

Sensitive


TAFE NSW

Briefing for Minister Lee: for approval

MIN20/195

Proposed 2020/21 Divestment Program

Topic Approval to commence the divestment process for seven (7) TAFE NSW sites across NSW to meet its assigned contribution to the NSW Government's surplus land and property sales target; and support the funding of the FY2021 TAFE NSW Infrastructure Investment Program.

Analysis TAFE NSW is required to divest surplus land and property to meet its 2019/20 and 2020/21 assigned contributions.

TAFE NSW has completed a review of 137 of its sites across NSW and recommends seven sites for divestment in 2020/21.

TAFE NSW considers the sites are surplus to requirements.

Ministerial approval is required for the proposed divestment of sites at Kogarah, Dubbo, Quirindi, Katoomba, Scone, Dapto and Seaforth.

Approval by N/A

Recommendations

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

1. **Endorses** the TAFE NSW sites at Kogarah, Dubbo, Quirindi, Katoomba, Scone, Dapto and Seaforth identified at **TAB A** are surplus to requirements.
2. **Approves** the commencement of the divestment process for those sites (**TAB A**).
3. **Notes** that divestments remain subject to the Strategic Land and Property Framework, and site specific Ministerial approval.

Minister's approval

Date

Checked by DLO		Approved/noted by adviser/Chief of Staff	
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Key issues

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 (Target) to help manage fiscal headroom and fund infrastructure.

TAFE NSW has been advised by the Department of Education School Infrastructure that the Education Cluster will contribute \$90 million towards the Target.

The current apportionment to TAFE NSW is:

- \$1.309 million 2019/20
- \$2.400 million 2020/21

Contact:

Title: General Manager TAFE
Infrastructure NSW

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TAFE NSW understands that 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.

Seven sites, with a total current Net Book Value of _____ excl. GST), are recommended for divestment in 2020/21 to meet the FY2020 and FY2021 Target contributions.

The balance of the proceeds will be a critical contribution to funding capital works in the TAFE NSW FY2021 Infrastructure Investment Program.

Sites deemed appropriate for divestment

During the 'TAFE Review' TAFE NSW undertook a strategic assessment of campuses in both Sydney metropolitan and regional locations across NSW for divestment recommendations.

The assessment focused on sites which:

- are no longer used;
- have historically low enrolments;
- are forecast to have declining enrolments;
- have surplus land, and/or
- are located within close proximity to other campuses and therefore could be consolidated onto a single campus.

Seven sites located at Kogarah, Dubbo, Quirindi, Katoomba, Scone, Dapto and Seaforth are consequently suitable for divestment in FY2021 (**TAB A**).

- The Kogarah, Dubbo, Quirindi, Katoomba, Dapto and Seaforth sites are currently:
 - not occupied – 'mothballed'; and or
 - leased/licensed to a third party; and
 - have no impact to service delivery, staff or students.
- The Scone campus is a pastoral setting, and currently delivers 'farrier' training.

Other pre-existing training has been transferred to the new Scone Connected Learning Centre.

A number of the buildings are leased long term to Local Lands Services and not used for training delivery.

'Farrier' classes are specialised training and may need to remain in such a setting. Should the Minister approve the divestment of the Scone campus, a commercial arrangement (e.g. leaseback) may be negotiated with the preferred purchaser or an alternate site found (e.g. an employer setting) to continue to deliver TAFE NSW 'farrier' training.

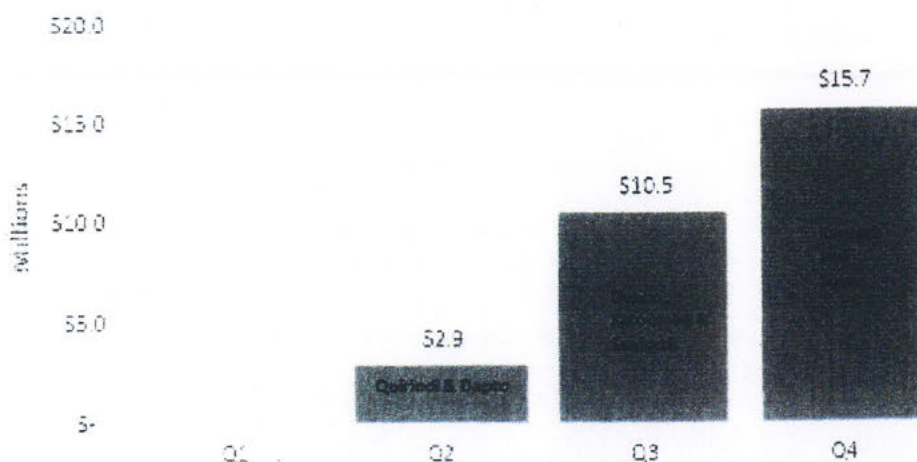
Additional divestments being considered

TAFE NSW has four sites proposed, however, not yet approved for divestment, as reported in the Q2 FY2020 Investment and Divestment Report (MIN20/82):

1. St George campus – minor partial divestment to TfNSW for M6 road widening in progress (compulsory acquisition)

The figure below is the estimated settlement timeframes for the seven (7) sites broken down into quarters over the FY2020/21. This estimate is dependent on efficiency of approvals under the Strategic Land and Property Framework.

TAFE NSW Divestments 2020-2021
Settlement timeframe



The successful implementation of the FY2020/21 Divestment Program is reliant on adequate resourcing of TAFE Infrastructure NSW's transaction team. This requires an estimated additional annual allocation of [redacted] recovered through sales proceeds. This additional resourcing is also required to progress divestments after FY 2021.

Risks / contentious issues

The proposed divestment time frames are contingent on obtaining timely approvals from the Minister, and ERC.

For those divestments which form development opportunities - Dubbo, Katoomba and Kogarah, there may be 'conditions precedent' mandated by the purchaser regarding settlement e.g. development consent; and may affect the timing of the receipt of proceeds.

Six sites are subject to licenses or leases, some of which are expired. Occupants who perceive a material impact to their continuance on site, may frustrate the disposal process.

TAFE NSW requires additional resourcing to deliver this ambitious sales program.

On 11 March 2020 the Minister and Secretary advised the Budget Estimates Hearing (PC 3) there are no approved divestments.

Consultation and communication strategy

TAFE NSW will prepare site specific divestment communication plans and holding statements in consultation with the relevant TAFE NSW Region and TAFE NSW Governance Legal and Risk Branch prior to any specific divestment.

There are no significant staff related implications by the proposed divestments.

Attachments

Contact:

Title: General Manager TAFE
Infrastructure NSW

Date: 13/03/20

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Tab	Title
A	TAFE NSW Divestments 2020/21

Approval

Approvals	Signature/Electronic approval	Date
Key Contact: General Manager TAFE Infrastructure NSW	Approved	12/03/2020
Endorsed: Financial Officer TAFE NSW	Chief	13/03/2020
Approver: Director, TAFE NSW,	Managing	16/03/2020

TAFE NSW DIVESTMENTS 2020/21

TAB A

No.	TAFE NSW Region	Address	Net Book Value as at 31 January 2020 (Land & Buildings) \$ (excl. GST)	Estimated Divestment Completion (2020/21)	Comments
1	West	10 Gamble Street, Quirindi		Q2	The site has not been used for service delivery for over two (2) years. Training was relocated to the new Connected Learning Centre at 123 Hawker Street, Quirindi in November 2017.
2	South	145 Fowlers Road Dapto		Q2	Lease to NSW Police expires 17/1/2021 per annum excl. GST).
3	West	8 George Street, Dubbo		Q3	Licence of part site to Skillset Senior College. The licence has been renewed for a further 12 month period to expire 31/12/2022 per annum excl. GST). No provision for early termination of licence. Licence of part site to Central West Leadership Academy. Licence expires 31/12/2021 per annum excl. GST). This licence can be terminated with either party giving 120 days-notice.
4	Western Sydney	25A-27 Parke Street, Katoomba		Q3	Licence to Nepean Community College for part site, licence on monthly holdover basis per annum excl. GST) Licence to Blue Mountains Public Broadcasting Society for part site, licence terminates 30/6/2021 per annum excl. GST)
5	Sydney	550 Sydney Road, Seaforth		Q3	Lease to Manly Council expired 31 December 2020. No option to renew lease per annum excl. GST)
6	Sydney	16-20 Hogben Street, Kogarah		Q4	Lease to Accelerate College, lease expired 11/6/2018, lease on a monthly hold over basis per annum excl. GST).
7	North	2 Flemington Street, Scone		Q4	TAFE NSW has only used part of the site for farrier classes since all training and services relocated to the new Connected Learning Centre at 26-28 Main Street, Scone. Licence to Local Land Services. per annum excl. GST). The licence has been renewed for a further 5 year term commencing 1/4/2020 and expiring 31/3/2025.
	TOTAL				