

15 June 2006

Director General
Department of Planning
23-33 Bridge Street
SYDNEY NSW 2001

Dear Sir,

**Royal North Shore Hospital Redevelopment
Request for listing – Schedule 3 SEPP Major Projects**

We are writing on behalf of NSW Health, the proponent of redevelopment of The Royal North Shore Hospital Campus at St Leonards, to request that the site of the project be included in Schedule 3 of State Environmental Planning Policy (Major Projects). A draft Schedule 3 listing is attached.

In response to a request from the Minister for Health, on 8 March 2006 the Minister for Planning agreed that the proposed redevelopment of the RNSH site constitutes a 'Major Project' and authorised the submission of a 'Concept Plan' under Part 3A of the EP&A Act. He also agreed to consider listing the site under Schedule 3 of the SEPP, subject to consideration of the following matters. We note that, as specifically requested, we have included cross references to the associated draft Concept Plan. However, this request does not rely upon that document, which at the time of writing had not been finalised. Listing under Schedule 3 is sought solely on the basis of the following considerations.

The State or regional planning significance of the site (having regard to the 'Draft Guideline - State Significant Sites', dated 24 July 2005):

The Department of Planning's (DoPs) 'Draft Guideline - State Significant Sites', dated 24 July 2005, provides that when considering whether a site can be categorised as being of State significance, the Minister will consider whether the site meets one or more of the following criteria:

- (a) *be of regional or state importance because it is in an **identified strategic location (in a State or regional strategy), its importance to a particular industry sector, or its employment, infrastructure, service delivery or redevelopment significance in achieving government policy objectives;** or*
- (b) *be of regional or state environmental conservation or natural resource importance in achieving State or regional objectives. For example protecting sensitive wetlands or coastal areas; or*
- (c) *be of regional or state importance in terms of amenity, cultural, heritage, or historical significance in achieving State or regional objectives. For example **sensitive redevelopment of heritage precincts;** or*
- (d) *need alternative planning or consent arrangements where:*
 - (i) *added transparency is required because of potential conflicting interests*
 - (ii) ***more than one local council is likely to be affected.***

In these regards the site is located within the St Leonards 'Specialist Centre' that is specifically identified under the Metro Strategy due to the State Significance of the Hospital, its critical role in the medical industry sector, and the transport and economic significance of housing and employment planned in association with the hospital and St Leonards Railway Station. As discussed at Sections 3.1 and 8.2 of the proposed Concept Plan for the site, development of the site is therefore clearly consistent with Criteria a) for State Significance identified above.

The original grouping of hospital buildings proposed to be conserved as the focus of the Concept Plan, while not currently listed on the State Heritage Register, are nevertheless considered to be of heritage significance to the State. We also note that while within Willoughby LGA, the site is adjacent to both the Lane Cove and North Sydney LGAs (see Figure 2 of the proposed Concept Plan for the site).

The **suitability of the site** for any proposed land use taking into consideration environmental, social or economic factors, the principles of ecologically sustainable development and any State or regional planning strategy

The locality, and the northern Sydney health care network, has evolved around the location of the hospital on the site over the last 100 years. Reinforcement of the hospital and the addition of supplementary employment, housing and other uses near the adjacent St Leonards Railway Station is directly consistent with sound environmental, social, economic and sustainability practices.

The State Government's recently released 'Metro Strategy' (see Sections 3.1 and 8.2.1 of the proposed Concept Plan for the site) targets growth from 25,166 to 33,000 jobs in St Leonards between 2001 and 2031, requiring the creation of an additional 7,834 jobs, with the specialist medical facilities associated with the RNSH identified to be a significant driver of this growth (Strategy A – Economy and Jobs). The supporting Draft St Leonards strategy (see Sections 3.1 and 8.2 of the proposed Concept Plan for the site) recommends that approximately 3,250 new jobs (in addition to the existing hospital jobs), should be accommodated on the site (Section 3.1B 'Targetted Change'). The economic analysis undertaken as part of the Draft St Leonards Strategy confirmed that this target is economically feasible (Section 3.1 'Is a Medical Specialty Credible?').

With regard to housing, the Metro Strategy (Section C - Housing) targets the 'Inner North' region to grow from 129,256 to 159,000 dwellings over the next 30 years (see Figure C9 of Metro Strategy), with 2,000 - 5,000 of these dwellings targeted to be provided in the St Leonards Town Centre). To achieve this target, the Draft St Leonards Strategy suggests that approximately 1,500 residents should be provided on the hospital site (see St Leonards Strategy – More Homes).

The Strategy also encourages shops and other ancillary uses to serve the local resident and worker population, including convenience shops, potentially a larger supermarket, small-scale specialty shops, banks, bars, cafes, restaurants and community facilities (see St Leonards Strategy – Section 3.3 More Shopping and Leisure Activities)..

The proposed Schedule 3 listing, and the associated Concept Plan are proposed to directly implement these targets. The suitability of the site to accommodate the proposed land use densities was taken into account during the analysis and preparation of the Draft Strategy and have informed the recommendations as to how the Metro Strategy targets should be achieved. The Draft Strategy endorses the proposed quantum and mix of land uses. The Concept Plan can therefore be seen to be the outcome of an

extensive iterative process of strategic planning by both State and local government, commencing at the broad regional level, being refined to the town centre level, and now being translated into a precinct basis. The final stage of this process will be the approval of project applications for actual building designs on individual sites.

*The implications of any proposed land use for local and regional **land use, infrastructure, service delivery and natural resource planning**:*

The hospital itself is a vitally significant component of public infrastructure of formally identified significance to the region and indeed the State. Additional associated development will capitalise upon the significant investment that has already been made in the infrastructure of St Leonards (see Metro Strategy Objective A2), including bus and rail transport in a manner consistent with sound resource planning. It will facilitate the reinforcement of St Leonards as a 'specialist centre' of health care employment in accordance with the specific recommendations of both the 'Metro' and Draft St Leonards strategies.

While it is expected that some existing tenants within St Leonards may relocate into the proposed new commercial buildings, such tenants/employment will not be lost to St Leonards, but merely housed in newer premises, closer to the hospital. Buildings vacated by such tenants will either create capacity for new employment growth, or become available for redevelopment. In the case of numerous older style multiple tenanted buildings, this will create a valuable opportunity to update outdated building stock in accordance with current planning objectives, market demands and building standards.

It is important to note that the total Concept Plan is envisaged to take some ten years to fully implement, with individual buildings being incrementally released to the market over time. This will allow the established commercial office space market to gradually absorb the impact of new floor space, without creating vacancy 'shocks'.

*The local and regional **economic impacts of permitting additional commercial/research floor space within the site and adjacent to the St Leonard's employment area and within the context of the "Global Economic Corridor"***

The site is centrally located within the global corridor in a highly accessible location. Additional commercial/research floor space is directly consistent with the regional role of St Leonards identified in the Metro Strategy as a 'specialist (medical) centre' within the Global Corridor (see Metro Strategy Figure 2).

The draft St Leonards Strategy included economic analysis of the feasibility of the growth targets specified in the Draft Strategy (see Draft St Leonards Strategy Section 3.1), including the approximate quantum of development currently proposed on the site. This analysis found that the targets were economically feasible.

*The **impacts on other identified employment and/or health-related specialist centres including Westmead, Randwick, and Macquarie Park in relation to shifting economic opportunities***

The proposed redevelopment of the hospital will significantly improve the quality, efficiency and amenity of the buildings within which the hospital is housed. However, it will not materially change the overall

scale or range of functions provided by the hospital. The hospital redevelopment will therefore have no functional effect on the position of RNSH in the hierarchy of specialist medical centers in the Sydney Metropolitan Region.

Furthermore, the Northern Sydney region is functionally independent of other health regions, with Royal North Shore as the primary facility serving the region. While some specialist facilities serve a broader region, envisaged improvements to the hospital will improve the level of care provided in the northern region, rather than expand the physical catchment served by the hospital.

With regard to the new private sector commercial development proposed on land made surplus by the hospital redevelopment, the provision of such employment potential is directly consistent with the Metro Strategy. While the hospital will encourage the development of this capacity in a manner that contributes to the establishment of the medical specialist centre sought in the Metro Strategy, the degree to which medical businesses take up the space relative to centers in other regions will be a function of market demand and the competitiveness of St Leonards relative to those other centers.

The local and regional **traffic and transport impacts** and modal share of private and public transport

The provision of a significant density of employment and housing capacity immediately opposite a major railway station, within an existing town centre will facilitate a regionally significant potential shift away from private vehicle use. The realisation of this regionally significant potential, and potential local traffic impacts will be managed through the implementation of a Transport Management and Access Plan (TMAP). The TMAP accompanies the Concept Plan.

Those parts of the site, which should be subject to Part 4 of the EP&A Act, with **Willoughby Council as consent authority**

As detailed in the proposed Schedule 3 listing, it is proposed that all development on the site for 'hospital' purposes with a capital investment value of more than \$15 million, or any development on the site with a capital value of more than \$50 million will be defined a 'Major Project, for which the Minister is the consent authority under Part 3 of the Act. All other development will subject to Part 4 of the Act, for which Willoughby City Council is generally the consent authority. This is consistent with the current classification of state significant 'hospital' development and 'construction projects' already contained in Schedule 1 of SEPP Major Projects.

The **development controls** for the site that should be included in Schedule 3

Development Controls relating to land use, floor space ratio, heritage, overshadowing and height are included in the proposed Schedule 3 listing. The planning basis and environmental effects of development of the site in accordance with these controls is detailed in the Concept Plan. In summary, the proposed controls are:

- Height – See Section 7.9 of the proposed Concept Plan for the site.
No additional overshadowing of the playing surface of Gore Hill Oval or any property east of Herbert Street between 10.00am and 2.00pm on any day – See Section 7.9 of the proposed Concept Plan for the site.

- Floor area – See Section 7.5 of the proposed Concept Plan for the site
The total 'gross floor area' in the 'Mixed Use' zone is not to exceed 180,000m², and not less than 50,000m² of this floor area is to be used for non-residential, employment generating uses.
- Heritage – See Section 7.9 of the proposed Concept Plan for the site
The following are formally identified as 'heritage items':
 - Building 7 'North Sydney Brick and Tile Co Building'
 - Building 9 'Lanceley Cottage'
 - Building 29 'Original Pavilion Wing Building'
 - Building 30 'Second Pavilion Wing Building'
 - Building 31 'Vanderfield Building'
 - Building 32 'Ansto Building'
 - Building 33 'Orthotics/Dietetics Building'

Incentives are included to allow these heritage items to be used for any purpose if that purpose is consistent with their heritage values, and an adopted Conservation Management Plan. Such plan/s are required to be approved by the Minister prior to the submission of any project application relating to a heritage item.

*The means by which **developer contributions** should be secured in respect of the site*

A Draft Statement of Commitments is included at Section 9 of the Concept Plan submitted for the site. This details the various contributions, additional studies, applications and works the proponent commits to undertake in association with the project. The mechanics of how and when these commitments will be confirmed and delivered will be subject to ongoing consultation during the Concept Plan process. This may involve the implementation of various 'developer agreements' between the Department of Health and the Department of Planning prior to final approval of the Concept Plan.

Heritage and Archaeology issues (including Aboriginal)

Detailed Heritage and Archaeological Investigations undertaken by Godden Mackay Logan accompany the Concept Plan. These investigations identify little potential for aboriginal archaeology. They include a detailed history of the site (see Sections 3.4.2 of the Concept Plan) and assessment of the heritage significance of the site and specific built and landscape elements (see Sections 8.4 of the Concept Plan). With the exception of the boiler house chimney, all elements identified as being of 'high' heritage significance are retained and proposed to be formally listed in SEPP Major Projects as local heritage items (see attached draft Schedule 3 listing), and a Heritage Impact Statement (HIS) accompanies the Concept Plan.

SEPP Major Projects – Clause 2 and 8

With regard to SEPP Major Projects itself, the aims of the SEPP stated at Clause 2 are:

- (a) *to identify development to which the development assessment and approval process under Part 3A of the Act applies,*
- (b) *to identify any such development that is a critical infrastructure project for the purposes of Part 3A of the Act,*
- (c) *to facilitate the development, redevelopment or protection of important urban, coastal and regional sites of economic, environmental or social significance to the State so as to facilitate the orderly use, development or conservation of those State significant sites for the benefit of the State,*

- (d) *to facilitate service delivery outcomes for a range of public services and to provide for the development of major sites for a public purpose or redevelopment of major sites no longer appropriate or suitable for public purposes,*
- (e) *to rationalise and clarify the provisions making the Minister the approval authority for development and sites of State significance, and to keep those provisions under review so that the approval process is devolved to councils when State planning objectives have been achieved.*

In these regards:

- Regardless of whether the project is listed under Schedule 3, both the hospital and private development components of the project conform to the classes of development listed as Major Projects in Schedule 1 of the SEPP. That is, the hospital component has a capital investment value of more than \$15 million for the purpose of providing professional health care services to people admitted as in-patients and out-patients (Clause 18), and the private development component comprises a mix of residential, commercial and retail development with a capital investment value of more than \$50 million that the Metro Strategy clearly states is important in achieving State or regional planning objectives (Clause 13).
- The project is not critical infrastructure.
- Schedule 3 listing of the project will facilitate the redevelopment, for the benefit of the State, of a regionally important urban site of economic and social significance to the State, in an orderly manner.
- Schedule 3 listing will facilitate the improved delivery of a range of public health services and provide for the complementary development of a major portion of the site no longer required for direct hospital purposes,
- Schedule 3 listing will provide clarity as which future applications will be determined by Council and which will be determined by the Minister.

Clause 8 of SEPP Major Projects provides that the Minister may initiate an investigation into whether development on a particular site should be declared to be a project to which Part 3A of the Act applies, and the appropriate development controls for the site. It also requires that any such study is to assess:

- (a) *the State or regional planning significance of the site, and*
- (b) *the suitability of the site for any proposed land use taking into consideration environmental, social and economic factors, the principles of ecologically sustainable development and any State or regional planning strategy, and*
- (c) *the implications of any proposed land use for local and regional land use, infrastructure, service delivery and natural resource planning, and*
- (d) *any other matters required by the Director-General.*

These matters were incorporated into the request by the Minister to the Director-General, and have been addressed above. However, we note that Clause 8 is explicit that it does not preclude an amendment of Schedule 3 without compliance with this clause.

In view of the above consideration of the matters that the Minister has requested the Director General to consider, in our opinion listing of the site on Schedule 3 of SEPP Major Projects will facilitate the orderly use, development and conservation of a regionally important site of social and economic significance to the State, for the benefit of the State.

It will facilitate the improved delivery of a range of public health services and provide for the redevelopment of that part of the site no longer required for that purpose for a range of employment and residential purposes in direct accordance with the Metro Strategy, thereby generating revenue to help fund the new health services.

We therefore request that the Minister include the attached listing of the site in Schedule 3 of SEPP Major Projects.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Ian Cady', with a stylized, cursive script.

Ian Cady
Associate Director

Enc: Proposed Listing in SEPP Major Projects – Schedule 3 (The Royal North Shore (RNS) Campus)

Proposed Listing in SEPP Major Projects – Schedule 3

Part ### The Royal North Shore (RNS) Campus

- (1) This Part applies to land on Map ### outlined in heavy black

Division 1 Objectives

1 Objectives

- (1) The objectives for the RNS Campus are to:
- (a) encourage a diverse range of health care, living, employment, retail, temporary accommodation and community facilities which are compatible with the ongoing operation of the Royal North Shore Hospital, and consistent with the role of the St Leonards Town Centre as both a 'Specialised Centre for Employment' and a centre for high density transit oriented housing,
 - (b) create an interesting and vibrant precinct with a safe, high quality, mixed use urban environment,
 - (c) restrict building heights to limit overshadowing of sensitive surrounding properties, including Gore Hill Oval and residential development on the eastern side of Herbert Street,
 - (d) define the maximum development potential,
 - (e) control the mix of land uses, and
 - (e) conserve the environmental heritage of the hospital.

Division 2 Part 3A projects

1 Part 3A projects

- (1) Development for 'hospital' purposes that has a capital investment value of more than \$15 million.
- (2) Development for any purpose that has a capital investment value of more than \$50 million.

Division 3 Provisions relating to development on the RNS Campus

1 Land use on the RNS Hospital site

- (1) This clause applies to land on Map ### indicated by the lettering 'Hospital Use'.
- (2) Development that is defined as 'exempt development' in the Willoughby Local Government Area may be carried out without development consent on land to which this clause applies
- (3) The following development may only be carried out with development consent on land to which this clause applies:
Demolition; development for the purpose of Hospitals, community facilities, community use of recreation facilities, drainage, roads, recreation areas, recreation facilities, utility installations
- (4) Any other development is prohibited on land to which this clause applies.

2 Land use on the RNS Mixed Use Zone

- (1) This clause applies to land on Map ### indicated by the lettering 'Mixed Use'.
- (2) Development that is defined as 'exempt development' in the Willoughby Local Government Area may be carried out without development consent on land to which this clause applies
- (3) Development not listed in subclauses (2) or (4) are permitted with development consent.
- (4) The following development is prohibited on land to which this clause applies:
cemetery; correctional centre; crematorium; freestanding advertisement; freight transport terminal; hazardous industry; hazardous storage establishment; heavy industry ; helipad; heliport; liquid fuel depot; offensive industry; offensive storage establishment; road transport terminal; sex services premises; vehicle body repair workshop; or distribution centre

3 Height

- (1) Development that results in any additional overshadowing of the playing surface of Gore Hill Oval between 10.00am and 2.00pm on any day of the year is prohibited.
- (2) Development that results in any additional overshadowing east of Herbert Street before 2.00pm on any day of the year is prohibited.

4 Floor Area

- (1) The total 'gross floor area' on land indicated by the lettering 'Mixed Use' on Map ### is not to exceed 180,000m²
- (2) Not less than 50,000m² of the gross floor area referred to in subclause (2) is be used for non-residential, employment generating uses, including, but no limited to shops, commercial premises, hospitals and research or education facilities.

5 Heritage

- (1) The following are 'heritage items' for the purpose of any Environmental Planning Instrument applicable to the site:
 - Building 7 'North Sydney Brick and Tile Co Building'
 - Building 9 'Lanceley Cottage'
 - Building 29 'Original Pavilion Wing Building'
 - Building 30 'Second Pavilion Wing Building'
 - Building 31 'Vanderfield Building'
 - Building 32 'Ansto Building'
 - Building 33 'Orthotics/Dietetics Building'
- (2) The consent authority may grant consent to development for any purpose of a building that is a heritage item, or of the land on which such a building is erected, even if development for that purpose would otherwise be prohibited by this or any other Environmental Planning Instrument, if the consent authority is satisfied that:
 - (a) the retention of the heritage item depends on the granting of consent, and
 - (b) the proposed development is in accordance with a conservation management plan that has been approved by the consent authority, and

- (c) granting consent to the proposed development would ensure that all necessary conservation work identified in the conservation management plan is carried out, and
- (d) the proposed development would not adversely affect the heritage significance of the heritage item or its setting, and
- (e) the proposed development would not have any significant adverse affect on the amenity of the surrounding area.

Division 6 Exempt and Complying Development

1 For the purposes of this part, 'Exempt Development' and 'Complying Development' have the meaning defined in Willoughby Local Environmental Plan 1995.



Figure 47: Schedule 3 Listing, prepared by Cox (Ref. B1.2.)