

## Public Question Time

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### Questions from Michael Sabada (Responses from Council Officer in italic)

First my questions regarding the fate of South Melbourne Town Hall (SMTH) are not anti- ANAM, as I would question Council and its processes no matter the proponent for such a significant impact on one of Council's major assets.

- How can the public have confidence that the CoPP council has not already determined to accept ANAM proposal for South Melbourne town hall, when last week the community group who are tenants were informed by council staff that their leases would not be renewed for South Melbourne town hall hub?

*Major capital renewal works are required at the South Melbourne Town Hall.*

*The scope of this work is currently being clarified. It is clear however, that it will require all tenants to vacate whilst the construction is underway.*

*Council has offered tenants the opportunity to remain in occupation until 30 September 2020, and will work with impacted parties to find alternative accommodation.*

- How can the public place any value in a one sided consultation process, as ANAM has a definite building plan, which is not public, the length of the lease is not mentioned, ANAM and council have co-ordinated the consultation so effectively ANAM has the proponent has a definite advantage to attract support for their proposal.

*The Australian National Academy of Music ("ANAM") has put a preliminary, unsolicited proposal to Council.*

*Council has asked Officers to review that proposal before it considers whether to enter substantive discussions with ANAM about that proposal.*

*As part of this, Officers consider it important to first:*

- *understand the significance of the place; and*
- *consider what uses are appropriate to the significance of the place.*

*To assist in this, City of Port Phillip has sought public feedback through the current online survey*

*Have Your Say: What does South Melbourne Town Hall mean to you?*

*Officers will consider this feedback in managing the asset, including in considering the preliminary proposal of ANAM. Independently, ANAM is reaching out to the community to inform and seek feedback on its proposal.*

- COPP council has already ran a consultation 3.5 years ago when ANAM's lease was renewed. Why would it expect a different reaction?

*The previous community consultation related to the specific ANAM lease proposal that existed at that time (2015). The current consultation is essentially about what community members feel about the Town Hall, rather than the details any proposal.*

*If Council decides to further consider ANAM's proposal once the preliminary assessment has been completed, further consultation will be undertaken about ANAM's proposal.*

- Does the council know the detail of the plans proposed for the building works, these obviously include more than repairs due to the level of expenditure. Major changes are proposed to aircondition the auditorium for example, this room has a sprung wooden floor, which is one of the halls many features . A bar is another change.

*A wide range of restoration and upgrade works are required, in addition to the repair works directly arising from the 2018 failure of the ceiling.*

*There will likely be significant cost and time efficiencies if these works are undertaken at the same time.*

*Council is undertaking work at the moment to clarify the scope of works required to the building to repair the damage and any renewal and compliance work that will be required over the next few years.*

*ANAM's preliminary proposal includes general items of renewal and upgrade – not a detailed scope and costing. It includes substantial investment in its own fit-out.*

- How will the town planning be considered and how public input be enabled, as a private institution will be a proponent for a council asset? Who will councillors who once they agree to the concept be able to objectively carry out their planning duties?

*Council is the Responsible Authority to consider any planning permit application relating to the Town Hall. The requirements for assessment, public advertising, and appeal under the Planning and Environment Act will apply.*

*It is not uncommon that a Council is both the owner and Responsible Authority, and we have mechanisms in place to handle this.*

*All physical works to the Town Hall also need to be approved by Heritage Victoria.*

- Why has the council not repaired the water damage to the west wing, first floor of the town hall?

*As noted in the previous response, there are cost and time efficiencies in carrying out a range of restoration and upgrade works in addition to the repair works solely. We are currently planning for all these works.*

- Why would council consider extending the lease to 50 years beyond the standard statutory maximum?

*Council has not yet considered a lease term proposed by ANAM.*

*In considering any lease term, a range of factors are relevant. These include:*

- *the practicality of changing the use of the building;*
- *a tenant's delivering good outcomes for the community; and*
- *the level of capital investment by a tenant (made or planned) is such that it requires amortization over a long period of time, and whether Council retains the benefits of the capital investment at the end of the lease term.*

*Note that under the Local Government Act Council can only enter into leases of up to fifty years.*

- Why when exclusive use is proposed is no rent to be charged?

*ANAM proposes a very substantial rent, in the form of in-kind contribution to building renewal and upgrade.*

*Additionally, Officers will consider not merely rent income, but the overall benefits and costs that flow from the preliminary proposal, and consider it against alternatives.*

*In considering the overall benefits, one aspect how community access to the building is affected.*

- How does the long lease and no rent only maintenance costs, be reconciled with the councils proposed Property Strategy – it appears to be a very significant exception?

*The Property Policy allows a peppercorn rent, and outline factors that should be considered in determining the level of rent.*

- What are the councils potential costs, it seems council thinks they would no longer be responsible for maintenance, but ANAM has no guarantee that other levels of government will fund it to maintain a council owned building, as the last 20 years have proven.

*A risk to Council is that future funding to ANAM may impact its ability to fund not only*

*maintenance, but also building renewal obligations – this will remain a risk to Council.*

*There are mechanisms to mitigate this risk – including bank guarantee.*

*Provided satisfactory financial instruments are in place, any dissolution, liquidation or other actions of the tenant that result in the early termination of the lease will not prejudice Council's ability to step in and fund all future maintenance and building renewal obligations that were previously the responsibility of and at the cost of the tenant.*

- Considerably risks of changes in an organisation over time for such a lengthy lease. How is this risk to be mitigated?

*Council in its assessment of the proposal will need to consider whether such a long lease is appropriate, and if so, how to manage the associated risks.*

*It is common that internal changes within an organization occur within the term of its lease.*

*It is customary to include lease provisions that require the consent of the landlord to any changes in effective control of the tenant, any change in use of the premises or any transfer or assignment of the lease to another party.*

- What is the proposed timeline, for the various decisions council is to make? By this December?

*Council will likely consider the initial assessment of ANAM's proposal at an Ordinary Meeting of Council in around March 2020.*

*If a decision is made to proceed to more detailed negotiations, the timing of any future decision(s) will be made at that meeting. If Council resolves not to proceed with further negotiations, the matter will be at an end.*

- Will the terms of the proposed lease be made public prior to council approving it?

*Should the matter proceed beyond the initial assessment of the proposal, further information will be communicated to the community.*

*Additionally, prior to making a decision to enter into such a lease, Council is obliged under the Local Government Act 1989 to publicly notify its intention to enter into a lease, and invite public submissions. Council must then take any public submissions into account when considering the granting of the lease.*