

Document tendered by
 Hon Anthony D'Adam
 Received by
 Sarah Dunn
 Date: 28 / 10 / 21
 Resolved to publish Yes / No

Sensitive



Briefing for Minister Lee: for approval
 MIN20/957

Divestment of 45 East Street Grenfell

Topic Approve the divestment 45 East Street, Grenfell; and execution of Instrument of Delegation.

Analysis The draft TAFE NSW 20 Year Infrastructure Strategy has identified 45 East Street, Grenfell (the Site) for disposal in FY2020/21, as it is vacant and surplus to TAFE NSW service delivery needs.

Grenfell Preschool and Long Day Care Centre Incorporated has expressed interest in acquiring the Site.

Execution of an Instrument of Delegation will enable TAFE NSW officers to undertake the administrative functions for the disposal of the Site.

Approval by As soon as possible to allow TAFE NSW to proceed with the divestment

Recommendations

That the Minister, in the capacity as Minister for Skills and Tertiary Education:

1. **Approve** 45 East Street, Grenfell identified as Lot 21 DP 1244054 (the Site) is surplus to service delivery needs following the opening of the Grenfell Connected Learning Centre on 29 January 2019.
2. **Approve** the immediate disposal of the Site, subject to it not being required for another government or community use purpose, and if not, sale on the open market; and
3. **Sign** and date the Instrument of Delegation at **(TAB A)**, in the presence of a witness.
4. **Note** the Site will be offered to the Grenfell Preschool and Long Day Care Centre Incorporated in accordance with the NSW Government's Community Use Policy.

Minister's approval

Date 27/10/20

Approved recommendation 1, 2 + 4 only.

Checked by DLO	02/10/2020	Approved/noted by adviser/Chief of Staff	
-------------------	------------	--	--

Key issues

TAFE NSW Grenfell is vacant following the opening of the Grenfell Connected Learning Centre

43 East Street, Grenfell (the Site) comprises vacant land and buildings. The Site is not used for service delivery as TAFE NSW operates from the newly constructed Connected Learning Centre (CLC) at 9 Melyra Street, Grenfell, approximately 1.5km from the subject Site (TAB B). The CLC has been operational from 29 January 2019.

The Site running cost in the 2019/20 financial year, including utilities, maintenance and cleaning, was (excl. GST).

Contact:

Title: General Manager TAFE
Infrastructure NSW

Date: 10/09/20 Page 1

Sensitive

Sensitive

Briefing for Minister Lee

MIN20/957

Leasing to a third party is not supported as the, former public school, buildings and site infrastructure are aged and pose a landlord liability without a commensurate return on investment. Disposal is recommended.

Interest expressed from local child care operator to acquire the Site

On 9 July 2019, Steph Cooke MP, Member for Cootamundra, wrote to the Minister on behalf of Grenfell Preschool and Long Day Care Centre Incorporated (GPLDCC). Ms Cooke noted GPLDCC's interest in purchasing the Site to expand its operations, due to space constraints at its current location (MIN19/590, MIN20/477).

Instrument of Delegation

In the absence of delegations to TAFE NSW officers, only the (landowning) Minister may sign documents relating to this divestment. Given the administrative nature of these requirements, it more efficient for a TAFE NSW officer to undertake the administrative functions required to complete the disposal of the Site.

If the recommended Instrument of Delegation is signed, TAFE NSW Managing Director, TAFE NSW Chief Corporate Services Officer or General Manager, TAFE Infrastructure NSW will be able to undertake all activities relating to the disposal of the Site, including but not limited to all incidental functions necessary to facilitate and finalise the sale of the Site, including:

- setting the public auction reserve price
- signing contract documents relating to a sale (such as a contract for sale, lease, transfer and any Notice to Complete) and all associated documents related to divestment of the Site

Once the Minister has signed the Instrument of Delegation, TAFE NSW will undertake all activities relating to disposing of the site.

The scope of the tasks to be delegated are specified in the TAFE NSW Delegations Manual (1 June 2020) Schedule 2 – Delegations Register, Section 6. These items include Item 6.12 Contract documents, 6.13 Purchase and Disposal of Land and 6.14 Regulatory documents.

Further analysis

NSW Government's \$3 billion land and property sales target

The NSW government has introduced a \$3 billion, whole of government (WofG), surplus land and property sales target over the four years to June 2023 (the Target) to help manage fiscal headroom and fund infrastructure.

TAFE NSW has been advised by the Department of Education that the Education Cluster will contribute \$90 million towards the Target. The current apportionment to TAFE NSW is:

- \$1.31 million FY2020
- \$2.40 million FY2021

TAFE NSW understands the Cluster's contribution to the Target is over and above divestments planned for asset recycling or other Budget measures. TAFE NSW is required to meet this contribution commitment.

Contact:

Title: General Manager TAFE
Infrastructure NSW

Date: 10/09/20

Page 2

Sensitive

Sensitive

Briefing for Minister Lee

MIN20/957

The NSW Government Strategic Land and Property Framework and Community Use Policy apply

NSW Government's Strategic Land and Property Framework (SLPF) and associated Community Use Policy (CUP) applies to TAFE NSW and the Minister administering the *TAFE Commission Act 1990* (as landowning Minister).

An authorised divestment requires TAFE NSW to follow the SLPF, initially making the (surplus) Site available to government agencies. Once that is determined, TAFE NSW may transfer to another agency at market value, offer the Site in accordance with the CUP or conduct a sale on the open market.

If authorised by the Minister, TAFE NSW will submit the Site to the Government Property Exchange portal (GPX), administered by NSW Housing & Property Group DPIE (PNSW) for endorsement to proceed with the disposal.

The CUP outlines that surplus government property with a current market value of _____ or less should first be offered to the Local Council before sale on the open market.

The Weddin Shire Council (WSC) formally declined to acquire the Site, however supported the GPLDCC unsolicited proposal (TAB C).

Noting the value of the Site triggers the CUP; if the site is not required for another agency use, PNSW will request the WSC to offer the Site to the GPLDCC, and if declined by either, TAFE NSW will place the Site on the open market (TAB D).

Financial impact

As at 31 July 2020 the Site Net Book Value of land, buildings and site infrastructure is _____ (excl. GST).

In the event the Site is transferred to another agency, it is assumed that TAFE NSW will be cash compensated from this disposal, to reinvest in its Investment Program. A Cabinet Expenditure Review Committee decision will be required to confirm this assumption.

Valuation

TAFE NSW obtained two independent valuations:

- The valuation for land and buildings (Herron Todd White Valuers dated 28 October 2019) is _____ (excl. GST) 'As Is' assuming a 15-year restriction on use for community purposes and _____ (excl. GST) 'As Is' without a restriction on use for community purposes
- The valuation for land and buildings (Saunders & Staniforth Valuers dated 6 November 2019) is _____ (excl. GST) 'As Is' assuming a 15-year restriction on use for community purposes and _____ (excl. GST) 'As Is' without a restriction on use for community purposes

TAFE NSW may obtain an updated market valuation closer to public sales' commencement for benchmarking, guiding for negotiations and update to the estimate of total Tranche sale proceeds.

Risks / contentious issues

In May 2019, part of the former campus (43 East Street) was sold to Weddin Landcare Steering Committee Ltd for _____ (excl. GST).

Contact:

Title: General Manager TAFE
Infrastructure NSW

Date: 10/09/20

Page 3

Sensitive

Sensitive

Briefing for Minister Lee

MIN20/957

The Member for Cootamundra's 9 July 2019 correspondence to the Minister noted GPLDCC interest in purchasing the Site for (MIN19/590 and MIN20/477).

NSW Treasurer's endorsement and ERC approval would be required if the Minister chooses to endorse the sale to GPLDCC for less than current market value.

Next steps

The estimated Divestment Timeline is outlined at (TAB D).

Communications

A communication brief will be prepared when the Site is approved for disposal and before a marketing agent is appointed.

Background

45 East Street, Grenfell has a site area of approximately 5,031 square metres. The improvements on the Site include two former primary school buildings and hardstand area (TAB B).

Attachments

Tab	Title
-----	-------

A	Instrument of Delegation
B	45 East Street Grenfell Fact Sheet
C	Correspondence from Weddin Shire Council dated 22 August 2019
D	Divestment Timeline

Approval

Approvals	Signature/Electronic approval	Date
Key Contact: General Manager TAFE Infrastructure NSW;	Endorsed	23/9/2020
Endorser: A/Chief Corporate Services Officer;		25/09/2020
Approver: Managing Director, TAFE NSW		02/10/2020

Contact:

Title: General Manager TAFE
Infrastructure NSW

Date: 10/09/20

Page 4

Sensitive

ELECTORATE: Cootamundra

SITE DETAILS

Site Name: Grenfell - East Street
 Site Address: 45 East Street Grenfell 2810
 Lot / Deposited Plan (DP): Lot 21/DP1244054
 Site Area (m2): 5031
 Improvements (Buildings): 2
 Zoning/Local Environmental Plan (LEP): R1 General Residential under Wodden LEP 2011
 Adjacent Zoning: Same as above
 Net Book Value as at July 2020
 Market Valuation: 1. The valuation for land and buildings (Heron Todd White Valuers, dated 28 October 2019) is (excl. GST) 'As Is'
 2. The valuation for land and buildings (Saunders & Stanforth Valuers, updated on 6 November 2019) is (excl. GST) 'As Is'

SITE IMPAIRMENTS

Heritage: Local
 Hazardous Materials Known to be Present: Large number of occurrences
 Covenants / Easements: No
 Aboriginal Land Claims: No
 Ground Contamination: Part to be divested - no issues

SITE USE

Current Use of Premises: Unoccupied
 Enrolment Demand (By Field of Education): 0
 Leases/Licences/Third Party Arrangements: No

SITE DIVESTMENT OPTIONS

Divestment Approach: Non-operational sites
 Relevant Site Area (Partial): Not applicable
 Improvements to be divested: All
 Rezoning Potential / Requirement: No
 Decant Location: No delivery operations
 Proposed Divestment Timeframe: 2020/21

AERIAL MAP

