflectivity up to 20% is acceptable and in accordance with its, and the Council's, standard approach to ensure that solar glare is limited and would not have an adverse impact on amenity, pedestrians or drivers. The Department therefore recommends a condition requiring that reflectivity be limited to a maximum of 20% as noted above.

Ecologically Sustainable Development

As noted in **Section 3.6**, the Applicant notes the proposal is capable of achieving a minimum of 4 Star Green Star equivalent rating, as part of its proposed ESD initiatives and measures. However,

the Applicant is not pursuing a formal green star rating, as one does not exist for hotels and achieving specific performance measures is constrained given the retention of the existing heritage building.

While noting the constraints of achieving particular measures within an existing heritage building, Council advises that a formal NABERS Energy Commitment Agreement mechanism exists specifically for new hotels and achieving a 4 star NABERS rating would not require modifications to the building fabric. Council advises that this rating can be achieved through commitments to energy efficient lighting, space heating cooling, water heating and other services within the hotel.

The GA NSW has recommended the new built components should be subject to achieving equivalent 4 Green Star rating without being coupled to the existing sandstone buildings. In addition, natural ventilation should be employed where possible to reduce loads on air-conditioning.

The Department agrees with the approach suggested by Council and GA NSW, as this imposes a specific performance measure that is reasonable and achievable, while noting the constraints of the proposal being the adaptive reuse of existing heritage building. The Department recommends conditions accordingly.

The Department considers the modern design of the proposed new extensions and their location above the existing retained sandstone buildings means they should be capable of incorporating natural ventilation into the design, which would further improve their environmental performance. The Department therefore recommends a condition requiring the further consideration of natural ventilation.

Mechanical ventilation

Council has requested details of mechanical ventilation capacity for the retail tenancies and discharge points, and recommended conditions regarding the design and operation of mechanical ventilation and plant equipment.

In response, the Applicant has provided additional information confirming the likely location and design of ventilation. The Applicant confirms these will be located adjacent to lift overruns and will not rise above the building envelopes.

The Department is satisfied the proposed development has considered the likely exhaust needs of the development and notes these specifications will be finalised during the design development. The Department recommends conditions requiring the appropriate installation and maintenance mechanical ventilation plant.

Public Art

The application includes a draft Public Art Strategy, which encourages art that will complement the history of the site and is in accordance with Council's *Public Art in Private Developments Guideline*. In addition, the VPA includes the installation of bronze artwork to the buildings.

Council suggests a condition requiring the Public Art Strategy be finalised. Considering the scale and nature of the development, the Department agrees with Council that public art is warranted and recommends a condition requiring the preparation of a Public Art Strategy.

6. CONCLUSION

The Department has assessed the merits of the proposals taking into consideration the issues raised in submissions as well as the Applicant's response to these, and is satisfied the impacts have been satisfactorily addressed by the proposal and through the Department's recommended conditions.

The Department's assessment concludes the increase in height of the Education Building by 1.34 m is minor in nature and would not have any unacceptable heritage, built form or amenity impacts. The

introduction of a new building envelope and roof form to the Lands Building would not be highly visible, facilitates the removal of the existing modern metal roof and would not have adverse heritage impacts.

The proposed extensions to the Education Building and new roof to the Lands Building are considered to deliver a high standard of architectural design and appearance, will not adversely impact on the heritage significance of the Lands and Education Buildings and overall contribute positively to their appearance of the buildings.

The Department has carefully considered the internal alterations to the Lands and Education Buildings and has recommended the suite of detailed heritage conditions suggested by the Heritage Council NSW and Council to safeguard the heritage significance of the site. In addition, the Department has also recommended conditions to ensure the appropriate protection and recording of archaeological resources during the construction phase of the development.

The Department is satisfied construction impacts can be appropriately managed and mitigated and includes conditions to address impacts on residential amenity. Further, the Department concludes the proposal would not have adverse traffic or servicing impacts. Light reflection impacts are considered acceptable and the development will include public art and heritage interpretation.

The Department recommends a condition requiring the fitout, use and associated hours of operation of the incidental uses are subject to separate future development application(s).

The proposal has been designed in accordance with ESD principles and the Department has recommended a condition requiring the hotel development achieve a 4 star NABERS rating and also consider the further incorporation of natural ventilation into the design of the new roof extensions.

The adaptive re-use of the Sandstone Precinct buildings will increase the activation of (and add further vitality to) the northern end of Sydney CBD and provide the opportunity for greater public access to and enjoyment of these heritage buildings. The proposals also provide the following significant benefits:

- a positive outcome through the evolution of the buildings heritage significance, architectural character and public accessibility of the heritage items and surrounding public domain
- strengthen the City's role in the global economy and encourage a range of new opportunities for workers, visitors and the wider community in a centrally located, highly accessible part of the CBD
- provide hotel accommodation that has excellent access to public transport (bus, train, light rail and ferry), employment, other social infrastructure
- provide new hotel accommodation within the heart of the CBD to complement existing uses
- contribute towards employment growth by providing an estimated 240 jobs during the construction phase and 300 jobs at the operational stage.

Overall the development is a significant urban renewal project, which sensitively responds to the heritage significance of the Sandstone Precinct while providing for new high-standard hotel accommodation. The proposal will provide significant public benefit, as noted above. Subject to the recommended conditions, the Department concludes the proposals are in the public interest and recommends the applications for approval.

7. RECOMMENDATION

It is recommended that the Executive Director, Key Sites and Industry Assessments, as delegate of the Minister for Planning:

- a) **considers** the recommendations of this report
- b) **approves** the modification application (SSD 6751 MOD 2) under section 4.55(2) of the EP&A Act, having considered matters in accordance with (a) above
- c) **approves** the SSD application (SSD 7484), under section 4.38 of the EP&A Act, having considered matters in accordance with (a) above
- d) **signs** the instrument of modification at **Appendix D** and development consent at **Appendix E**.



Amy Watson
Team Leader
Key Sites Assessments



Ben Lusher
Director
Key Sites Assessments

Anthea Sargeant
Executive Director
Key Sites and Industry Assessments

APPENDIX A RELEVANT SUPPORTING INFORMATION

The following supporting documents and supporting information to this assessment report can be found on the Department of Planning and Environment's website as follows.

1. Environmental Impact Statements

http://majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=8064

http://majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=7484

2. Submissions

http://majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=8064

http://majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=7484

3. Applicant's Response to Submissions

http://majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=8064

http://majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=7484

APPENDIX B CONSIDERATION OF ENVIRONMENTAL PLANNING INSTRUMENT(S)

ENVIRONMENTAL PLANNING INSTRUMENTS (EPIs)

To satisfy the requirements of section 4.15(1)(a)(i) of the EP&A Act, this report includes references to the provisions of the EPIs that govern the carrying out of the project and have been taken into consideration in the Department's environmental assessment.

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
- Sydney Regional Environmental Plan (Sydney Harbour Catchment) 2005
- Draft Remediation of Land State Environmental Planning Policy
- Draft Environment State Environmental Planning Policy.

COMPLIANCE WITH CONTROLS

State Environmental Planning Policy (State and Regional Development) 2011 (SRD SEPP)

Relevant Sections	Consideration and Comments	Complies?
3 Aims of Policy The aims of this Policy are as follows: (a) to identify development that is State significant development,	The proposed development is identified as SSD.	Yes
8 Declaration of State significant development: section 4.36 (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.	The proposed development is permissible with development consent. The development is specified in schedule 2.	Yes
Schedule 2 State significant development — identified sites 13 Cultural, recreation and tourist facilities (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.	The proposal is SSD as it involves the adaptive reuse of the Lands and Education Buildings (State heritage items, so an environmentally sensitive area) for tourist and visitor accommodation, including associated ancillary uses and the proposal has a CIV of in excess of \$10 million (\$247,727,775).	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 applies to any site that is within or adjacent to an interim rail corridor that involves excavation of 2 m 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 10 m.

The site sits above an interim rail corridor as identified within the SEPP Infrastructure maps and includes interim underground rail lines which sit approximately 60 metres below the site. The proposal seeks to construct 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.

TfNSW have not raised any concerns with regards to the proposed subterranean space but have recommended conditions to protect future rail tunnels and requiring the Applicant to undertake ongoing consultation with TfNSW. The Department agrees with these conditions and they have been recommended accordingly.

State Environmental Planning Policy No. 55 - Remediation of Land

The potential for encountering contaminants arising from the basements and tunnel linking the Lands and Education Buildings was considered as part of the stage 1 concept approval. The stage 1 approval was supported by a preliminary contamination assessment report. The report found the original construction of both buildings is generally unchanged and consequently the risk of contamination is relatively low. In addition, the current uses of both buildings present a low risk for any significant environmental contamination.

While the stage 2 application notes that the site is suitable for the proposed development, it advises further testing is required prior to excavation. The Applicant:

- advised, except for some potentially contaminated fill material below the current structures and foundations, there is no evidence of land use that would have caused odorous, gaseous, volatile or groundwater contamination
- provided a preliminary remediation action plan (RAP), which concludes that considering space constraints of the proposed development and the fill assessment (undertaken by PSM in 2017), the preferred remedial option for management of fill material is in situ characterisation, direct off-site disposal and validation, and that subject to the implementation of the preliminary RAP, the site can be made suitable the intended land use.

Based on the information provided by the Applicant, the Department considers the risk of contamination to be relatively low, and is satisfied, subject to the implementation of the preliminary RAP, the site can be made suitable for the proposed use, as required by *State Environmental Planning Policy No. 55 – Remediation of Land*.

The Department recommends conditions requiring a detailed environmental site investigation be carried out prior to construction commencing. Depending on the findings of this investigation, recommended conditions require the Applicant to provide evidence demonstrating that the site is

suitable for the proposed use without remediation or whether remediation is required to make the site suitable for the proposed use.

Draft Remediation of Land State Environmental Planning Policy

The Department is reviewing all State Environmental Planning Policies to ensure they remain effective and relevant and SEPP 55 has been reviewed as part of that program. The Department recently published the draft Remediation of Land State Environmental Planning Policy (Remediation SEPP), which was exhibited until April 2018.

Once adopted, the Remediation SEPP will retain elements of SEPP 55, and add the following provisions to establish a modern approach to the management of contaminated land:

- require all remediation work that is to be carried out without development consent, to be reviewed and certified by a certified contaminated land consultant
- categorise remediation work based on the scale, risk and complexity of the work
- require environmental management plans relating to post-remediation management or ongoing management of on-site to be provided to Council.

The new SEPP will not include any strategic planning objectives or provisions. Strategic planning matters will instead be dealt with through a direction under section 117 of the EP&A Act.

The Department considers the development is consistent with the draft Remediation SEPP subject to the recommended conditions discussed above.

Sydney Regional Environmental Plan (Sydney Harbour Catchment) 2005

Sydney Regional Environmental Plan (Sydney Harbour Catchment) 2005 (SREP) 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
- 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 Principles of the SREP and will not have any significant adverse impact on the Sydney Harbour Catchment. The proposal recognises and aids to conserve the heritage value, fabric, setting and views associated with the Lands and Education Buildings.

The proposal is considered to make a positive contribution to the evolution of the heritage significance, architectural character and public accessibility of the two heritage buildings.

Draft Environment State Environmental Planning Policy

The Department has been working towards developing a new policy for the protection and management of our natural environment and has recently published the draft Environment State Environmental Planning Policy (Environment SEPP), which was exhibited until January 2018.

Once adopted, the Environment SEPP will consolidate seven existing SEPPs (including the SREP) to simplify the planning rules for a number of water catchments, waterways, urban bushland, and Willandra Lakes. These environmental policies will be accessible in one location, and updated to reflect changes that have occurred since the creation of the original policies.

The Department considers the development is consistent with the draft Environment SEPP and will not have any significant adverse impact on the Sydney Harbour Catchment.

Other Policies

In accordance with clause 11 of the State & Regional Development SEPP, Development Control Plans do not apply to State significant development. Notwithstanding, the objectives of relevant plans and policies that govern the carrying out of the project are appropriate for consideration in this assessment in accordance with the SEARs.

An assessment of the proposal against the relevant tourist and visitor accommodation controls within the City of Sydney Development Control Plan (DCP) 2012 is set out below.

Table 13: DCP 2012 visitor accommodation controls compliance table

Controls	Compliance
Section 4.4.8.1 – General Provisions	
(1) New development must be self-contained with no common access ways with adjoining properties.	The hotel will be self-contained.
(2) A site manager must be on site when guests have access to the premises. For premises with less than 20 residents, a resident caretaker may be acceptable.	The hotel will be staffed at all times.
(3) For safety reasons, sleeping rooms are not to include triple-tier bunks and cooking facilities in sleeping rooms.	No triple-tier bunks or cooking facilities are proposed in rooms.
(4) Internal partitions must be considered within sleeping rooms to provide privacy between beds.	While a general control, this control is most relevant to backpackers' accommodation or other accommodate in which strangers share rooms. The proposal includes a range of hotel rooms and suites, but would not conventionally include room partitions.
(5) All toilet and shower facilities, including communal facilities, are to be screened for privacy.	All rooms have separate ensuites.
(6) A Plan of Management and a Noise Management Plan must be submitted with the development application.	A Plan of Management including noise mitigation measures was submitted with the application.
Section 4.4.8.3 Additional provisions for hotels, private hotels and motels	
(1) The maximum number of persons accommodated in a bedroom or dormitory is to be determined on the basis of a minimum of: (a) 3.25sqm per person per sleeping room (b) 5.5sqm per person for rooms occupied by guests staying longer than 28 days.	Bedrooms exceed the minimum size and could each sleep at least three people.
(2) The maximum permitted length of stay is 3 months.	A condition is recommended requiring the operation of the hotel comply with these provisions of the DCP.
(3) Where accommodation is provided for more than 28 consecutive days, no more than two adults and one child are permitted per room.	
(4) Individual, secure, lockable storage facilities of a minimum capacity of 0.6 cubic metres per person is to be provided to allow guests to individually store baggage and travel items within the sleeping room.	
(5) Where rooms include a small kitchenette, provide adequate cupboards and shelves	Rooms do not include kitchenettes.

APPENDIX C CONSISTENCY WITH THE CONCEPT APPROVAL

An assessment of the proposal against the relevant stage 1 concept approval requirements and FEARs of the stage 1 approval (as amended, refer to **Section 5.3.2**) is provided below.

Table 14: Stage 1 Approval compliance table

Condition	Assessment	Compliance
Development		
Stage 1 Concept Proposal for tourism and visitor accommodation including associated ancillary uses for: <ul style="list-style-type: none"> • adaptive reuse of the Lands Building and Education Building for tourist and visitor accommodation, and ancillary uses; • a building envelope up to RL 60.03 (approximately 3 additional storeys) above the Education Building; • introduce a building envelope to the roof of the Lands Building with a maximum height of RL 38.50 and GFA of 1,582 m²; and • an indicative subterranean building envelope below the Lands Building and Education Building, under Loftus Street, Farrer Place and Gresham Street. 	The Education Building extension is wholly contained within the building envelope (Section 5.3.2).	Yes
Built Form and Design Quality		
B1 Future Development Applications shall ensure that development above the existing parapet of the Education Building achieves a high quality design and: <ul style="list-style-type: none"> a) gives 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 b) minimises potential overshadowing of the 1 Bligh Street steps during the core lunch period of 12 noon to 2 pm in mid winter c) presents as a contemporary projection of the existing building and be visually subservient to the existing building d) uses materials and detailing that respect and are submissive to the heritage sandstone facades of the Education Building e) maintains the legibility of the existing light well as a central element with clear views to the sky. 	Complies, as described in Table 11 .	Yes
B1A All roof plant, services and ductwork shall be contained within the approved stage 1 envelopes and stage 2 roof forms.	Complies, and condition recommended on stage 2 development consent (Section 5.2.2).	Yes
B2 A Design Review Panel shall be established by the applicant prior to the lodgement of any Future Development Application. Prior to the establishment of the Design Review Panel the applicant shall prepare and submit the following for the Secretary's approval: <ul style="list-style-type: none"> a) a detailed brief for the Design Review Panel which clearly outlines: 	A DRP was established and endorsed the stage 2 design (Section 5.3.3).	Yes

	<ul style="list-style-type: none"> the project details including design objectives and requirements as outlined in the endorsed Conservation Management Plans and conditions of approval the purpose and role of the Design Review Panel which includes reviewing and providing input and feedback to the detailed design to ensure achievement of the design objectives and requirements. <p>b) the members selected for the Design Review Panel which shall comprise a minimum of three independent design advisors that have appropriate experience with adaptive re-use and heritage conservation projects, and also an understanding of the functionality and commerciality of tourism accommodation projects.</p> <p>Any future Stage 2 Development Application proposal shall be endorsed by the Design Review Panel.</p>		
Heritage and Archaeology			
B4	Future Development Applications shall comply with the endorsed Conservation Management Plans for the Department of Education Building and the Lands Building, prepared by GBA Heritage dated May 2017 and endorsed by the Heritage Council NSW on 7 June 2017.	The Applicant submitted the CMP to the Heritage Council NSW, which endorsed the CMP on 7 June 2017 (Section 5.2.3). The proposed development has been designed in accordance with the CMP's strategies and policies to conserve the Lands and Education Buildings in the context of their adaptive reuse as a hotel facility.	Yes
B5	Future Development Applications shall include a detailed Heritage Impact Assessment and a Heritage Interpretation Strategy for the proposed works.	A SHI, including heritage interpretation, was submitted with the stage 2 application. Conditions are also recommended requiring heritage interpretation (Section 5.3.4).	Yes
B6	Future Development Applications involving any excavation shall include a detailed aboriginal and historical archaeology assessment which includes an assessment of the urban archaeological site, impact assessment, proposed mitigation measures and proposed preservation processes. This shall be undertaken in close consultation with the local Aboriginal community group	An Aboriginal and Historical Archaeology Assessment was submitted with the application and has been reviewed by OEH and the Heritage Council NSW. The Department has recommended conditions regarding investigation, monitoring, recording and safeguarding archaeological resources during construction (Section 5.3.5).	Yes
B7	Prior to lodgement of Future Development Applications, the Applicant shall consult closely with City of Sydney Council and NSW Heritage Council to	The Heritage Council NSW and Council have been consulted on the proposal and recommended	Yes

	ensure the proposal is appropriately designed to minimise heritage impacts.	conditions, and do not object (Section 5.3.4).	
Subterranean Space			
B8	Future Development Applications that involve the development of any subterranean space within the public or road reserve shall include an agreement with the owner of this land for development of that space prior to the determination of the application.	Council has given its land owner's consent and the Applicant has entered into a VPA with Council (Section 5.3.6).	Yes
B9	Future Development Applications involving any excavation shall include detailed geotechnical and structural investigations to ensure the development does not impact on future rail tunnels.	A Geotechnical Desktop Study was submitted with the application. The Department has recommended conditions to safeguard rail corridors.	Yes
Utilities			
B10	Future Development Applications shall include detailed investigations and assessment of the impact on utilities.	An Engineering Infrastructure Report was submitted with the application, which confirms the utilities and services can be appropriately provided without any adverse impacts.	Yes
Noise Management			
B11	Future Development Applications shall address potential operational noise and construction noise impacts, and soil, water and waste management.	The Applicant's Acoustic Report concludes the development can be appropriately managed and impacts mitigated during construction and operation. The Construction Waste Management Plan includes mitigation measures to ensure waste is appropriately managed. The Department also recommends conditions relating to noise and waste management.	Yes
Flooding and Stormwater			
B12	Future Development Applications shall include a Flood Impact Assessment report including a flood hazard management plan.	A Stormwater Management Plan was submitted with the application which confirms the site is not flood affected and includes stormwater management measures. The Department recommends conditions relating to stormwater management.	Yes
Environmental Performance			
B13	Future Development Applications will demonstrate the incorporation of Ecological Sustainable Development principles in the design, construction and ongoing operation phases of the development as per the ESD report prepared by ARUP dated 27 November 2014.	The development has been designed in accordance with ESD principles (Section 3.7) and the Department has recommended the development achieving a 4-	Yes

		star NABERS rating (Section 5.3.9).	
Traffic and Transport			
B14	Future Development Applications shall provide bicycle access and servicing in accordance with Sydney Development Control Plan 2012 or where compliance is unable to be achieved due to potential adverse heritage impacts to the building fabric, to the satisfaction of the Secretary following consultation with Council.	The proposal provides 60 bicycle spaces, rather than the 74 required in the SDCP. The Department recommends a condition requiring the investigation into providing the additional 14 spaces (Section 5.3.7).	Yes
B15	Future Development Applications shall include a loading dock management plan that will detail servicing requirements.	A Loading Dock Management Plan, including vehicle swept path analysis, was submitted with the application and is considered acceptable Section 5.3.7).	Yes
Construction			
B16	<p>Future Development Applications shall provide analysis and assessment of the impacts of construction and include:</p> <ul style="list-style-type: none">a) Construction Transport Management Plan, addressing traffic and transport impacts during constructionb) Cumulative Construction Impact Assessment (i.e. arising from concurrent construction activity)c) Noise and Vibration Impact Assessments, addressing noise and vibration impacts during constructiond) Community Consultation and Engagement Plans, addressing complaints during constructione) Construction Waste Management Plan, addressing waste during constructionf) Air Quality Management Plan, addressing air quality during constructiong) Water Quality Impact Assessments and an Erosion and Sediment Control Plan (including water discharge considerations) in accordance with 'Managing urban stormwater, soils and construction (Landcom 2005)'h) Acid Sulphate Soil Assessment and Management Plan. <p>The plans referred to above may be prepared as part of a construction environmental management plan which is prepared and implemented under the conditions of any consent granted by Future Development Applications</p>	A draft Construction Environmental Management Plan (CEMP), was submitted with the application. The Department recommends conditions requiring it be finalised.	Yes

APPENDIX D RECOMMENDED INSTRUMENT OF MODIFICATION

APPENDIX E RECOMMENDED CONDITIONS OF CONSENT
