

## **Continuing the Transformation of Central Sydney - Delivery of Town Hall Square**

**File No:** **X118741**

### **Summary**

In 1982, Council supported the proposal of former Lord Mayor Doug Sutherland to acquire properties on George and Park Streets to deliver an eastern extension of Sydney Square opposite Sydney Town Hall. In 1989, that plan evolved under Lord Mayor Jeremy Bingham to extend the acquisition area to deliver a future Town Hall Square.

The first property 532-540 George Street was acquired in 1985 and Council has continued to purchase more buildings as opportunities have arisen. Since 1985 Council has acquired 6 of the 7 buildings required for the development of Town Hall Square. There is one remaining building to be acquired by Council, 542-544 George Street, Sydney. To date, the City has been unable to reach agreement with the owner and it is proposed that Council compulsorily acquire 542-544 George Street, Sydney pursuant to the Local Government Act 1993 (NSW) and in accordance with the Land Acquisition (Just Terms Compensation) Act 1991 (NSW) (Just Terms Act).

In February 2025, Council requested the Chief Executive Officer to investigate financially responsible options to accelerate the delivery of the 'Town Hall Square' project for consideration as part of the 2025/26 budget including project scope and costings, such that works commence by 2028.

An initial review of the project scope, delivery timeframes and financial implications to bring forward the delivery of Town Hall Square has been completed and an allocation of \$150 million for the delivery of the 'Town Hall Square' project is included in the draft Long-Term Financial Plan being submitted for Council's consideration and public exhibition in May 2025.

This report recommends that Council proceed to deliver the Town Hall Square project as outlined in this report, with a target date for commencement of demolition in early 2028, and commence the process for the compulsory acquisition of 542-544 George Street, Sydney.

## Recommendation

It is resolved that:

- (A) Council note that a Town Hall Square within the block bounded by George, Pitt, Park and Bathurst Streets forms part of the continued transformation of Central Sydney and has been a long-term vision for this Council for over 40 years;
- (B) Council note that there is an allocation of a capital works budget of \$150M for the delivery of the Town Hall Square project included in the draft FY26 Long Term Financial Plan;
- (C) Council note that the financial implications associated with the delivery of the Town Hall Square project that are currently known are included in the draft FY26 Long Term Financial Plan and are detailed in the Confidential Attachment B to the subject report;
- (D) Council note that the Town Hall Square project area is as defined in the Sydney Local Environmental Plan 2012 which includes the properties 532-540 George Street, 542-544 George Street, part 546-552 George Street, 5-7 Park Street, 295-301 Pitt Street, 303-305 Pitt Street and 307 Pitt Street as per Attachment A to the subject report;
- (E) Council note that Council has acquired 6 of the 7 buildings required for the development of the Town Hall Square and that the remaining building to be acquired by Council is Lot 13 in Deposited Plan 80276 (Folio ID 13/80276), known as 542-544 George Street, Sydney;
- (F) Council note that the delivery of Town Hall Square is proposed to be accelerated, such that demolition works are targeted to commence by early 2028;
- (G) Council note that the proposed acceleration of the delivery of the Town Hall Square project justifies commencing a process for the compulsory acquisition of 542-544 George Street, Sydney;
- (H) Council note that the building at 307 Pitt Street houses City staff who will need to be relocated prior to demolition works commencing at Town Hall Square, and that this will be subject to a separate project;
- (I) Council note that the buildings owned by the Council within Town Hall Square contain tenancies that will need to be vacated prior to demolition works commencing;
- (J) Council endorse commencing the compulsory acquisition process with respect to the required interests in 542-544 George Street, Sydney for the purposes of the proposed Town Hall Square in accordance with the Land Acquisition (Just Terms Compensation) Act 1991 (NSW) (Just Terms Act) by issuing opening letters and seeking to negotiate with the relevant interest holders;
- (K) Council endorse the development of a concept design for Town Hall Square as described in the subject report for the purposes of engaging design consultants, noting a concept plan will be submitted to Council for concept design approval once developed; and

(L) authority be delegated to the Chief Executive Officer to negotiate, execute and administer variations and surrender of leases, licences or other agreements and related documents as may be required to support alignment of the accelerated delivery of Town Hall Square.

**Attachments**

**Attachment A.** Location Plan and Extent of Works

**Attachment B.** Financial Implications (Confidential)

## Background

1. In 1982, Council supported the proposal of former Lord Mayor Doug Sutherland to acquire properties on George and Park Streets to deliver an eastern extension of Sydney Square opposite Sydney Town Hall. In 1989, that plan evolved under Lord Mayor Jeremy Bingham by extending the acquisition area to deliver a Town Hall Square. The first property 532-540 George Street was acquired in 1985 and Council has continued to purchase more buildings as opportunities have arisen.
2. In 2007, Gehl Architects conducted a Public Space and Life Study of central Sydney. This study looked quantitatively and qualitatively at public spaces in the heart of our city. The study recommended creating three city squares connected by a revitalised George Street. In 2008 Sustainable Sydney 2030 clearly articulated a vision for 'Three Linked City Squares', based on the recommendations of the study.
3. In 2012, Council endorsed the Sydney Local Environmental Plan which defined the area for the future Town Hall Square project.
4. In 2020 The Public Space Public Life Study 2020 by Gehl Architects reaffirmed the need for the Three Squares following the completion of the light rail, the ongoing pedestrianisation of George Street and post Covid-19, to encourage the community back to the city centre.
5. In 2021, Council adopted the [Town Hall Precinct Public Domain Plan](#). The plan provides a coordinated response for improvements for streets and public spaces in the precinct including Town hall Square and is based on the informing principles and directions set out in Sustainable Sydney 2030 and Public Space Public Life 2007 and 2020.
6. In 2022, [Sustainable Sydney 2030-2050: Continuing the Vision](#) expanded on the Three Linked City Squares concept and included the Town Hall Square project as one of the 10 project ideas.
7. The City has been progressively implementing the transformation of Central Sydney in a staged manner, including: the installation of Light Rail along George Street with the pedestrianisation of George Street from Central to Circular Quay (City contribution to these totals \$300 million); the redevelopment of Circular Quay (in planning) and the creation of a new public square adjacent to Central Station (in planning).
8. In the Town Hall precinct, the City has undertaken major upgrades to Town Hall (internal and external building works totalling \$72 million) and the pedestrianisation of George Street has provided new space for people in front of the Town Hall. In 2023 the City committed \$35M towards the staged upgrade of the public space at Sydney Square, between St Andrews Cathedral and Town Hall. The next phase in the transformation of Central Sydney is the delivery of Town Hall Square.
9. Between 1985 to 2019 the City acquired 6 of the 7 buildings required for the development of Town Hall Square. During this time these buildings have been an important source of revenue and in May 2023, Council unanimously resolved to extend the commercial leases and allocate the rental revenue to help cover the costs of creating the Future Town Hall Square. Council also noted that the delivery of Town Hall Square was to be commenced no earlier than 2035.

10. The buildings are now all over 50 years old and the cost to maintain them is increasing. With higher vacancy rates in older office and retail buildings and changes in legislation increasing compliance standards, the cost to maintain and upgrade these buildings is likely to exceed the income the buildings generate. It is now considered uneconomical to hold these buildings for a further 10 years.
11. The Town Hall precinct has undergone significant change with public and private investment driving growth including the 2019 light rail stop at Town Hall and 2024 Gadigal Metro station which has intensified the interchange role of streets and brings additional people to the precinct daily.
12. To adapt to these changing circumstances and to maximise the benefits for the City and its community in February 2025 Council requested the Chief Executive Officer to investigate financially responsible options to accelerate the delivery of the 'Town Hall Square' project for consideration as part of the 2025/26 budget including project scope and costings, such that demolition works commence by 2028.

### **The Site**

13. The site of the future Town Hall Square is defined in the Sydney Local Environmental Plan (LEP) 2012, refer Attachment A. The land is protected by clause 6.18 to:
  - (a) Prevent additional overshadowing of valued public spaces that are used as areas for passive recreation by the public, workers and visitors in Central Sydney, and
  - (b) To protect significant, new and planned public places from overshadowing.
14. The site includes the properties 532-540 George Street, 542-544 George Street, 546-552 George Street, 5-7 Park Street, 295-301 Pitt Street, 303-305 Pitt Street and 307 Pitt Street.
15. Council has acquired 6 of the 7 buildings required for the development of Town Hall Square. To date, the City has been unable to reach agreement with the owner of Lot 13 in Deposited Plan 80276 (Folio ID 13/80276), known as 542-544 George Street, Sydney and the City proposes to commence the compulsory acquisition process for all required interests in 542-544 George Street, Sydney to facilitate the acceleration of the Town Hall Square project.
16. Councils are empowered to compulsorily acquire interests in land by virtue of section 186(1) of the Local Government Act 1993. A council's exercise of this power must be in accordance with the Just Terms Act, which provides the regulatory framework for all compulsory acquisitions. The compulsory acquisition process requires Council to issue an opening letter to the owner and any other affected interest-holders informing them of Council's intent to compulsorily acquire the property and negotiate for the acquisition of the property and affected interests in good faith for at least six months. If those negotiations are unsuccessful, Council may after obtaining the consent of the Minister for Local Government issue a Proposed Acquisition Notice (PAN) to the owner and affected interest-holders, following which an Acquisition Notice must be published in the NSW Government Gazette between 90 to 120 days after issue of the PAN. Council must pay to the owner and other affected interest-holders any compensation payable in accordance with the heads of compensation under the Just Terms Act.

### Project Considerations and Risks

17. An initial review of the project scope, delivery timeframes and financial implications to bring forward the delivery of Town Hall Square has been completed. Key considerations for the delivery of the project include:

- (a) Capital Cost - an allocation of \$150 million for the delivery of the 'Town Hall Square' project is included in the draft Long-Term Financial Plan being submitted to Council in May 2025.
- (b) Revenue lost - reduction of yearly operating income once the buildings are demolished which is included in the FY26 Long Term Financial Plan, as outlined in Confidential Attachment B.
- (c) Management of existing tenants and leases - to facilitate the development of Town Hall Square the City will need to administer the provisions of the leases which allow for early termination on notice and in some instances to negotiate, execute and administer variations to the current leases which may have financial implications to enable the premises to be vacated prior to demolition.
- (d) Compulsory acquisition - The remaining building to be acquired by the City is known as 542-544 George Street, Sydney. The proposed acceleration of the project justifies commencing a process of compulsory acquisition.
- (e) Relocation of City Staff - Staff working at 307 Pitt Street are proposed to be relocated to Town Hall House.
- (f) Demolition and construction in a highly frequented transport hub - The Square is adjacent to Town Hall Railway Station, Gadigal Metro Station, Light Rail the Cross City Road Tunnel.
- (g) Stakeholder Consultation and approvals - To achieve the project outcome will require consultation with state agencies, adjoining landowners and interested stakeholders, noting the proximity of the Square to the railway, metro and light rail.

### Recommended Project Scope

18. The objectives for the project are:

- (a) A Civic Space (Sydney's civic heart) - Provide a significant public space for Sydney. The civic and public centre of the city.
- (b) A space for everyday life and events - Comfortable spaces with flexible seating, active edges and essential amenities to support everyday life, events, public gatherings, protests and celebrations.
- (c) Increasing City greening - New row(s) of significant trees (deep soil) to mitigate exposure sun conditions and contribute to canopy / greening targets

19. These objectives are informed by the Town Hall Public Domain Plan.

20. The project scope includes:

- (a) Demolition of the existing buildings
- (b) New public square (Approx. 4,200m<sup>2</sup> GFA) with high quality paving
- (c) Retention of existing street trees (where possible)
- (d) New trees in deep planting zones with sufficient soil volumes
- (e) New lighting to accommodate everyday activities and large public gatherings / events
- (f) New public domain furniture to accommodate everyday activities and large public gatherings / events
- (g) Improvement works to the southern edge of the site to ensure adequate activation and amenity for everyday use

21. The project excludes:

- (a) Construction of any buildings or basements for commercial or retail floorspace
- (b) Underground connection to the Sydney Metro, Town Hall Station and/or QVB
- (c) Work outside the site boundary
- (d) Works to 309 Pitt Street (as the City does not own the majority of lots within the strata plan of that building)

## **Key Implications**

### **Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision**

22. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:

- (a) Direction 3 - Public places for all - The future Town Hall Square addresses a shortfall of public gathering places at the heart of our city.
- (b) Direction 4 - Design excellence and sustainable development - refurbishment of the square will lift its design quality to match that of George Street, Sydney Town Hall and St Andrew's Cathedral.
- (c) Direction 5 - A city for walking, cycling and public transport - The future Town Hall Square will provide access to Town Hall Station, Gadigal Metro Station and the light rail. Improving legibility and access will benefit both the square and the stations.

(d) Direction 8 - A thriving cultural and creative life - Town Hall Square has the potential to host events, markets and other cultural activities in a busy city environment. An adaptable square design will create opportunities for increased usage, in particular activation of its edges.

### Organisational Impact

23. Delivering Town Hall Square will require considerable staff and financial resources to be committed over a 5 to 6 year period. Resources will need to be diverted from other previously planned projects and/or additional staff resources engaged for the purpose of delivery of this project. That reallocation has commenced with the preparation of the draft 2025/26 budget.
24. City staff currently working at 307 Pitt Street are proposed to be relocated to Town Hall House.

### Risks

25. This is a large and complex project located in the heart of central Sydney. Detailed project and design safety risk assessments will be undertaken at commencement of the project to identify and manage the risks associated with the development and delivery of a project of this scale and complexity.
26. The project and design safety risk assessments will be continuously reviewed and updated through the life of the project in consideration of the principles in the City's risk appetite, which states that:
  - (a) We are open to taking risks that align with our strategic objectives and are within our capacity to manage effectively.
  - (b) We encourage a culture of responsible risk taking to support innovation, excellence and continuous improvement.
  - (c) We identify and evaluate emerging risks to ensure timely and appropriate responses.
27. Key risks requiring action which have been identified in the initial review of the project scope, delivery timeframes and financial implications to bring forward the delivery of the project include:
  - (a) Management of Properties - Significant time and resources are required to undertake negotiations associated with the remaining property acquisition and management of existing leases. Delays in finalising these activities have potential to impact overall project program and result in escalation in construction costs and additional costs to maintain existing buildings. To mitigate this risk early review is being undertaken and negotiations are planned to commence on Council approval of this report.

(b) State Owned Transport Infrastructure Adjoining the Site - There is significant state owned transport infrastructure running adjacent three of the site boundaries with light rail and heavy rail lines running along George Street (above and below ground), cross-city tunnel running along Park Street, and metro running along Pitt Street. Conditions on design and / or construction may be imposed by the owners of this infrastructure and have potential to impact the project scope and overall project program and could result in escalation in construction costs. Early consultation and engagement with State agencies will commence following endorsement of staff's recommendations to identify and design and / or construction conditions and mitigate this risk.

### **Social / Cultural / Community**

28. The delivery of Future Town Hall Square creates increased opportunities for community enjoyment and enables public gatherings and cultural experiences in a city where public space is in great demand.
29. High quality public domain including pedestrian links and recreational spaces has a positive effect on the health of workers and residents.

### **Environmental**

30. The development of the precinct is aligned with the City's leadership in environmental sustainability and climate action through maximising tree canopy and greening linkage improvements between city, parklands, and harbour.

### **Economic**

31. Delivery of the Town Hall Square project is identified in the Sydney LEP 2012 and City Plan 2036 as a key public space.
32. The existing retail and office space that will be lost as a result of this project are considered in the Sydney LEP 2012 and City Plan 2036. The delivery of a high quality public space and amenity at the heart of the City will be key contributors to the competitiveness of the City to do business and attract investment.

### **Financial Implications**

33. The draft FY26 Long Term Financial Plan being considered by Council in May 2025, includes an allocation of \$150 million for the construction of Town Hall Square, as well as costs associated with the termination of existing leases and funds to acquire the remaining property.
34. The draft 10-year Long Term Financial Plan also reflects:
  - (a) Reduction in revenue generated from the current portfolio of properties within the future Town Hall Square and the associated operational costs including maintenance;
  - (b) Reduction in annual building asset renewal costs for the current portfolio of properties within the future Town Hall Square; and
  - (c) Future asset renewal and maintenance costs for the planned Town Hall Square;

## Relevant Legislation

35. Project delivery will be in accordance with relevant planning and approval legislation and regulations, including the Environmental Planning and Assessment Act 1979 (NSW) and Roads Act 1993 (NSW).
36. Leases are administered and managed in accordance with the Conveyancing Act 1919 (NSW) and Retail Leases Act 1994 (NSW) where applicable.
37. Section 186(1) of the Local Government Act 1993 (NSW) empowers councils to compulsorily acquire interests in land and the exercise of this power is subject to the Land Acquisition (Just Terms Compensation) Act 1991 (NSW).
38. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
39. Attachment B contains confidential commercial information which, if disclosed, would:
  - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
  - (b) prejudice the commercial position of the person who supplied it.
40. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its' ratepayers.

## Critical Dates / Time Frames

41. The development of concept designs for Future Town Hall Square will commence upon adopting the recommendations within this report.
42. Indicative milestones for the delivery of Town Hall Square are:
  - (a) Site investigations and engage consultants Mid-end 2025
  - (b) Concept development Early-mid 2026
  - (c) Council Report: Project Scope Mid 2026
  - (d) Planning approval/s and documentation Mid 2026 - end 2027
  - (e) Demolition commences Early 2028
  - (f) Completion Early 2031

## Options

43. Option 1 - Proceed as proposed in this report.
44. Option 2 - Maintain the existing buildings until at least 2035 as previously resolved by Council: This option is not recommended as the current building are aging, increasingly do not comply with current compliance standards and maintaining the buildings for another 10 years or longer would require significant capital investment.
45. Option 3 - Consider expanding the scope of the project to include commercial or retail floorspace. A high level review of options to expand the project scope to include commercial and / or retail floorspace to generate revenue was undertaken as part of the initial review of the project scope, budget and timeframes. Options considered in the review are outlined in Confidential Attachment B.
46. Expanding the project scope to include commercial and / or retail floorspace is not recommended as this would and would result in:
  - (a) a substantial reduction in the area of the square from approximately 4,000sqm to an area of approximately 3,000sqm;
  - (b) reduced areas of deep soil planting and greening / canopy cover that can be achieved; and
  - (c) significant increases to the complexity, timeframes, capital costs and risks associated with the delivery of the project.

## Public Consultation

47. Extensive community consultation and engagement was undertaken as part of Sustainable Sydney 2030 and Sustainable Sydney 2030-2050: Continuing the Vision.
48. Public consultation will be undertaken when a concept design for the square is developed and during the planning approval process for the project.

## KIM WOODBURY

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