

**Submission  
No 67  
Item C, Tab 5**

**INQUIRY INTO ENROLMENT CAPACITY IN INNER CITY  
PUBLIC PRIMARY SCHOOLS**

**Name:** NSW Department of Education

**Date received:** 27 September 2016

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MT14/2110

THE LORD MAYOR OF SYDNEY  
CLOVER MOORE

09 DEC 2014

Adrian Piccoli  
Minister for Education  
Level 34, Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

By email office@piccoli.minister.nsw.gov.au

Dear Minister

### New Inner City School

Further to my letter of 4 December 2014, I write to confirm a revised offer for the sale of the City's Fig and Wattle Street site for use as a primary school.

At its meeting last night, Council unanimously endorsed my proposal that we further reduce the sale price for Council's Ultimo property in order to reach agreement with the Department of Education and Communities.

***In response to the proposal by Liberal Councillor Edward Mandla, which I hope represents the NSW Government's commitment to a new school for Pyrmont/Ultimo, Council unanimously agreed to the price you proposed in your letter of 19 September 2014.***

The City will sell the site to the NSW Government for the net price of \$74 million, which is the price sought by your Department before it withdrew its offer on 25 November 2014. As previously agreed, the offer is subject the Department also constructing and dedicating to the City an 80-place child care facility on the site.

I enclose a copy of my Lord Mayoral Minute, including Council's resolution.

***Council's endorsement of the Department's previous offer reflects our desire to reach an agreement with the State Government that can secure a new primary school on the Pyrmont/Ultimo peninsula by 2017, as promised to the community.***

I urge you to accept this offer and direct the Department to finalise an agreement with the City as a matter of urgency. Council's resolution requires acceptance in writing by 31 December 2014.

Yours sincerely,

Clover Moore  
Lord Mayor of Sydney

**SALE OF PROPERTY FOR NEW INNER CITY SCHOOL IN ULTIMO**

FILE NO: S051491

**MINUTE BY THE LORD MAYOR**To Council:

On 3 November, Council **unanimously** endorsed my Lord Mayoral Minute proposing the City sell the former council depot site at Fig and Wattle Street to the Department of Education and Communities (the Department), subject to specified terms and conditions.

Council authorised me to negotiate with the Minister consistent with the significant level of agreement already reached with the Department, including the value of the site and allowance for an 80 place child care centre. Issues for further negotiation included additional community facilities and allowance for remediation.

On 5 November, I wrote to the Minister with a copy of my Minute and expressing my hope that we could resolve outstanding matters to finalise an agreement.

On 13 November, along with the City's Chief Operating Officer and Chief Financial Officer, I met with Minister Piccoli. At that meeting, the Minister informed me that he was acting on advice from his Department and it was agreed that senior staff from both the Department and the City would meet again. I was optimistic that an agreement could be reached for the sale of the Fig and Wattle site for a new school.

City staff met with Departmental staff on 25 November. The meeting lasted just 10 minutes (from 2.35pm to 2.45pm).

The Department's representatives informed City staff that they had withdrawn their offer for the site and ended negotiations. City staff were told that, following a meeting with Government and NSW Treasury, the Department no longer considered purchase of the land a value proposition and they are looking at alternative options. City staff did not have the opportunity to present and discuss options to reach an agreement.

On 26 November, I wrote to the Minister asking that he detail what action he intends to take to provide a needed new local school in Ultimo by 2017. I have not received a response.

On 2 December, I sought to speak with the Minister by phone to offer a compromise. The Minister did not take my call and referred the City to the Department for any further offer. The City's CEO contacted the Department the same day and was informed by the Department on 3 December that it would not consider the further offer.

The gap between the most recent offer from the Department and the City's most recent offer is \$8.5 million.

***I therefore wrote again to the Education Minister on 4 December proposing that the City and State reach agreement by putting in \$4.25 million each to bridge the gap between the Department's last offer and the offer endorsed by Council.***

***I also proposed again that the Department could meet the remaining gap in the sale price through additional in-kind public benefit for the City of Sydney, such as a second 80-place child care centre.***

### City of Sydney position

The City strongly supports the development of a new primary school on our former Ultimo depot site and has worked for the past year to achieve a cooperative arrangement with the State Government to secure that outcome.

The Education Act makes the Minister for Education responsible for delivering public schools; it is not a function of local government. The City needs to account for ratepayer's resources and align its negotiations with *the NSW Treasury Direction that State Departments realise market value in the sale or lease of government assets*.

The City has sought an outcome that enables the State Government meet its responsibility to deliver quality public schools and enables the City to deliver local community facilities.

The City told the Department throughout negotiations that we would provide additional child care or further local community facilities within the redevelopment, to offset the cost of the land for the Department.

To date, the Department has told us that it believes the site is only capable of accommodating the school and one childcare facility, but has not provided concept designs to that support this assessment.

The City also agreed to discount the value of the site for the cost of remediation needed to meet standards for an educational facility. The City has successfully managed remediation of contaminated land for many parks and community facilities.

***The City's allowance for remediation of \$9.5 million includes a scope of works that exceeds the EPA guidelines*** and accommodates a number of additional elements that the Department requested. The City of Sydney will consider the Department's claim for a scope of works costing \$18 million, subject to documentary evidence. The Department has not provided independent verification to support its claim for an additional \$8.5 million allowance for remediation.

The City's approach has been responsive and is consistent with two recent joint ventures between the Department and the City of Canada Bay Council and North Sydney Council.

***Both councils sought and obtained on behalf of their ratepayers fair value for the land provided to the State Government for schools.***

### Canada Bay

The City of Canada Bay Council entered into a partnership with the Department for the new school and community facilities at Powell's Creek, scheduled to open January 2015.

Canada Bay Council's contribution to the project involved an initial 30 year lease to the Department of its property at 64-66 Victoria Ave, Concord West. This parcel of unused community land was not suitable for recreation as it was affected by flooding and contamination, particularly due to previous use by the Turf Research Institute to test herbicides and pesticides. A council report in 2012 stated that the remediation cost was significant and the council was not in a position to undertake those works.

While the Department did not pay for the site, it provided at least equivalent value to council by remediating the site and providing a wide range of community facilities.

The Department has paid for a child care centre, early childhood health centre, purpose-built Out of School Hours Care (OSHC), a communal hall, landscaping and upgrading works to the existing sports facilities in Powell's Creek reserve. The project also relocated a lapidary club and, through co-location of services, freed other Council assets for new uses, as well as providing a range of traffic treatments in the precinct.

### **North Sydney**

North Sydney Council's operational land at 2 Anzac Avenue, Cammeray was leased for The Anzac Club until the end of 2010. In late 2012, the Council resolved to consider a lease to the NSW Education Department.

The report to Council in December 2012 states that the Department preferred control over the site through an outright purchase, but that it would accept a long-term lease. It states that the Department understood that "a commercial bid, one that is based on a market valuation, is required to satisfy Council that best value has been achieved."

In early 2014, North Sydney Council entered into a long-term lease with the Department, conditional on development consent for a school. The Department will make a one-off payment of \$19.5 million to council. At the end of the lease, ownership including improvements, building and land reverts to council. The school will have four floors, room for 1000 students, an associated outdoor space and new landscaping. There are no additional local community facilities included in the development.

### **Ultimo Community Meeting**

In response to the Department withdrawing its offer to the City of Sydney and ending negotiations, a public meeting was held on 26 November 2014 at Ultimo Public School.

The meeting was well attended by approximately 200 parents, residents and community members deeply concerned about the Government's response to the current shortage of public school places in the inner city.

I was joined by the Deputy Lord Mayor and the City's CEO as well as the Member of Sydney, Alex Greenwich MP, the Member for Balmain, Jamie Parker MP and Verity Firth at this meeting. The CEO and I reiterated the City's commitment and support for a new school to provide for the significant population growth in the inner city and the growing trend for parents to stay in the area and bring up their children

At this meeting, the Department's representative repeatedly stated that it is working towards a new public school in Ultimo by 2017; however, he did not provide information on alternative options or sites, or a clear process to secure an alternative site.

The Meeting resolved unanimously that "*the community call on the Minister for Education to direct the Department of Education to re-open negotiations for the Wattle Street site for the new Ultimo public school, and that this be done as a matter of urgency*".

### **Conclusion**

It is very disappointing that the NSW State Government withdrew its offer and ended negotiations with the City to deliver a new primary school in Ultimo. I remain committed to working with the State Government to achieve a joint venture that provides the Ultimo and Pyrmont area with a new primary school and new child care.

I strongly endorse the resolution of the 26 November community meeting and share the concerns of parents and residents about the failure of successive NSW State Governments to plan for and provide quality new educational facilities in the inner city.

I therefore seek Councils' endorsement to reduce the sale price by \$4.25 million to share with the State Government the difference between the Department's most recent offer and the offer endorsed by Council on 3 November.

## RESOLUTION

It is resolved that:

- (A) Council support the resolution of the 26 November 2014 public meeting calling on the *“Minister for Education to direct the Department of Education to re-open negotiations for the Wattle Street site for the new Ultimo public school and that this be done as a matter of urgency”*;
- (B) Council note that the gap between the most recent offer from the NSW Department of Education and Communities and the offer endorsed by Council on 3 November 2014 for the sale of the former Fig and Wattle Streets depot site is \$8.5 million;
- (C) Council endorse a reduction of \$8.5 million in the sale price for a net sale price of \$74 million (excluding GST) to the NSW Department of Education and Communities, subject to the construction of a public primary school on the site, construction by the Department of Education and Communities, strata dedication to the City of an 80-place child care facility and written agreement by the Minister by 31 December 2014; and
- (D) authority be delegated to the Chief Executive Officer to negotiate and enter into an agreement for sale of the former Fig and Wattle Street depot site to the Department of Education and Communities consistent with clause (C)

**COUNCILLOR CLOVER MOORE**  
Lord Mayor