



- 8.3** **PROPOSAL TO RELINQUISH COMMITTEE OF MANAGEMENT STATUS FOR CROWN LAND LOCATED AT 62 - 74 PICKLES STREET, SOUTH MELBOURNE**
- WARD:** **GATEWAY**
- GENERAL MANAGER:** **CHRIS CARROLL, ORGANISATIONAL PERFORMANCE**
- PREPARED BY:** **MICHELLE RYSANEK, SENIOR PROPERTY PROJECT MANAGER**
- TRIM FILE NO:** **PF16/70829**
- ATTACHMENTS:**
- 1. Location of 62 – 74 Pickles Street, South Melbourne in relation to Albert Park College Facilities**
  - 2. DET letter to CoPP re Pickles street**

**PURPOSE**

This report seeks Council’s approval for the CoPP to relinquish its Committee of Management status for Crown Land located at 62-74 Pickles Street, South Melbourne to facilitate a transfer of Land Administration to the Department of Education and Training (DET) to enable the site to be occupied by Albert Park College to meet their increasing enrolment needs.

**I. RECOMMENDATION**

That Council:

- 1.1 Relinquishes its Committee of Management status of 62-74 Pickles Street, South Melbourne to facilitate a transfer of Land Administration to the Department of Education and Training.
- 1.2 Authorises the Chief Executive Officer or delegate to execute a Deed of Surrender of the Lease with Melbourne City Mission currently due to expire on 31 May 2020.
- 1.3 Notes that under Clause 14.2 of the Crown Land (Reserves) Act 1978 the Minister may at any time revoke an appointment of a Committee of Management.
- 1.4 Authorises the Chief Executive Officer or delegate to work with the Department of Education and Training to communicate to the local community the transfer of land administration and the proposed use of the Pickles St site.
- 1.5 Requests officers to write to the State Minister for Education:



- 1.5.1 acknowledging that the Pickles Street site is to be used for the benefit of Albert Park College, and requesting that there be future consideration of state government investment in a dedicated youth facility in the City of Port Phillip; and
- 1.5.2 seeking assurance that the Pickles Street site will provide adequate space for Albert Park College until such time as the next public secondary school is built in the vicinity.

## **2. BACKGROUND**

- 2.1 62 – 74 Pickles St, South Melbourne is just under 2,500m<sup>2</sup> in area and located on the corner of Pickles and Richardson Streets South Melbourne. It is within 500m of the existing Albert Park College Facilities. Refer to Attachment I showing the location of the site and particularly in relation to Albert Park College facilities.
- 2.2 Until its temporary reservation for state school purposes was revoked in 1988, it was the site of the former Pickles Street Primary School. From 1988 when CoPP was authorised as the Committee of Management the site has been temporarily reserved for community purposes.
- 2.3 The City of Port Phillip, as the current crown land administrator, leases the site to Melbourne City Mission (MCM), with an expiry date of 31 May 2020. It was originally leased to St Kilda Youth Services (SKYS) in 2010, however, when MCM merged with SKYS in 2014 the incorporation of SKYS was cancelled and the lease was assigned to MCM in 2015. Services provided by MCM on this site are primarily education services for disadvantaged or disengaged youth aged between 15 and 20 years, including the HEAT program for hospitality training and opportunities for young people to re-engage with education.
- 2.4 The rental income currently received from MCM is \$104 plus GST per annum (peppercorn rent).
- 2.5 On average it costs CoPP in the order of \$20,000 to \$25,000 per year to maintain the property (for reactive and preventative/contract maintenance).
- 2.6 The building on the site is in overall average condition; the key issue, however, is the requirement to replace the roofing material, as identified in a condition audit undertaken in May 2016. This plus other internal maintenance work amount to an estimated cost of \$300,000 as a minimum. If the heritage overlay dictates that a like for like roof replacement is required the works could amount to \$1,000,000 due to a requirement to augment the structure to support a tiled roof. These works and supporting investigations were deferred pending resolution of discussions regarding the use of the site to accommodate the Albert Park College expansion.
- 2.7 The anticipated incomings and outgoing for the Pickle St property for the 4 years remaining on the current lease are summarised as follows:



	Income	Outgoings (average)	Comment
Rent	\$416		Peppercorn Rent
Government Funding	\$0		No funding provided to CoPP
Reactive Maintenance	n/a	\$80,000	Based on approx. \$20K/pa
Preventative/ Recurring Maintenance	n/a	\$20,000	Essential Services, security, landscape etc.
Roof Replacement and Basic Upgrade	n/a	\$300,000 - \$1,000,000	This cost is a range and is dependent on the heritage implications on the roof replacement yet to be determined.
Total:	\$416	\$400,000 - \$1,000,000	Considerable deficit

### 3. KEY INFORMATION

- 3.1 In October 2016, the Minister for Education announced that a new site will be secured for Albert Park College.
- 3.2 Prior to this announcement, a number of informal discussions were held with DET regarding the suitability of the Pickles Street site (due to it being Crown Land, its previous reservation for a state school and current temporary reservation for community purposes, and importantly its proximity to Albert Park College i.e. within 500m).
- 3.3 Since the announcement DET approached CoPP, as the land manager, to discuss the potential for it being re-purposed for use by Albert Park College. CoPP advised that an important consideration in the process is the current lease arrangement with MCM, with over 4 years remaining.
- 3.4 DET, with the support of CoPP, engaged MCM in discussions about their desire to utilise the site for Albert Park College and to explore alternative arrangements that would suit the services offered by MCM on the site. The outcome was the potential for MCM to relocate to alternative premises at the Prahran Campus of Melbourne Polytechnic (located at 144 High Street, Prahran near the corner of Chapel Street).

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- 3.5 A meeting with CoPP, DET and MCM at 3.30pm on Thursday 23 February 2017 confirmed MCM's in principle agreement to relocate to the Prahran site based on the following terms and conditions:
  - 3.5.1 DET fund the MCM fitout on the Prahran Campus
  - 3.5.2 DET fund the rental for a five year period
  - 3.5.3 DET fund the project management, legal and transition/relocation costs
- 3.6 The meeting also highlighted MCM's positive view of the relocation and the benefits it could provide to their clients.
- 3.7 A letter has since been issued to CoPP and MCM by DET requesting the relinquishment of the site to DET and clarifying the supporting arrangements. Please refer to Attachment 2 for the letter from DET to CoPP.
- 3.8 This letter stated that the new College site (at Pickles St) is "expected to be sufficient to cater for the College's enrolment pressures until such time that further provision in the area is developed." Subsequent conversations with DET clarified that by "further provision in the area" they meant additional secondary schools that could carry the enrolment pressure (for example, in the Fisherman's Bend precinct).
- 3.9 The MCM Board met on Wednesday 14 March 2017 and endorsed the relocation to the Prahran Campus and in principal approved the surrender of the lease for Pickles Street. A letter is awaited from MCM that advises their intent to surrender the lease. In the meantime, Council and MCM will make preparations for the execution of a Deed of Surrender to be executed by MCM.
- 3.10 While CoPP is essentially losing an MCM service to Prahran (Stonnington City Council), the impact is offset due to both the fundamental reason for re-purposing the site i.e. to accommodate Albert Park College's enrolment demands (a service for a similar but broader demographic) and the qualities of the alternative location proposed for use by MCM, predominantly that it will be highly accessible for youth in our municipality.
- 3.11 The MCM services offered on the site vary from a young mother's support group to the HEAT Program, a Certificate 2 in hospitality to a high school qualification equivalent course. CoPP youth utilisation of the various courses varies also; utilisation is estimated as follows:
  - 3.11.1 Young Mother's Support Group – of the 15 places available, CoPP young mothers would take up 100% of the places.
  - 3.11.2 High School Equivalent Qualification – of the 20-25 places available across two programs CoPP youth take up only approximately 2% of the places.
  - 3.11.3 HEAT, Certificate 2 Hospitality – of the 15 – 20 places available, CoPP youth take up approximately 25% of the places.
- 3.12 MCM highlighted the benefits of the alternative site proposed as well as the structure of the deal presented by DET for those currently utilising the service, these being:

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- 3.12.1 A location more easily accessible by public transport, noting that alternative site is near the corner of High and Chapel Streets, Prahran.
  - 3.12.2 A new fitout and facilities (up to the value of \$1,000,000)
  - 3.12.3 The financial opportunities available due to DET covering 5 years of rent
  - 3.12.4 The benefits of collocating with Melbourne Polytechnic including shared facilities and potentially services.
- 3.13 However, MCM did note that, while they will still have a presence in the City of Port Phillip with their administrative operations in Duke Street St Kilda, they were enthusiastic about exploring opportunities for expanding their presence in the municipality, particularly in light of the re-purposing of the Pickle St site. This is with a view to increasing services for youth that align with Council’s priorities to continue to support the disadvantage, disabled and low-income. To that end, it may be beneficial for CoPP to have a discussion with DET to explore what support may be available from DET in the medium to long term to facilitate increased services for disadvantaged youth within the municipality.
- 3.14 Further to the point above, it is helpful to note that CoPP has and is currently accommodating various public schools’ needs (i.e. DET’s needs) for property over the years, including most recently Albert Park College’s requirement to temporarily situate relocatables while refurbishment works occur at part of their site. Council support for accommodating school facilities expansion needs has included:

	School	Property	CoPP provision and Community impact
1	Albert Park College	Foote Street Reserve	<p>A road closure - ongoing</p> <p>Foote Street road closure to create the Foote Street Reserve for use by the School, and otherwise recreational use by the community.</p> <p>This is now being temporarily occupied (until term 2 2017) by Albert Park College Relocatables in place for decanting purposes while part of the school is refurbished.</p>
2	Albert Park Primary School	Moubray Street Pop Up Park	A road closure – ongoing.





			Moubray St road closure to create the pop up park for use by the school and otherwise recreational use by the community.
3	Albert Park Primary School	Cardigan Place nature strip	Expansion of the school ground onto the Cardigan Place nature strip.
4	Elwood Primary School	Elwood School Reserve	A road closure – long term and ongoing.  Shelley Street road closure to create the reserve for use by the school and otherwise recreational use by the community.
5	Various public and private schools	Reserves	Licenses provided to various public and private schools for use of reserves e.g. Port Melbourne Primary School's use of Garden City Reserve for recreation activities

- 3.15 Community concerns in relation to the current use of the Pickles St site primarily include parking availability, with some minor concern relating to the condition of the premises. It is anticipated that the parking concerns of neighbouring residents will remain or potentially increase as a consequence of the new site use. DET and CoPP will implement a joint communications process not only to announce the new site use and land transfer but to manage community concerns generally and specifically regarding parking. Albert Park College will also be engaged in the process and requested to review and address concerns regarding parking and other issues that may arise from their increased presence in the area.
- 3.16 As a final point, it is important to note that while CoPP is formally appointed (and gazetted) as the land manager, this may be revoked by the State at any time. Nonetheless, DET has engaged CoPP in a consultative and positive manner. It is also helpful to note that the Pickles St site was previously reserved for State School purposes and is currently temporarily reserved for community purposes.





## FURTHER SUPPORTING INFORMATION

### 4. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 4.1 Relinquishing Council's Committee of Management Status for Crown Land located at 62 – 74 Pickles Street, South Melbourne in response to a request from the Department of Education and Training (DET) aligns with Council Plan Objectives “2.3 *Ensure quality and accessible family, youth and children’s services that meet the needs of our community*” and 2.4 “*Foster a community that values lifelong learning, strong connections and participating in the lift of the city.*”
- 4.2 The proposed re-purposing of the site for state school use is an opportunity for Council to support the State Government to deliver affordable school services and facilities to meet demand while also ensuring that MCM is able to continue to provide much needed youth services.

### 5. CONSULTATION AND STAKEHOLDERS

- 5.1 As suggested above DET, as the instigator of the relinquishment process, and MCM, as the current lease holder have been the key stakeholders.
- 5.2 DET has been in consultation with Council about the re-purposing of the Pickles St site for up to two years. However, formal communications with CoPP and subsequent MCM commenced since the Ministerial announcement in October 2016 regarding the extension of Albert Park College.
- 5.3 CoPP supported DET in directly communicating with MCM to determine suitable alternative arrangements for accommodating MCM youth services to the point where the MCM Board in principal agreed to surrender the lease and relocate to the alternative Prahran site (formal confirmation via letter is awaited). CoPP (the Asset Management and Property Department and Community Development – Family, Youth and Children) has been involved in key meetings leading up to position where the MCM Board was asked for approval.
- 5.4 DET has managed the communication process directly with Albert Park College.
- 5.5 CoPP has had informal conversations with the DELWP Crown land group to advise pf the intended land administration transfer and progress of discussions. It is intended that CoPP formally liaise with DELWP (with DET present) to resolve the details behind the transfer following Council resolution. Subsequent to this an official letter will be issued to DELWP and DET to formalise arrangements and the program.
- 5.6 The community has not been consulted to date. It is the intention that DET and CoPP undertake a joint communication process immediately following Council resolution in relation to:
  - 5.6.1 The re-purposing of the site
  - 5.6.2 The transfer of committee of management from CoPP to DET



- 5.6.3 The management of community concerns which are anticipated to be predominantly surrounding parking, possibly noise.

## **6. LEGAL AND RISK IMPLICATIONS**

- 6.1 The Minister may at any time revoke an appointment of a Committee of Management under Clause 14.2 of the Crown Land (Reserves) Act 1978
- 6.2 The Governor in Council (The Government plus State Government) has the power to temporarily or permanently, by means of an Order published in the Government Gazette, reserve Crown Land for any public purpose including pre-school centres, State schools and other institutions of public instruction under Clause 4.1p of the Crown Land (Reserves) Act 1987. This site is currently temporarily reserved for “community purposes” which may require revocation and further reservation of land under Clause 11 A of this Act.
- 6.3 Reputational risks may arise for CoPP if the communications process surrounding the transfer and re-purposing is not managed appropriately, particularly given there is no real opportunity for community engagement. A communications strategy is currently being determined.

## **7. SUSTAINABILITY – Triple Bottom Line**

### **7.1 ENVIRONMENTAL IMPLICATIONS**

- 7.1.1 The proposal has no detrimental or negative environmental impacts.

### **7.2 SOCIAL & CULTURAL IMPLICATIONS**

- 7.2.1 The re-purposing of the site is considered to be of social benefit, particularly in terms of Council Objectives and key actions to deliver quality services for youth and families in the community and partner with providers in doing so, improve access to high quality lifelong learning opportunities and generally engage positively with youth. In terms of Community priorities to “continue to support the disadvantaged, disable and low-income to remain in the city and support affordable housing, even as the city grows more affluent”, the proposal by DET supports the necessity for affordable quality education.
- 7.2.2 While CoPP is essentially losing an MCM service to Prahran (Stonnington City Council), the overall effect is not considered negative due to both the fundamental reason for re-purposing the site i.e. to accommodate Albert Park College’s enrolment demands (a service for a similar but broader demographic) and the qualities of the alternative location proposed for use by MCM, predominantly that it will be highly accessible for youth in our municipality.

### **7.3 ECONOMIC IMPLICATIONS**

- 7.3.1 Economic impacts in facilitating the land transfer are in favour of Council in terms of the outlay required to maintain the property due to the poor



condition of the building versus the limited income provided by the tenant (peppercorn rent).

- 7.3.2 In terms of the wider economic impact on the community, enabling DET to meet the short term enrolment demands on Albert Park College thereby retaining or attracting residents or students and their families is generally deemed positive, particularly in the context that the service provided by MCM will be more accessible by public transport to the community currently using it.

#### 7.4 FINANCIAL IMPLICATIONS

- 7.4.1 CoPP may incur some minor professional services fees (not exceeding \$25,000) associated with the legal paperwork and asset mapping and site assessment. Otherwise DET is covering the MCM expenses associated with the facility transition including fitout, relocation costs, legal and project management fees.

### 8. IMPLEMENTATION STRATEGY

#### 8.1 TIMELINE

- 8.1.1 19 April 2017: Council resolves to relinquish the Committee of Management Status for Crown Land located 62 – 74 Pickles Street, South Melbourne.
- 8.1.2 20 April 2017: CoPP liaises with DET and DELWP (as the overseers of Victorian Crown Land) in relation to the details surrounding the relinquishment.
- 8.1.3 20 April 2017: DET and CoPP deliver via a joint announcement to the community the plans for the re-purposing of the site, how this and any impacts on the immediate community will be managed. MCM may leverage off this announcement to communicate their relocation.
- 8.1.4 26 April 2017: CoPP formalises agreement to relinquish the Pickles St site in writing to DET and DELWP.
- 8.1.5 Early May 2017: MCM executes the Deed of Surrender of the lease.
- 8.1.6 May 2017: DET and DELWP prepare for ministerial approvals and gazettals and DET takes over as Committee of Management of the Pickles St site.
- 8.1.7 September 2017: MCM vacates Pickles St site.
- 8.1.8 September 2017: DET commences refurbishment works on the Pickles St site.



**8.2 COMMUNICATION**

8.2.1 Community concerns regarding the new use of the site (by a secondary college, and particularly associated car parking burden) will be managed through a joint communication process initiated by DET and CoPP, with the College allocated a responsibility to carry forward the communication, and determine and implement measures to manage the concerns. Key messages include:

- The demand for services offered by Albert Park College in our community is growing and a site is required to accommodate this need.
- Following investigations and despite other arrangements being made by DET to accommodate expansion, the Pickles Street site is the ideal site based on its proximity to Albert Park College, its previous reservation and the fact that it already is Crown Land site.
- DET will significantly improve the condition of the property, an investment that otherwise would be required by CoPP.
- The relocation of the services currently offered by MCM will not impact access for the CoPP community that utilises them.
- DET's request to relinquish CoPP's Committee of Management for Pickles St may present opportunities in terms of future support from DET (financial or in kind) for endeavours to expand youth services within the municipality particularly as MCM would like to increase their presence in St Kilda.
- The State may revoke CoPP's Committee of Management status any time. Particularly given the benefits for the community, challenging the request to relinquish will likely be a redundant exercise.

**9. OFFICER DIRECT OR INDIRECT INTEREST**

9.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.