

MEDIA RELEASE

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Barangaroo Project Development Agreement Delivers on Key Public Expectations

The Barangaroo Delivery Authority says its contractual Agreement with Lend Lease embodies the interests of the public and State as a key priority in the transformation of Barangaroo.

Publicly releasing the Project Development Agreement, the Authority says the Agreement sets new Australian standards in the levels of financial, environmental, social and business benefit for the people of NSW.

“The strength and robustness of this Agreement is of a standard which compares to other important projects including the Sydney Olympics”, said Mike Collins, Chairman of the Barangaroo Delivery Authority.

“The Project Development Agreement enshrines key public expectations including:

1. World class public domain
2. International benchmark sustainability targets
3. Reinforcing Sydney’s position as a global city
4. An outstanding financial outcome for the people of NSW
5. Retention of land ownership by the public

World class public domain

The Agreement delivers a vibrant public domain across Barangaroo South returning 100% of the foreshore to public use, provides for new cultural space, new landside ferry terminal, an array of exciting, public, entertainment, recreational spaces and retail.

International benchmark sustainability

The Agreement with Lend Lease sees Barangaroo becoming a global leader in sustainability. The Agreement targets Barangaroo as one of the first CBD precincts in the world to be climate positive. This can be achieved by generating and exporting more water than is used, delivering zero waste and achieving carbon neutrality.

Reinforcing Sydney’s position as a global city

The Agreement reinforces Sydney’s economic and financial services future and delivers a \$6 billion transformation and during the delivery phase will inject from \$0.5 to \$1.5 billion a year into the NSW economy.

This reinforces Sydney’s role as a key financial services hub in the Asia Pacific region, attract 30 000 people to live and work, including up to 6000 new permanent jobs, 12 million visitors a year as well as creating 4000 construction jobs.

An outstanding financial outcome for the people of NSW

Payments and guarantees by Lend Lease under the Agreement will fund the government's delivery of the iconic new Headland Park, a new northern harbour cove and southern harbour cove which increase the size of Sydney Harbour by 3.5 hectares, relocation of the Cruise Ship Terminal, the remediation of the historic site contamination and pedestrian connections to Wynyard.

Retention of land ownership by the public

The Agreement ensures public ownership of the land title of Barangaroo South, including all public domain. The Lend Lease building developments will be subject to 99 year leases.

“These are real benefits which will be delivered to the people and State of New South Wales and are mandated requirements of the Agreement we are releasing today.

“The competitive bid process, which ultimately awarded Lend Lease the development rights to Barangaroo South, strictly adhered to the highest standards of procurement, probity and accountability and the requirements of the ICAC in such dealings. It was monitored and signed off by legal advisors and independent probity auditors at every stage.

“The Agreement with Lend Lease became unconditional on 22 June 2010 and is being released in accordance with the requirements of the Government Information (Public Access) Act.

“Through the Project Development Agreement for Barangaroo South, the Barangaroo Delivery Authority has ensured the transformation of Barangaroo South is undertaken in a manner which will provide the highest level of return to the State and the people of NSW across a wide range of criteria, in accordance with the Authority's statutory obligations.

“The Authority is proud to release this Agreement to the community as we have been working on their behalf to achieve the best outcome for the use of this important public asset”, said Mr. Collins.

The Project Development Agreement is available at www.barangaroo.com.

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The Barangaroo Project Development Agreement – The Facts

The Project Development Agreement

The Project Development Agreement is the contract between the NSW Government represented by the Barangaroo Delivery Authority and the developer of Barangaroo South, Lend Lease (Millers Point) Pty Ltd.

The obligations of Lend Lease are guaranteed by Lend Lease Corporation Limited, the ultimate parent company of the Lend Lease Group.

The Date of Agreement

The Agreement was signed by the Authority and Lend Lease on 5 March 2010. It remained conditional until 22 June, when a range of conditions were satisfied by Lend Lease.

What does the Agreement allow?

The Agreement allows Lend Lease to develop leasehold buildings on Barangaroo South.

Commercial, retail and residential buildings on Barangaroo South will be subject to 99 year leases.

The public domain within Barangaroo South will be retained in public ownership for the benefit the people of New South Wales.

The Agreement also guarantees that the land title to Barangaroo South always remains in public ownership.

Public release of the Agreement

The Authority is publicly releasing the Agreement in line with the obligations of the Government Information (Public Access) Act 2009 which commenced on 1 July 2010.

As part of this process, all parties were consulted with as to whether any information in the Agreement may be exempt from publication under the provisions of the Act.

The Act recognises that such processes have to be undertaken and take time. As such, the Act allows a period of 60 days, after the Agreement becomes effective, before information in relation to that Agreement is required to be published.

Commercial in confidence material

The Government Information (Public Access) Act clearly permits commercial in confidence material to be exempted from publication.

While the vast majority of the document (has been released, in line with normal practice some elements have not been released such as commercial in confidence.

Lend Lease payments

The total value of the development is \$6 billion.

The first two payments by Lend Lease are to the Authority have already been made available as part of the formal NSW Government Budget process.

Future payments will also be disclosed as part of the annual NSW Budget process.

The first payment of \$13 million was made in March 2010. A second payment of \$90 million will be made this financial year.

Amendment to the Agreement

The Project Development Agreement was amended by First Deed of Amendment dated 8 June 2010 to ensure the Developer has no right to use any part of the Hotel for residential purposes.

The deed clarified this issue as the Developer had lodged its proposal in response to the Request for Detailed Proposals on the basis that some residential could be included in the Hotel.

Restrictions imposed on Lend Lease

Lend Lease must seek approval from the Authority before lodging any application to the relevant authority (the Department of Planning) to amend the Concept Plan or for any works, including Project Applications.

Environmental initiatives

The Agreement establishes innovative climate benchmarks to be achieved in the development of Barangaroo South, including the expectation of the delivery of one of the first climate positive CBD precincts in the world. This includes targets for:

1. water positive by recycling and exporting more water than it uses;
2. zero waste by reusing, reducing and recycling more waste than it generates; and
3. carbon neutral by generating more renewable energy than total net green house gases created.

Climate benchmarks

Lend Lease is targeted to deliver a climate positive CBD precinct in developing Barangaroo South, and the Barangaroo Delivery Authority will ensure it submits and complies with a Climate Positive Work plan as required by the Agreement.

Remediation

The Agreement provides for comprehensive remediation of the gasworks contamination.

The Agreement requires the remediation of the site to achieve strict environmental standards to ensure that the historic contamination on the site is addressed.

Additional floor space

If Lend Lease is permitted additional gross floor space through the formal planning process as approved by the Consent Authority, Lend Lease is required to make additional payments to the Authority proportionate to that additional residential, retail and commercial gross floor area in excess of the approved concept plan.

Public Art and Cultural Development Contribution

Lend Lease is required to contribute 1% of its construction cost for Barangaroo South so the Barangaroo Public Art Program can be delivered in line with the Public Art Strategy. This contribution is made up of 50% payments and 50% in approved artwork incorporated into building facades and public areas.

The Barangaroo Innovation Centre

The Barangaroo Innovation Centre is to provide civic and cultural uses for the people of New South Wales and to showcase the innovations at Barangaroo, such as sustainability and community programs.

Design Competitions

Consistent with the planning instrument the Agreement allows for Lend Lease to apply for a waiver of the requirement to undertake a design competition for certain buildings if the Director-General of Planning is satisfied that the design exhibits design excellence.