

10359
22 December 2010

Director General
Department of Planning
23 - 33 Bridge Street
SYDNEY NSW 2000

Attention: Daniel Cavallo

Dear Daniel

**PART 3A REQUEST FOR MINISTER'S DECLARATION
71-79 MACQUARIE STREET, SYDNEY**

We write on behalf of the AMP Capital Investors and Mirvac (the proponent) regarding a Concept Plan for a mixed use development at 71-79 Macquarie Street, Sydney (the Amatil Building). The proposal involves the demolition of the existing Amatil Building and redevelopment of the site with a new building for use as a hotel / serviced apartments and long-term residential accommodation, as well as lobby and ground level retailing and basement car parking. The new building will be largely within the same height and envelope as the Amatil Building, but will feature additional building envelope on Council-owned land at the western facade (ground level to proposed level 14 (RL46.7)). This westerly extension of the building envelope is to allow completion of the existing colonnade and massing to align with that of the adjoining Quay Grand building to the north. Significant public domain upgrade works and access improvements are also proposed over Council-owned and Crown land, and a new pedestrian link is proposed to Macquarie Street from Circular Quay.

The purpose of this letter is to seek a declaration by opinion of the Minister in accordance with section 75B(1)(a) of Part 3A of the *Environmental Planning & Assessment Act, 1979* (the EP&A Act) that the proposal is a project to which clause 10(1) of schedule 2 of Part 3A of that Act applies. We also seek the Minister's authorisation of a Concept Plan for the proposal under s75M(1) of the EP&A Act.

Should the Minister form the above opinion and authorise the submission of a Concept Plan, we request that the Director General issue the requirements as to the level and scope of the necessary documentation and assessment for the preparation of an Environmental Assessment to accompany a Concept Plan for the Proposal.

To support the request for the Director General's requirements relating to the environmental assessment, this letter also forms a Preliminary Environmental Assessment relating to the project. The Preliminary Environmental Assessment provides detail on the site location and an outline of the project, its background, and identifies the key likely environmental and planning issues associated with the proposal.

1.0 SITE DESCRIPTION

1.1 The Site

The proposal is positioned on the site known as 71-79 Macquarie Street, Sydney and is legally described as Lot 1 in DP 202431. This parcel of land is owned by AMP Life. The Council-controlled street to the west, which will also form part of the site, is legally known as Circular Quay East. The site is located at the southern end of East Circular Quay, as shown in the Location Plan and Aerial Photograph in **Figures 1** and **2**, respectively.

The site has an area of approximately 890m² (excluding Council owned land) and is currently occupied by a commercial building (refer **Figure 3**). It is bounded by Macquarie Street to the east, the City Circle Railway to the south, the Circular Quay public domain (controlled by SHFA) to the west and the Quay Grand mixed use development to the north (see land ownership diagram at **Figures 4** and **5**). The site also includes a stratum of basement floor space located beneath Macquarie Street that is used for parking. The proposal is to extend this basement area beneath Macquarie Street in a southerly direction to align with the southern boundary of Lot 1 in DP 202431 (the AMP land).

The building is currently used for commercial offices with short and mid-term lease arrangements. It is noted that the current commercial uses are not in keeping with the range of residential, tourist and cultural uses existing in the redeveloped East Circular Quay and this part of Sydney's CBD north of the Cahill Expressway.

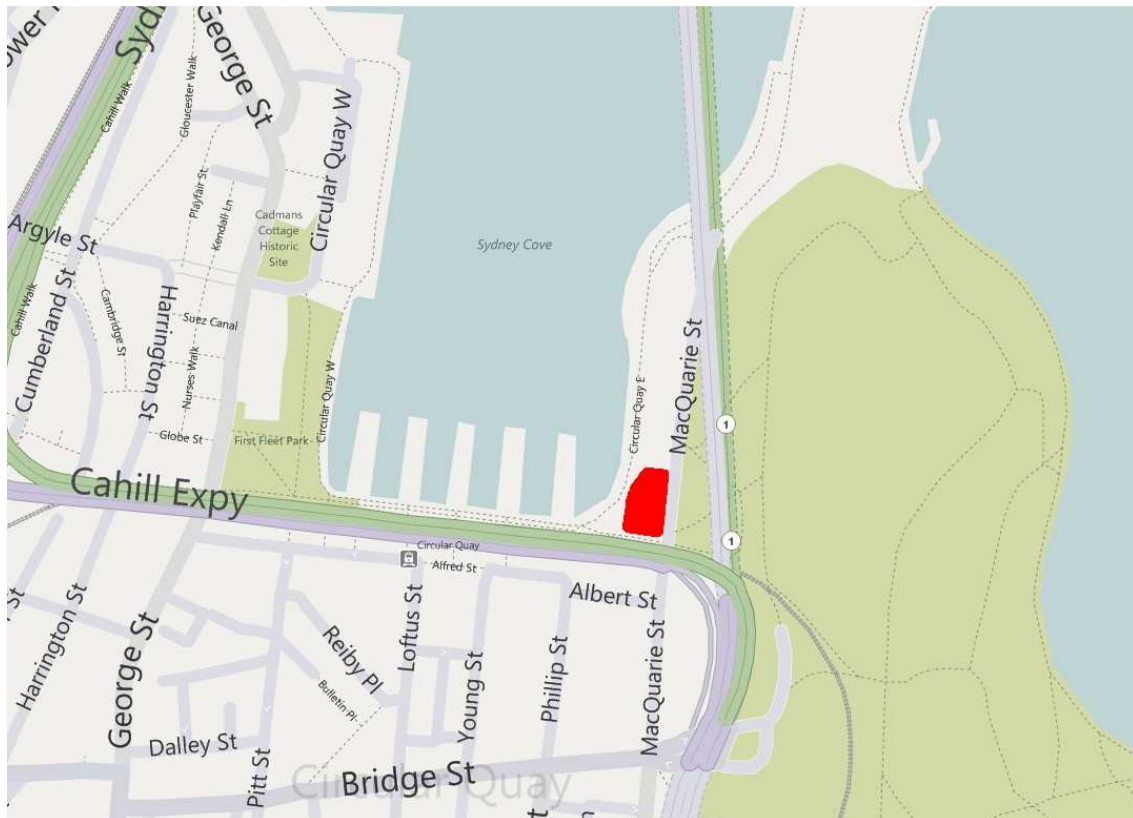


Figure 1 - Location plan (site marked in red)



Figure 2 - Aerial photo (site marked in red)



Figure 3 - The existing building

- AMP (Amatil Building)
- City of Sydney (public road)
- Quay Grand Colonnade Easement

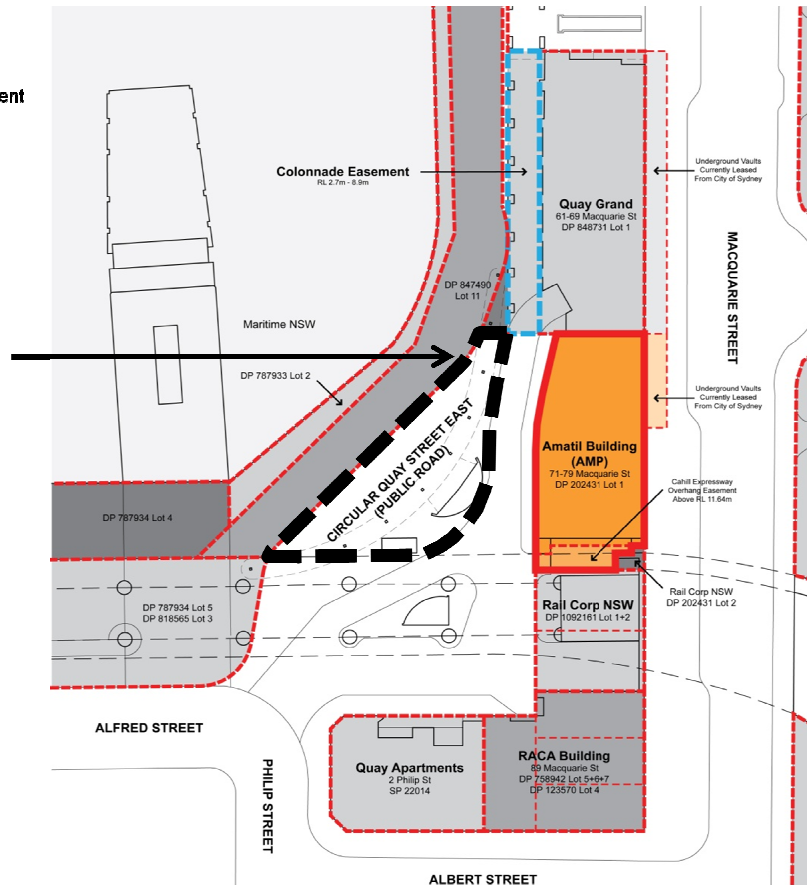


Figure 4 - Land ownership diagram

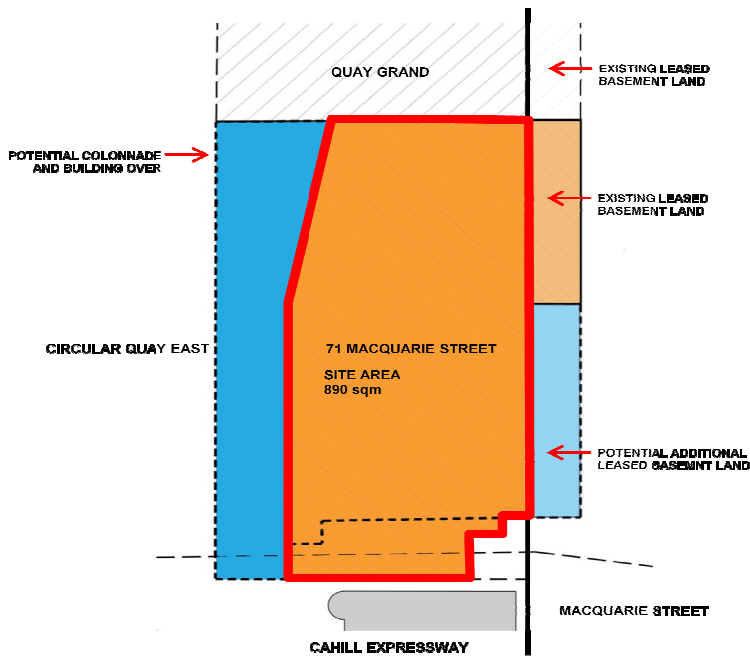


Figure 5 - Land ownership diagram

1.2 The Site's Context

The site is located at a pivotal point between the East Circular Quay buildings developed in the 1990s to the north and the taller residential, hotel and commercial buildings to the south (refer **Figure 6**). The site is also positioned between the colonnade that extends along the western facade of the East Circular Quay buildings, leading to the Opera House, and the Circular Quay transport interchange. It is clearly a significant site with frontage to a key area of Sydney's public domain that is in desperate need of revitalisation and integration into the wider public domain network. A key element of this proposal seeks to enhance the public domain and create a connection between Circular Quay and the Royal Botanic Gardens.

The neighbouring building to the north, Quay Grand, accommodates hotel-style serviced apartments and residential apartments with retail and restaurant/bar uses at lower levels. To the south, beyond the City Circle Railway line with the Cahill Expressway above, are located the Quay Apartments and the RACA Building. To the east of the site, across Macquarie Street, are the Royal Botanic Gardens.

Topographically, the site has a significant fall (approximately nine metres or two lobby levels) from Macquarie Street down to Circular Quay. This means that the proposed pedestrian link will be required to incorporate stairs and other access measures to achieve the transition in levels.

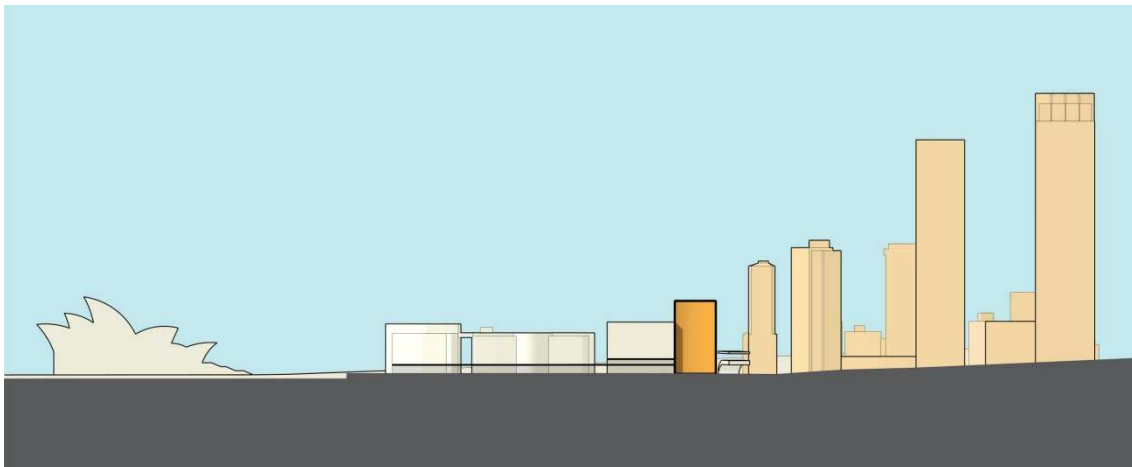


Figure 6 - Existing elevation with the site shown in orange

2.0 THE PROJECT

The proponent is seeking Concept Plan approval for the development envelope on the site and the proposed hotel /serviced apartments, long-term residential and other mix of uses as shown in **Figure 8** and the appended document prepared by HASSELL. It is anticipated that there would be some retail or restaurant floor-space at ground level (Circular Quay level) to provide activation of the public domain.

A key component of the proposal is the completion of the colonnade and the creation of a through-site link from Circular Quay up to Macquarie Street. This would provide more convenient access along East Circular Quay and between Circular Quay and the Royal Botanic Gardens, both significant Harbour foreshore attractions. The attached HASSELL document includes two indicative options for the treatment of the through-site link.

Another key element of the proposal allows vehicular traffic to be removed from Circular Quay and redirected through the basement of the Amatil building. The connection to the Quay Grand basement will be facilitated via the breakthrough deed that formed part of the Quay Grand's development approval. The breakthrough deed is an agreement between Council and the owner of

the Quay Grand by which the Council can demand that the vehicular access to the Quay Grand over Circular Quay East be closed off and instead open the breakthrough panels in the southern wall of the basement.

Pedestrian access to the building will be available from both Macquarie Street and Circular Quay. To provide for sufficient circulation space within the basement, additional basement space under Macquarie Street will be leased from Council. Approximately 133 car spaces are proposed within the basement.

The building will be designed to provide premium quality accommodation and will seek to achieve ESD excellence. An indicative sketch of the proposed building's massing is shown in **Figure 7** and the appended HASSELL document.

The proposed development provides the opportunity to:

- Complete the redevelopment of East Circular Quay, one of Sydney's most significant locations;
- Create a new pedestrian link connecting two of Sydney's most important areas of public domain, being Circular Quay and the Royal Botanic Gardens;
- Enable the completion of the East Circular Quay colonnade;
- Enhance the quality of the public domain through retail activation and public domain improvements;
- Remove vehicular traffic from Circular Quay; and
- Provide the city with a new 5 star serviced apartment complex.

The attached HASSELL document shows the envelope in section and its typical conceptual ground floor and upper floor level plans, as currently prepared for the site. The key numerical features of the proposal are as follows:

- Height: 19 storeys, 64.5 metres above Circular Quay level (existing height)
- Floor space area: 12,819m²
- Floor space ratio: 14.4:1 (based on the site area of the AMP land only, excluding Council owned land)
- Car parking spaces: 133
- Heritage: Existing building is not listed

Detailed discussion regarding the details of the proposed development is provided in Section 3.0.

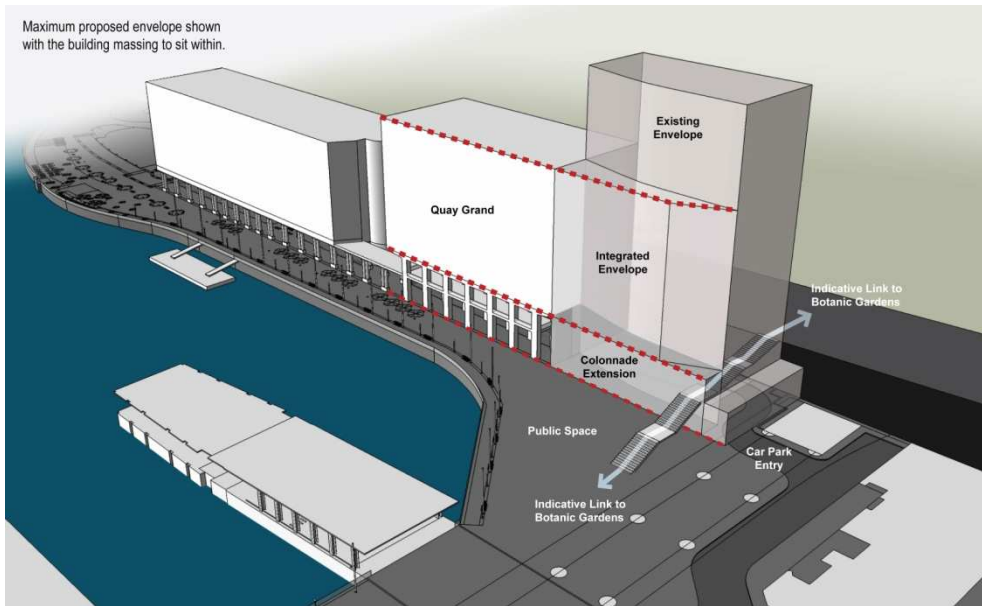


Figure 7 - Proposed envelope massing

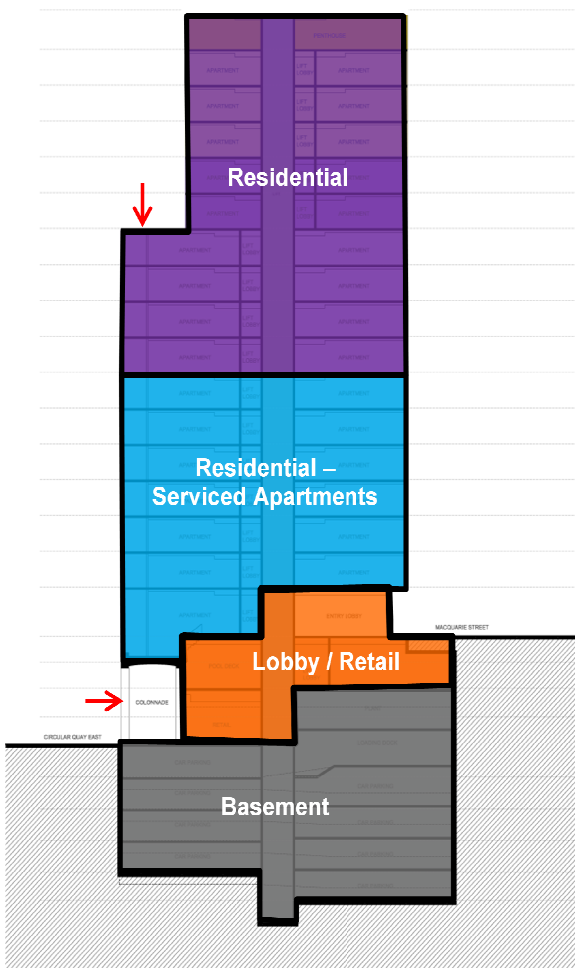


Figure 8 - Proposed cross section. The overall height is RL67.23 (equivalent to the height of the existing building), the Quay Grand height is RL46.7

3.0 MAJOR DEVELOPMENT SEPP 2005

Clause 6 of the Major Development SEPP provides that development that in the opinion of the Minister is development of a kind referred to in Schedule 1 (Classes of development) and Schedule 2 (specified sites) is declared to be a project to which Part 3A of the EP&A Act applies.

Clause 10 of Schedule 2 of the Major Development SEPP identifies the following developments as being Part 3A Major Projects:

10 Sydney Harbour Foreshore Sites

- (1) *Development (with a capital investment value of more than \$5 million) in the areas identified on Map 9 to this Schedule.*

The proposal is in an area identified on Map 9 to this schedule, as shown in **Figure 9** below. Additionally, the proposal has a Capital Investment Value of about \$100 million, well in excess of the \$5 million threshold. We have appended a Quantity Surveyor's Summary Report to this letter.

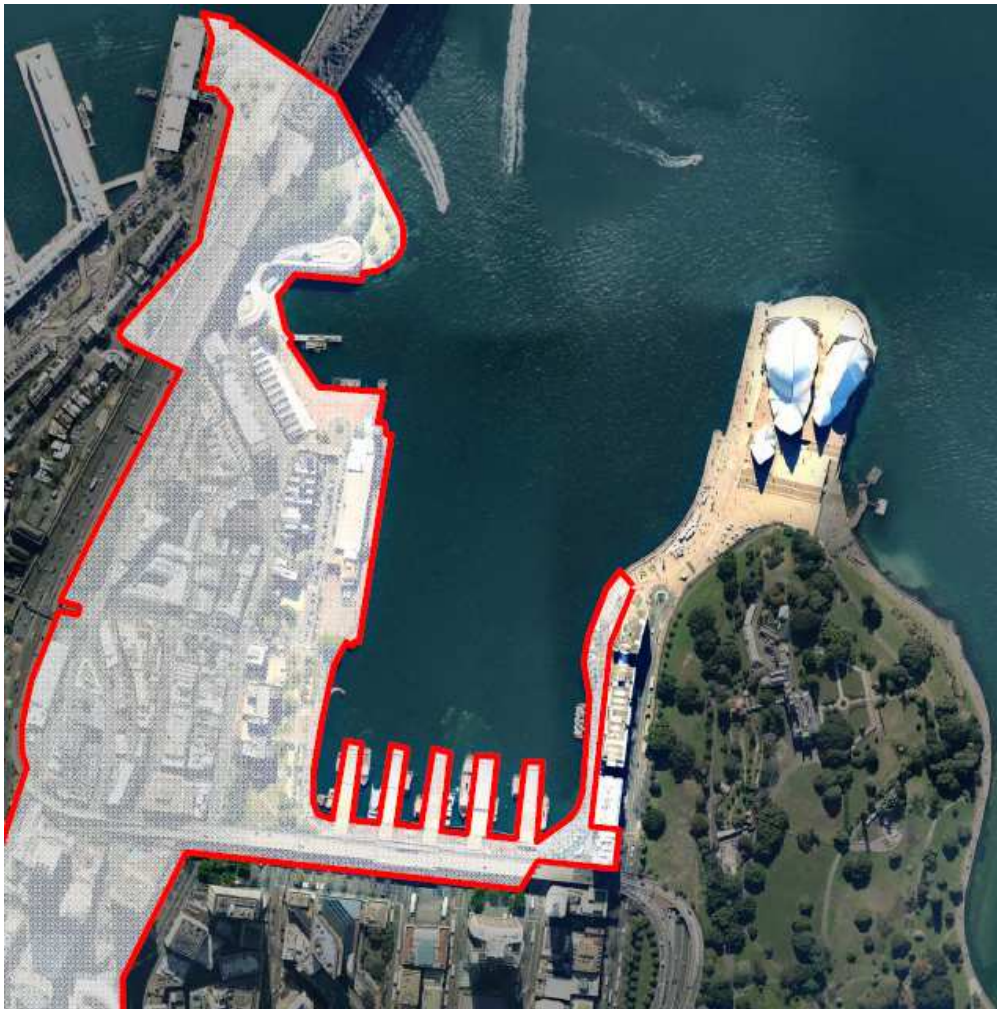


Figure 9 - 'Sydney Harbour Foreshore Sites' as identified by Map 9 of the Major Development SEPP

Whilst the project would automatically qualify as a Major Development, we have also prepared a strategic justification for the proposal, articulating its relative merits in achieving of various local, sub-regional and State planning objectives.

We have applied the Department's previous guidelines applicable at the time when such projects were subject to discretionary decision-making. We trust that this assists in determining that the project is likely to contribute to meeting State or regional planning objectives. Those criteria relevant to this proposal are discussed below:

Criteria A – Local Impediments to Urban Renewal

Is the development within a centre or urban renewal area nominated for growth in the Metro Strategy or a regional or sub-regional strategy?

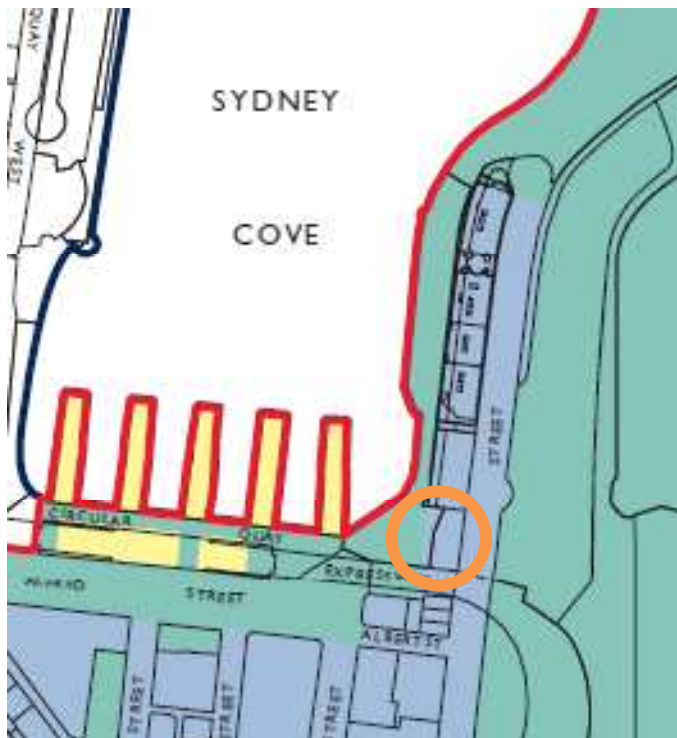
The strategic planning basis for growth within central Sydney is set out in the Metropolitan Strategy and the draft Sydney City Subregional Strategy. These policies provides a set of planning principles which seek to reinforce the City's role as a global city, ensuring hotel and residential demands are met, and improving the quality of the built environment.

The proposed development will assist in meeting key strategic planning objectives for this area of the City, as follows:

- promoting key tourist and visitor destinations through the provision of additional hotel / serviced apartment accommodation at a landmark site;
- upgrading foreshore access through the creation of a pedestrian link between Circular Quay and Macquarie Street (with the Royal Botanic Gardens beyond);
- providing residential dwellings (that will assist in meeting the subregion's target of 55,000 new dwellings by 2031) in a location very close to excellent public transport facilities, including rail, bus and ferry; and
- providing employment opportunities and contributing to the tourism sector of Sydney's economy.

Are there provisions in the LEP which are likely to prevent or frustrate the implementation of the Metro or regional strategy?

Under Sydney LEP 2005 the site (including the additional massing) is currently zoned City Centre, with the western edge of the site zoned Parks and Community Places (refer **Figure 10**). The proposed building works will be contained within the portion of the site zoned City Centre, which permits any development. Only public domain improvements are proposed within the portion of the site that is zoned Parks and Community Places, and these are permissible if they are in accordance with a Plan of Management. It is anticipated that the works will be incorporated into the relevant Plan of Management prepared by SHFA.



Land Use Zoning

	City Centre
	City Edge
	Residential
	Maritime and Transport
	Parks and Community Places

Figure 10 - Extract of Central Sydney Zoning Map from Sydney LEP 2005 (site marked in orange)

The proposal would also generally satisfy the zoning objectives. Under Sydney LEP 2005 the current development controls are as follows:

- maximum FSR of 14:1
- maximum height of RL 46.7 (height of Quay Grand building to the north), which is approximately 44 metres above the height of East Circular Quay.

Clause 10 of Sydney LEP 2005 allows the FSR development control to be varied by up to 10 percent if the development, among other things, achieves design excellence. This increases the maximum possible FSR to 15.4:1.

The proposal will seek an FSR of 14.4:1 and a maximum height of RL67.23 (or approximately 64.5 metres above East Circular Quay) which equates to the same height as the existing building. The FSR translates to a floor space area of 12,819m².

Whilst the proposal is permitted, development of a scale and standard commensurate with meeting strategic planning objectives (including the Metropolitan and Sub-regional Strategies) cannot be achieved under the current height control applicable to the site which is lower than the existing building. To reduce the height of the existing building to match the current height limit would result in a loss of approximately six floors or 5,340m² of floor space area. Reducing the scale of

the building would render redevelopment uneconomic compared to retention and refurbishment of the current office building.

The proponent is also seeking Concept Plan approval to allow for progressive certainty as to the development potential of the site and whether the adjoining Council land can be incorporated. Future design excellence will be demonstrated as part of 'filling' the proposed envelope at the subsequent Project Application stage.

The site is included in the current draft Sydney LEP 2010 which deals with all sites across the LGA. However, the draft is yet to be publicly exhibited. Under the draft LEP the maximum height remains the same at RL46.7, and the maximum FSR is reduced from 14:1 to 12.5:1.

Development on the site under the current and draft LEP controls would not fulfil the development potential of the site and would be inconsistent with the broader strategic aims. Application of the current controls would result in a building with a height 20.53 metres less than existing. This is a gross under-development of the site which would, relative to the value of the existing building, render it economically unviable. This would result in a lost opportunity to deliver the significant public domain benefits included in the proposed project. The proposal therefore has the potential to be unreasonably frustrated by local planning controls, unless it is allowed to proceed under Part 3A of Act.

Does the Council have the resources to assess and determine major projects?

We understand that Council does have the resources and suitable mechanisms (such as the CSPC) to deal with the application, however by virtue of the development's location within a Schedule 2 site and with a CIV of about \$100 million it is a project to which Part 3A of the EP&A Act applies.

Do Council practices demonstrate that projects important to implementing Metro or regional strategies can be determined on their merits?

Council in our view is committed to encouraging growth and delivering public domain improvements in central Sydney.

Criteria B – Facilitate Housing or Job Growth

Will the development directly result in significant growth in housing choice?

Yes, the proposal will provide some residential accommodation within the heart of Sydney, contributing to the vitality of the area.

Is the development in a centre identified in the Metro Strategy or Regional Strategy?

Yes, the development is within 'Global Sydney' in the draft Sydney City Subregional Strategy and within the "Global Economic Corridor".

Criteria C – Transport accessibility

Is the development readily accessible to the railway, bus stop with frequent service, transit way station or ferry wharf?

Yes, the development site has excellent access to bus, train and ferry services at the Circular Quay Interchange.

4.0 CONSULTATION

Consultation has been undertaken to date between the proponent and a number of key stakeholders, including the Council of the City of Sydney and the Sydney Harbour Foreshore Authority. The key issues raised by the proponent in the consultation sessions included the following:

Context setting;

- Urban design principles;
- Architectural design principles;
- Relevant planning controls and approval pathway;
- Public spaces, pedestrian connections, active waterfront;
- Existing and potential vehicular arrangements (opportunities & constraints);
- Existing and potential future ground plane (opportunities & constraints);
- Activation (opportunities & constraints);
- Key public view lines (opportunities & constraints);
- Land ownership;
- Site area, floor space and FSR calculations;
- View impact analysis;
- Building height and envelope (overshadowing);
- Land use;
- Potential public domain and through-site link treatments;
- Benefits of the proposal; and
- Next steps.

Consultation meetings held to date are as follows:

- preliminary overview of project with Department of Planning in October 2009;
- meeting with Council in August 2010;
- meeting with SHFA in August 2010;
- briefing meeting with Department of Planning in September 2010: and
- private briefing of CSPC in November 2010.

Council raised the following key issues:

- Consistency with East Circular Quay built form to the north;
- Potential of increasing building footprint to the west, allowing the colonnade to connect to the Circular Quay interchange and screening the Cahill Expressway; and
- Existing height controls

SHFA raised the following key issues:

- Support for the proposal in principle, particularly the clear public benefits of the proposal (completion of colonnade, public access, delineation of space and upgrade of public domain generally, access to Macquarie Street and Royal Botanic Gardens beyond);
- 'High-end' serviced apartments are much less likely to generate amenity issues for permanent residents; and
- Innovation and compromise are required for this site and strict compliance with planning controls would not deliver SHFA's vision for Circular Quay. Therefore, the retention of the existing height is considered justifiable.

The overriding purpose of the consultation meetings was to promote a cooperative approach to an integrated design and development outcome with public domain improvements.

5.0 KEY ISSUES FOR CONSIDERATION

The key environmental issues for consideration are as follows:

- zoning and development controls;
- urban design (including built form and scale);
- public domain treatment;
- external amenity impacts (views, shadows, wind);
- traffic and vehicular access;
- pedestrian access and amenity;
- infrastructure and services;
- contamination;
- SEPP 65 and BCA compliance;
- structural;
- environmental sustainability;
- employment generating uses and economic development; and
- site suitability.

These are discussed in more detail below.

5.1 Zoning and Development Controls

Whilst the proposal is permissible under the current Sydney LEP 2005 controls and generally complies with the relevant FSR control, it is not consistent with the height control. The proponent has however prepared a scheme that retains the existing building height and responds to the urban context of the site and satisfies broader strategic planning objectives for the area without any additional or new external impacts (including major view impacts or overshadowing).

The Concept Plan's Environmental Assessment will provide a detailed assessment of the proposal's compliance with the Sydney planning controls (both current and draft), Sydney City subregional strategy, the Metropolitan Strategy and other planning instruments as appropriate, including SEPP 65.

5.2 Urban Design and Built Form

The Environmental Assessment Report will analyse the proposed built form and outline how the proposed building envelope is consistent with the character of East Circular Quay. The Environmental Assessment report will provide an urban design / visual impact assessment which will:

- analyse the scale, height and massing of the proposed building envelope in its context;
- identify overshadowing and view impacts of the proposed building envelope; and
- outline the ability of the proposed building envelope to provide a building capable of achieving design excellence and a high level of contextual fit.

5.3 Public Domain Treatment

In order to demonstrate how the proposed development will deliver significant improvement to the amenity of the surrounding public domain, the application will provide an indicative public domain plan commensurate with detail applicable to a Concept Plan. The plan will include details of:

- the Circular Quay to Macquarie Street pedestrian link;
- the East Circular Quay colonnade extension;
- ground floor uses;
- vehicular access; and
- design principles to help guide future detailed design.

5.4 External Amenity Impacts

Given the important strategic location of the development at East Circular Quay, we expect that amenity impacts will be an issue in the assessment of the application. As such the environmental assessment will cover the issues arising from the nominated envelope including view impacts, solar access and wind.

The level of detail proposed will be commensurate with detail applicable to a Concept Plan, acknowledging that the Project Application and draft Statement of Commitments would be the most appropriate place to address matters of detail for subsequent project applications.

The application will be accompanied by a Wind Impact Assessment which will demonstrate how wind impacts associated with the introduction of the new commercial tower building will be mitigated and managed through detailed design and articulation of the building.

5.5 Traffic and Access

As the proposal involves the reconfiguration of the existing access to the site and an increase in residential GFA, it is expected that there will be some additional traffic generation associated with the development. Accordingly, the application will be accompanied by a Traffic Assessment prepared by a specialist traffic consultant. Specifically the assessment will look at:

- onsite parking and service vehicle requirements;
- site access and retention of access for neighbouring properties;
- impact of generated traffic upon the surrounding local and arterial road network and intersections; and
- opportunities to encourage public transport usage and modal shift.

5.6 Infrastructure and Services

It is expected that the existing services on the site will need to be augmented to accommodate the new development. The Concept Plan will outline what services currently exist on the site and how these will be upgraded.

5.7 Contamination

Although the site is not expected to be contaminated, an environmental investigation will be submitted with the application to satisfy the requirements of SEPP 55.

5.8 SEPP 65 and BCA Compliance

The application will be accompanied by indicative floor plans to demonstrate the envelope is capable of accommodating residential and serviced apartments (and other uses) that would satisfy SEPP 65 and the Building Code of Australia. A BCA Assessment Report will be submitted to demonstrate how the proposal can comply with the relevant provisions of the Building Code of Australia.

5.9 Structural

A structural assessment will accompany the application to demonstrate that the proposal will not have any impact on the adjacent railway line or any other significant structural feature.

5.10 Environmental Sustainability

The proponent is targeting ESD excellence for the site. As such, the Concept Plan will identify appropriate ESD standards and consider the requirements of the BASIX SEPP. A suitably qualified ESD consultant will be engaged to advise and report on the ESD features of the project. Again, the level of detail will be commensurate with that of a Concept Plan at this stage.

5.11 Employment Generating Uses and Economic Development

An economic assessment will be submitted with the application which will outline the economic benefits of the proposal and the total number of jobs which are expected to be generated by the hotel and serviced apartment floor space on the site.

5.12 Site Suitability

The site is considered suitable for the proposed development due to the following site opportunities:

- the location of the site at the heart of Sydney's tourist precinct;
- close proximity to a major public transport node;
- the context of the existing built form on the site and in the vicinity; and
- the provision of hotel (serviced apartment) and residential accommodation in this area is consistent with Council and State policy.

6.0 CONCLUSION

We trust that this Preliminary Environmental Assessment is sufficient to enable the Minister to form an opinion that the proposed development is a Major Development to be dealt with under Part 3A, authorise a Concept Plan submission, and allow the Director General to issue requirements for the preparation of the necessary Environmental Assessment.

Should you have any queries about this matter, please do not hesitate to contact me on 9956 6962 or oklein@jbaplanning.com.au

Yours faithfully

A handwritten signature in black ink, appearing to read 'O Klein', written in a cursive style.

Oliver Klein
Associate

*Encl. Project drawings and supporting material prepared by HASSELL
Quantity Surveyors Report*