



22/07/2011



Mr. Chris Wilson
NSW Department of Planning & Infrastructure
GPO Box 39,
Sydney NSW 2001



Dear Mr. Wilson,

Thakral City One: Commercial Offer to TNSW

Further to our meeting of 6 June 2011 I provide below our initial observations on the Public Benefit and commercial appraisal of the City One Concept Plan Preferred Project Report (PPR).

Given the importance of the Wynyard Precinct to Sydney's future economic and environmental wellbeing, the Department of Transport would like to see a development that adequately addresses access to all public transport modes and is integrated with the future expansion of Wynyard Station, the bus interchange and surrounds.

Consistent with the Department of Transport's submission (dated 21 February 2011), there remain a number of fundamental technical matters as described below that need to be resolved with Thakral. The Department of Transport continues to be supportive of the proposal subject to these matters being satisfactorily addressed.

At meetings with Thakral; during May and June 2011 the Department of Transport was briefed by Thakral on the PPR and sought clarification on the following fundamental technical matters.

1. Wynyard Lane

It would appear from Department of Transport's review to date that a fundamental issue with the PPR is the proposed closure of Wynyard Lane and the consequential impacts. We note the following;

- Thakral Preferred Option 1 is not acceptable to the Department of Transport in the long term. Use of the former tram tunnels forms part of the long term Masterplan for the Wynyard Precinct and we have identified an opportunity for a new Southern entry to the station utilising these tunnels.
- A solution that does not rely upon the tram tunnels may be acceptable.
- As described in the City of Sydney submission, it is unclear how the concept of closing Wynyard Lane can be achieved without impacting adjoining properties; and
- RailCorp's truck loading dock and service lift is located on Thakral property in the section proposed as retailing.

2. George Street Entry to Railcorp concourse

The current ramps from George Street operate reasonably well from an access perspective. I accept, however, that the proposal provides an opportunity to provide some Public Benefit by

improving air quality, upgrading the accessways to current codes and standards, and by improving visibility and prominence of the station accesses to George Street.

The Department of Transport's overriding objective for these access ways is that they operate effectively and safely under both normal and emergency conditions. The Department of Transport notes that, whilst the use of escalators (as contained in the proposal) may be acceptable under normal operating conditions, in the event of power failure or escalator maintenance, the level of service may be unacceptable and/or unsafe. From our initial review the Department of Transport notes that the PPR proposes a total of 9m width of vertical transport comprising a mixture of stairs and escalators which falls short of the current width and is considered inadequate.

Over June and July a number of meetings with Thakral have taken place to address the above technical matters.

3. Commercial Offer

As a result Thakral have recently advised they are working on a revised offer incorporating proposed solutions to the technical issues. The Department of Transport's assessment of the revised Commercial Offer will consider amongst other things:

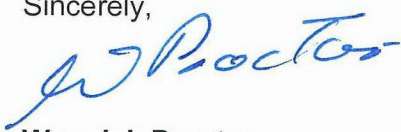
- all provisions in the existing lease with Thakral;
- conditions and requirements to maintain public transport services during construction; and
- the formulation of an Operational Management and Maintenance Agreement to take effect following construction.

In relation to the Commercial Offer, Thakral identify as a Public Benefit various works which they describe as Public Infrastructure Works estimated to cost \$20,000,000. In our opinion, the items listed do not amount to items of significant Public Benefit. They are, more correctly, costs incurred in carrying out the proposal over and around an operating major transport interchange. This view has been communicated to Thakral.

4. Conditions of Approval

On a separate matter I note that the PPR is based upon Thakral land plus 8,326m² of RailCorp site area. The Department of Transport is concerned that the conditions of any approval would burden this land and impact its future use. Therefore I request that the Department of Planning ensures that RailCorp's site area of 8,326m² is NOT subject to conditions or terms of approval applicable to the Thakral owned property.

Sincerely,



Warwick Proctor

Director, Asset Strategy and Capital Program Management
NSW Department of Transport

Cc: David Hogendijk, Thakral