

Central Place Sydney, Western Gateway Sub-Precinct Proposal: Block B

14-30 Lee Street, Haymarket NSW

Date	6 May 2020
Subject	Sustainability - Response to Submissions

BACKGROUND

The Western Gateway sub-precinct rezoning proposal was publicly exhibited by the State Government from 16 October 2019 to 27 November 2019. The rezoning proposal seeks to introduce a new land use and development control framework on land, identified as Block B, that is owned and controlled by Frasers Property Australia and Dexus Funds Management Limited (the Consortium), via long term lease.

In response to the public exhibition, a total of 94 submissions were received from individuals, community groups, local landowners and government agencies. In addition, the Precinct Review Panel (PRP) which forms part of the established governance arrangements for the rezoning proposal, issued a letter and addendum to Transport for NSW (as lead proponent) identifying the key issues it considered required clarification and further justification.

Several submissions received during the public exhibition process provided feedback in relation to sustainability. The Consortium and its consultant team have considered all issues raised in submissions. This report responds to the sustainability related feedback and should be read in conjunction with the Consortium's complete suite of Response to Submissions documentation.

KEY ISSUES RAISED

The panel noted community submissions raising the need for a more resilient and sustainable city and for new development to increase environmentally sustainable design (ESD) targets to a higher level to match those of other countries. The panel additionally recognised the public sentiment expressed in submissions to improve the commitment to reducing waste and single use plastic the precinct.

More specifically, the City of Sydney stated that the Western Gateway sub-precinct must be a leading example of best practice sustainability and environmental performance and should aim to achieve net-zero emissions by 2050. To this end, the City of Sydney recommended that the Draft Design Guide be amended to require new development:

- Meet increased energy rating targets, increased water rating targets and increased green star and other building design ratings
- Achieve net zero emissions
- Include an integrated water management strategy
- Incorporate ambitious waste reduction and recycling measures.

The PRP advised that the Sustainability performance targets should achieve a high benchmark and that a precinct wide approach should be further considered. As there is strong alignment between the PRP's sustainability recommendations and the City of Sydney's feedback, the Consortium's responses to the City of Sydney's feedback are considered to simultaneously address the PRP's recommendations.

RESPONSE TO ISSUES

The Consortium's sustainability vision for Central Place Sydney is to create an authentic new place in Sydney that provides a gateway to the City from Central Station, and a globally recognisable urban marker for Australia: Connected, Regenerative, Human Centric, and Future Ready. Now.

The precinct will be a benchmark urban renewal project that leads the world on sustainable place-making and anchors a technology hub in Sydney, establishing the broader Central Station Precinct as the first-choice home for technology firms in Asia Pacific.

It will be a place that navigates the major sustainability challenges of our times, enabling opportunities and mitigating threats from: the growth of our cities, the transition of major economic systems in energy, transport and digital technology, the impact of society on eco-systems and the challenges posed by a changing climate.

The creation of a **sustainable place** will be delivered through:

- Our commitment to urban design excellence, founded on creating excellent places for people
- The approach to maintaining a green urban environment and public realm that will deliver amenity through heat management and biophilia, even as the climate warms
- A Reconciliation Action Plan framework for delivering the project to the benefit of Australia's first people and the creation of Place that respects Country.

World-leading sustainability performance will be underpinned by the following objectives:

- **Net Zero Emissions¹**; a precinct utility for shared energy systems with highly efficient building design, full building electrification, 100% renewable energy supply, minimisation of embodied emissions and offset of residual emission
- **Climate adaptation and resilience** initiatives that address key climate risks of heat and water management, emergency operations and world class connectivity to the broader city
- Delivering **urban habitat** that supports mobile species in urban ecosystems, enhances city biodiversity and connects people to place and nature through biophilic design
- **Materials and waste management** aligned with the circular economy to mitigate the impacts of resource depletion and mitigate embodied emissions
- **Enhanced connectivity** with the interface of public transit (heavy rail, metro, light rail, bus and possibly high-speed rail), active transport infrastructure for cyclists, world class walkability and pedestrian amenity and future mobility: shared vehicles, electric vehicles and connected and autonomous vehicles.

These objectives have been informed by policy at both local and state level, as well global commitments including the Paris Climate agreement and the UN Sustainable Development Goals. Furthermore, voluntary and mandatory certification commitments on Green Star, WELL and NABERS have been made to ensure the above objectives are achieved in a credible, robust and measurable way.

¹ The approach to net zero emissions will make allowance for the continued use of onsite fossil fuels for commercial kitchens and emergency/stand-by generation.

Our expectation is that on completion Central Place Sydney will strive to be a benchmark urban renewable project in sustainability having been supported by strong commitments and a thorough design and planning process.

The Consortium has given careful consideration to the recommendations of both the City of Sydney Council and the PRP regarding Sustainability targets and other initiatives that should be adopted. The Consortium's response is provided in the following table. The table indicates that there are several factors that make compliance with some of the City of Sydney's recommendations impractical and/or inoperable. In other instances, the Consortium's approach aligns with that of the City of Sydney.

In general, the Consortium is supportive of ambitious targets and other Sustainability outcomes for Block B and will continue to work closely with Transport for NSW, the City of Sydney and other Western Gateway proponents to deliver an exemplar in best practice sustainability and a precinct wide solution.

Our commitment to setting a global benchmark, consistent with the City of Sydney and PRP's aspirations, is further supported by our positions and justifications within the below table, including;

- Alignment on NABERS targets via an alternative pathway
- Alignment on Green Star targets
- Broad alignment on energy, water and construction and demolition waste targets

COMPARISON OF PROPOSED SUSTAINABILITY PROVISIONS – DRAFT DESIGN GUIDE/CITY OF SYDNEY REZONING SUBMISSION

EXHIBITED DRAFT DESIGN GUIDE TARGET	CITY OF SYDNEY SUBMISSION TARGET	CONSORTIUM POSITION	JUSTIFICATION
Targets			
5.5-star NABERS Energy Rating for Commercial Uses	6-star NABERS Energy Rating for commercial uses with a commitment agreement	Revise exhibited proposal – 5.5-star NABERS Energy Rating for Commercial Uses with a commitment agreement	<p>A commitment agreement is a formal and enforceable agreement between the Consortium and NABERS to design, build and commission a building to achieve a specific NABERS rating</p> <p>Having a NABERS commitment agreement in place allows the relevant planning authority to refer and rely on the independent third party, NABERS, to oversee the implementation of the agreed energy rating within the new build not just in the initial design but up to the end of the first year of operation.</p> <p>Having NABERS contractually involved to certify the energy use within a building post completion can provide the relevant planning authority a level of comfort if a commitment agreement is in place.</p> <p>The Consortium is willing to enter into a commitment agreement with NABERS for an energy rating.</p> <p>The current sustainability strategy seeks net zero emissions and this means the approach to full electrification of all appliances and plant within a commercial building. NABERS currently uses emissions factors that do not recognise the growing renewable energy presence in the network and penalise electrification at this time. NABERS are reviewing these emissions factors at present.</p> <p>Heating of commercial offices still largely relies on the use of gas which impacts on sustainability initiatives for the building, as well as infrastructure and size of plant to be incorporated within the new build. This exclusion of</p>

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			<p>gas in commercial office buildings may result in a penalty under the current NABERS energy rating tool but yet assist the Consortium in achieving a net zero emissions target. As a result the Consortium isn't able to commit to the highest possible NABERS energy rating until this tension between full electrification and the use of gas in commercial office buildings is resolved by NABERS.</p> <p>For this reason, the Consortium at this phase of the planning approvals for the development, will commit to a 5.5-star NABERS energy rating with a commitment agreement, as there remains uncertainty on how NABERS will adapt to the market change to account for full electrification.</p>
4.5-star NABERS Energy Rating for hotel uses	4.5-star NABERS Energy Rating for hotel uses with a commitment agreement	Revise exhibited proposal – 4.5-star NABERS Energy Rating for hotel uses with a commitment agreement.	Consortium are willing to enter into a commitment agreement with NABERS.
4-star NABERS Water Rating for commercial uses	4.5-star NABERS Water Rating for commercial uses	Retain exhibited proposal – 4-star NABERS Water Rating for commercial uses	<p>The tech and innovation target tenants typically operate and occupy an office space with characteristics that are outside the normal commercial office industry standards, most notably with respect to operating hours.</p> <p>NABERS Water ratings are particularly sensitive to hours of operation and extended occupancy, so elevated ratings may not be achievable as a result of tech tenant characteristics.</p> <p>As the tech and innovation tenants are an intrinsic objective of the development and all stakeholders, the Consortium is proposing to retain a 4 star NABERS water rating for commercial use at this early phase of the planning process. There may be opportunity to review this at DA stage or once tenant composition and commitments are understood.</p>

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4-star NABERS Water Rating for hotel uses	4-star NABERS Water Rating for hotel uses.	Retain exhibited proposal – 4 star NABERS Water Rating for hotel uses	N/A

<p>Platinum core and shell WELL Rating (or equivalent industry standard) for commercial uses</p>	<p>Platinum core and shell WELL Rating (version 2) for commercial uses</p>	<p>Revision to exhibited proposal – Silver core and shell rating.(version 2)</p>	<p>WELL ratings normally have three certification levels defined by their names and scores; Silver, Gold and Platinum. The main difference lies in the performance requirements, and how points are earned.</p> <p>The WELL certification is based on 11 performance categories: Air, Water, Nourishment, Light, Movement, Thermal Comfort, Sound, Materials, Mind, Community, Innovations.</p> <p>There are mandatory credits, and points are earned with the optional credits. A building cannot receive the WELL certification if it misses at least one mandatory credit, regardless of the score achieved.</p> <p>The benefits of a WELL rating accrue to both tenants and the broader community.</p> <p>The majority of the benefits to the community can be achieved through the WELL Silver core and shell rating.</p> <p>Categories such as Nourishment, Movement, Mind and Community are categories that are largely provided or offered by the tenant to its employees (with flow on benefits to the community).</p> <p>When workers are of better mind and spirit there are resulting benefits to the public and the people that work in close proximity to these workers. For example, reducing stress levels in the employees of tenants of Central Place Sydney will create a happier place within the precinct as they interact with others on their way to and from work and converse with retailers on their breaks.</p> <p>The incremental benefits of elevated WELL ratings beyond Silver are minimal and accrue primarily to tenants, through improved productivity and attractiveness to the elite labour market and not the broader community.</p> <p>A Platinum WELL rating represents a major investment</p>
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			<p>by the tenant in the productivity of its workers. This investment impacts the rental offer available to the tenant market, adding material cost of tenancy. Many businesses, and especially tech start-up businesses, that may seek to tenant Central Place Sydney (Block B) may not have a model that supports this elevated investment in wellbeing and productivity.</p> <p>A commitment to an elevated WELLS rating at this phase of the planning approval process is also seen as premature as tenant mix between start up and large corporations is unknown.</p> <p>For these reasons, a WELL Silver core and shell rating is proposed for Central Place Sydney (Block B) as it delivers the primary public benefit of health and wellbeing effectively, without imposing an unnecessary and inequitable burden on businesses that are ill-suited to realise the gains of higher WELL ratings.</p>
6-star Green Star Design and As-Built rating	6-star Green Star Design and As-Built rating (version 1.2)	Revision to exhibited proposal – 5-star Green Star Design and As Built rating (Version 1.2)	<p>The Consortium's proposal committed to a 5 star Green Star Design and As Built rating (V 1.2) as a minimum with a target for 6 star Green Star Design and As Built rating (V 1.2).</p> <p>This could be reviewed at the Development Application Stage following the completion of the design competition process and development of the design by the appointed architect.</p> <p>Note: that the rating tool for new buildings is currently under review and therefore the Green Star Design and As Built version 1.2 may be redundant and replaced with Green Star for New Buildings.</p> <p>Rating commitments under the new tool would need to be subject to agreement by the Consortium.</p>

**EXHIBITED DRAFT
DESIGN GUIDE TARGET**

**CITY OF SYDNEY
SUBMISSION TARGET**

CONSORTIUM POSITION

JUSTIFICATION

Energy

<p>Buildings are to incorporate sustainability measures and initiatives that contribute to achieving net zero emissions by being highly efficient and maximising on-site renewal energy generation</p>	<p>Achieve net zero emissions by using highly efficient plant and equipment and using a minimum of 100% renewable electricity. This could be achieved by maximising on-site generation, purchasing renewable electricity generated off-site and purchasing gold class offsets for remaining energy.</p>	<p>As exhibited – the Consortium is committed to achieving a net zero outcome.</p>	<p>The net zero emissions approach will make allowance for the use of gas in commercial kitchens and diesel in emergency and stand-by generation.</p>
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Integrated Water Management

<p>Inclusion of rainwater and /or stormwater harvesting measures to maximise sustainable water reuse.</p>	<p>Integrated Water Management Strategy should be provided that: Incorporates rainwater and/or stormwater harvesting measures to maximise sustainable water reuse, including irrigation for publicly accessible spaces</p>	<p>The Consortium confirms that rainwater/stormwater harvesting measures will be included on site as outlined in the Stormwater Management Assessment and Concept Plan (Annex P to Appendix E of exhibited documents).</p>	<p>N/A</p>
<p>Dual plumbed water systems to enable utilisation of the recycled water network for all permitted non-potable uses, such as flushing, irrigation, firefighting and certain industrial purposes.</p>	<p>Illustrates how building will reuse waster for all permitted non-potable uses such as flushing, irrigation, firefighting and certain functional purposes.</p>	<p>As exhibited – The Consortium support's the exhibited Draft Design Guide's requirement for all new development to provide an Integrated Water Management Strategy that illustrates how buildings will be designed to maximise water efficiency, including consideration of dual plumbed water systems to enable utilisation of the recycled water network for all permitted non-potable uses such as flushing, irrigation, firefighting and certain industrial purposes.</p>	<p>The Consortium's position is aligned with the City of Sydney's feedback. These initiatives will be further investigated and confirmed when the design has been further progressed, rather than at rezoning stage and prior to completion of the Architectural Design Competition.</p>
<p>Consider the potential for a precinct scaled recycled water scheme</p>	<p>Includes a precinct-scale recycled water scheme that can connect to future networks including but not limited to the George Street network.</p>	<p>As exhibited – The Consortium support's the exhibited Draft Design Guide's requirement for all new development to provide an Integrated Water Management Strategy that illustrates how buildings will be designed to maximise water efficiency, including consideration of the potential for a precinct scaled recycled water scheme.</p>	<p>The Consortium is committed to treating water as a precious resource and reusing as much as possible on site. On its own, Central Place Sydney (Block B) is ill-suited to on-site water recycling facilities due to its largely single use nature for offices. Single-use office developments do not typically have the consistency or quantity of waste-water flows</p>

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			<p>to effectively operate water recycling facilities – a bulk of residential use is typically required to generate the water flow needed for effective operation and viability of a recycled water treatment plant. It is noted that residential is not permitted within the current planning allowance for the Western Gateway sub precinct.</p> <p>The optimal approach for Central Place Sydney (Block B) is to consider, and potentially make provision for, connection to a precinct recycled water facility as a customer and to work with neighbouring current and future developments to coordinate an integrated water management strategy that may enable a precinct water recycling facility, if it proves appropriate and viable.</p>
<p>Development is encouraged to provide centrally plumbed hot water systems within buildings to provide more efficient delivery of hot water.</p>	<p>Provides more efficient delivery of hot water through centrally plumbed hot water systems within buildings.</p>	<p>As exhibited.</p> <p>The Consortium is committed to providing a more efficient delivery of hot water through centrally plumbed hot water systems within buildings.</p>	<p>N/A</p>
<p>New development is to consider and include Water Sensitive Urban Design (WSUD) measures to improve stormwater quality flowing into waterways and potentially include:</p> <ul style="list-style-type: none"> • Gross pollutant traps; • Passive irrigation; • Bio-retention areas; and Rainwater harvesting. 	<p>Incorporates, not just consider, water sensitive urban design and green walls and roofs.</p>	<p>Revision to exhibited proposal - We will incorporate water sensitive urban design and consider green walls and roofs.</p>	<p>The Consortium is not yet able to commit to incorporating green walls and roofs prior to the completion of the design competition and at this phase of the planning process.</p> <p>The Consortium will continue to consider green walls and roofs though as the design progresses.</p>
Waste Management			
<p>Measures to reuse or recycle at least 80% of construction and demolition waste.</p>	<p>90% recovery of construction and demolition waste</p>	<p>Revision to exhibited proposal.</p> <p>The Consortium is committed to 90% recovery of construction and demolition waste</p>	<p>The Consortium's position is generally aligned with the City of Sydney's feedback.</p>

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N/a	90% recovery of waste from industrial, commercial operations and other uses.	As exhibited – the Consortium supports the Draft Design Guide waste management provisions with the additional text “by including facilities that support the separation and collection of operational waste.”	<p>The Consortium is committed to reducing waste to landfill from commercial and other uses and is targeting best practice circular economy inclusions within the Unsolicited Proposal Submission to the State Government and the Design Competition Brief.</p> <p>It is not appropriate to require such a high operational waste target be achieved in a planning framework. There is also no certainty as to how this commitment will be governed/enforced during operations of the completed development.</p> <p>The planning framework should require provision be made for waste separation and collection, and the development of a waste management plan to maximise diversion from landfill.</p> <p>The Consortium has a strategy for the circular economy that includes operational considerations, but these are not appropriate for inclusion in a planning document.</p> <p>The Consortium is not in a position at this phase of the planning process and prior to the completion of the Design Competition and tenant commitment, to commit to a 90% recovery target of waste from tenant operations and other uses.</p>

SUMMARY

There is strong alignment between the Consortium’s aspirations and feedback received from PRP, City of Sydney and community submissions and the Consortium generally agrees on the scope and approach to sustainability.

The Consortium position to City of Sydney feedback varies in relation to the following sustainability targets:

- NABERS Energy rating commitments relating to commercial offices as there remains uncertainty on how NABERS will adapt to the market change to account for full electrification
- NABERS Water rating for commercial uses prior to understanding tenant composition or tenant commitment. Innovation and Tech tenants often have characteristics that are outside the normal commercial tenants with respect to operating hours which directly impacts NABERS water ratings.

- WELL Rating commitment to Silver core and shell without placing an onerous burden upon future tenants whilst still maintaining a benefit to the public.
- Green Star commitments for design and as built are proposed to be minimum 5 star but with a target for 6 star which can be reviewed at the Development Application phase following completion of the design competition process and design development.
- Precinct scaled recycled water scheme – consider and investigate possible future connections to a precinct scaled recycled water treatment facility with the owners/stakeholders of the precinct.
- 90% recovery of waste from industrial, commercial operations and other uses – is not a commitment proposed by the Consortium at this stage in the planning process. However, the Consortium is committed to reducing waste to landfill from industrial and commercial operations and is targeting best practice circular economy principles by tenants within the completed development proposal.

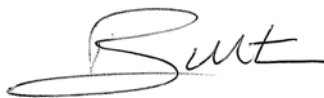
These variances are attributed to matters outside the Consortium's control such as where tenant input is required or are subject to outcomes from the Design Competition. In addition, there needs to be recognition that this stage of the planning process can only provide so much commitment. A model planning framework will recognise that things will change and have appropriate flexibility built into it to ensure detailed design, market responses and shifting policy can be appropriately reflected.

Consortium believes the variances do not compromise the overall sustainability commitments and vision.

The Consortium's approach to Central Place Sydney is to address the most material sustainability priorities in a globally leading way for large-scale urban renewal: net zero emissions, resilience, urban green space, future mobility and the circular economy. These performance ambitions do not always align with current rating tools; for instance, our approach to electrification is at odds with our ambitions under NABERS. The needs of technology tenants such as extended operating hours are also not always aligned with the norms and benchmarks for sustainability in Sydney commercial development, and these needs are critical in the broader role for Central Place Sydney to support future jobs in NSW.

We believe that demonstrating a commitment to leadership on these large issues is an important increase in the level of ambition for the built environment in Sydney. Rating tools have their place and are an important mechanism for assurance, but our net zero emissions ambitions for Central Place Sydney exceed current Australian rating tool requirements; as too do our proposed approaches to resilience and the circular economy.

Regards,



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