



Australian  
National  
Academy  
of Music

# SOUTH MELBOURNE TOWN HALL (SMTH): RESTORATION & RENEWAL

Australian National Academy of Music (ANAM) &  
City of Port Phillip (CoPP)

AN  
AM



1. INTRODUCTION	Page 3
2. CHALLENGES & OPPORTUNITIES	Page 4
3. WHAT IS ANAM?	Page 6
4. RESTORATION & RENEWAL	Page 7
5. ANAM & CoPP PARTNERSHIP	Page 10
6. BENEFITS TO THE COMMUNITY	Page 11
7. FUNDING	Page 12
8. CONCLUSION	Page 13
9. APPENDICES	Page 15



For thousands of years the high ground of Emerald Hill, surrounded by swamps and marshland, was an important social and ceremonial gathering place for the Boonwurrung people of the Kulin nation.

From those times through to the present day – from the days of being a gathering place for indigenous culture and ceremony, to the Hill being home to an orphanage and a refuge for abandoned young people, from the Town Hall as a grandiose monument of civic splendour and municipal administration, to a place that now hums and dances with the dazzling music-making of the country's most brilliant young musicians – a powerful thread encircles this neighbourhood.

By drawing together a broad and diverse community from across the municipality and further afield, a re-energised, accessible and 21st century-enabled South Melbourne Town Hall (SMTH) can be an iconic community and cultural gathering place once again.

## CHALLENGES & OPPORTUNITIES

**The latter part of 2018 proved an important turning point in ANAM's relationship with the beautiful but broken SMTH, drawing a line in the sand for the building's principle tenant.**

The extent and seriousness of the building's demonstrably failing infra-structure, highlighted by the two roof collapse incidents of October and November and persistent serious leaks, has dramatically revealed the parlous state of this aged and neglected building. This has given ANAM's Board cause to pause and to reflect on the question as to whether ANAM has a future in the SMTH.

The substantial repairs proposed by the CoPP will still leave the building well behind 21st century operating capacity, both for ANAM and for local community and cultural use. Only limited space is currently available to ANAM while large areas of the building are under-utilised. If the challenges are not met and ANAM's refurbishment and renewal plans are not embraced, ANAM will need to find a different permanent home.

There are certainly plenty of challenges, but the opportunities are also enormous.



If the building's rich potential were to be realised, the SMTH can play a powerful community and cultural role for at least the next 50 years, alongside continuing as the base for ANAM's internationally celebrated activities. With the commitment of over \$37million of Commonwealth, State and private funds to securing a home for ANAM in Victoria, there lies before CoPP and ANAM a once-in-a generation opportunity: we may now effect a major transformation of this magnificent building into an iconic – and industry standard – cultural and community destination venue, **a 21st century engine room for live performance and community and cultural events, enabling more extensive cultural activation, community engagement and digital accessibility than the building has ever entertained.**

To be regularly cited as "one of the reasons why I love living in South Melbourne (or, indeed, Melbourne)", a transformed SMTH – like the 'MONA effect' in Hobart – has the potential to lead a resurgence of the local retail and hospitality economy, as the beating heart of the city.

**This transformation will halt the building's sad decline and ensure that the SMTH does not go the way of most of Melbourne's other under-utilised inner-city 19th century town halls, becoming a gloomy place for rug sales, computer swaps, crumbling infrastructure and major ratepayer financial liability.**

ANAM proposes that it steers and funds the development of a refurbishment and renewal project (relieving ratepayers of \$37m expenditure), at the completion of which ANAM takes responsibility for the long-term care and management of the SMTH (relieving future ratepayers of a further \$54m expenditure).

## WHAT IS ANAM?



ANAM is much more than an internationally celebrated music training and presenting institution.

ANAM also...

- Delivers \$3.5m of Commonwealth program funding into the municipality each year, via a substantial and critically acclaimed public program;
- Presents more than 180 public events annually, attracting over 25,000 visitors to the SMTH, with 70% of ANAM's members – those residing in CoPP – receiving free entry to most events;
- Is outward facing and deeply engaged with local primary schools, through its Community Engagement Program;
- Has displayed considerable bi-partisan Commonwealth and State political connectedness and lobbying acumen;
- Has displayed proven venue activation and management success by facilitating significantly increased public and community utilisation in the past nine months;
- Has strong industry networks and proven level of professional presentation and promotion expertise;
- Has powerful brand alignment with a transformed SMTH: deep in conversation with a heritage culture, whilst being defined by a unique, energised and compelling contemporary engagement;
- Has a strong vested interest – perhaps stronger than any other party – in energising the SMTH;
- With the changing local demographic profile, provides an anchor for an activation strategy for the precinct.

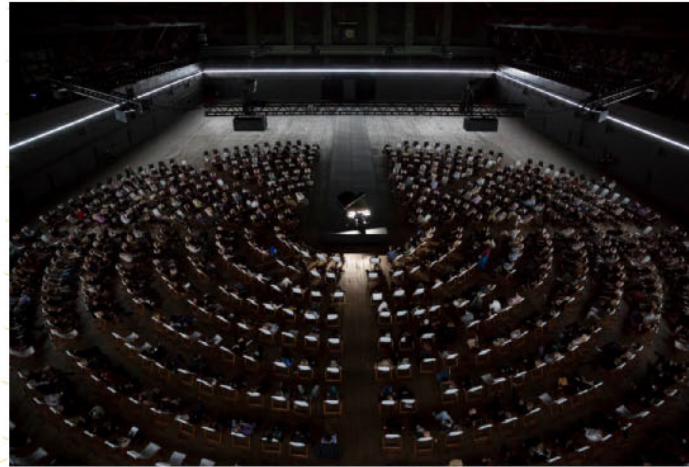
## RESTORATION & RENEWAL

The proposed building renewal, making the SMTH suitable for use by ANAM and the community, will:

- Upgrade all presentation infra-structure in the Town Hall, including state-of-art theatre capability (acoustics, seating, lighting, black-out blinds, sound, streaming, etc.);
- Establish the 'Supper Room' as a flexible, contemporary public performance and community space (in former MAV office), with state-of-the-art presentation infra-structure, and access to external entertaining terrace (replacing redundant rear double concrete staircase);
  - Hirers of the Town Hall and Supper Room will have access to:
    - Digital capture, streaming and broadcast capacity;
    - Professional recording infra-structure;
    - Professional production and presentation support;
    - Marketing support;
    - Ticketing services;
    - Musical instruments;



- Improve front-of-house facilities with the establishment of a public café and/or bar (in former theatrette) to improve visitor experience and increase visitor numbers;
- Include an artist's residence, available for booking (part of former caretaker's apartment);
- Significantly improve back-stage management and storage capacity to ensure professional operations and efficient turn-over for hirers;
- House a refurbished co-working space for cultural and community organisations, to be administered by ANAM;
- Relocate the catering kitchen to the west wing (replacing current west wing kitchen and concrete staircase in back courtyard) to service the Town Hall and Supper Room;
- Install external building illumination and projection infra-structure.

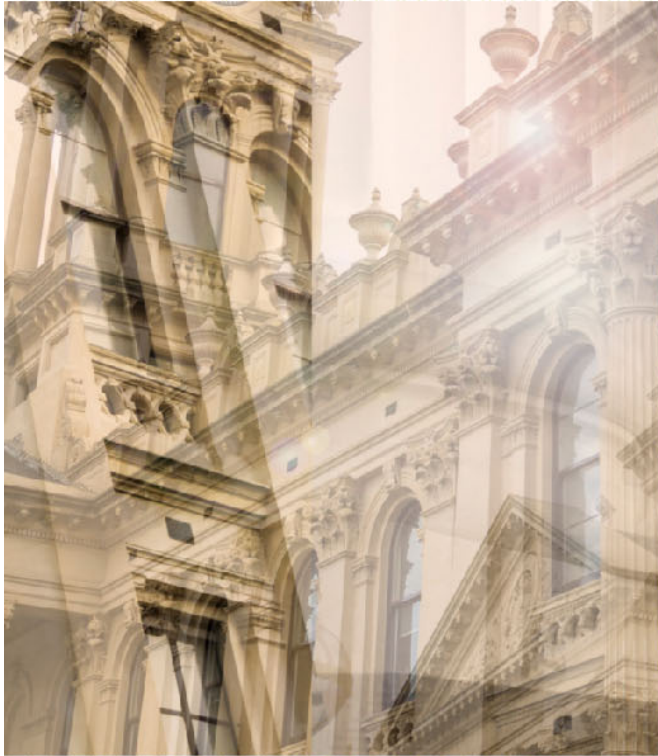




Proposed refurbishment works to bring the SMTH up to 21st century service standards will:

- Repair recently damaged areas, in line with the building's heritage qualities;
- Replace end-of-life HVAC, fire systems, hydraulics, electrical and data systems, and provide the Town Hall with heating and cooling;
- Make building DDA compliant, including refurbished bathrooms, access ramps, etc.;
- Make it a 'green building' by instigating energy efficiencies, including insulation, double glazing, solar fit-out, batteries;
- Assess for possible replacement, and replace if necessary:
  - Entire building roof;
  - Town Hall floor (under-structure and floor);





## ANAM & CoPP PARTNERSHIP

### ANAM to provide:

- A total investment in the building of \$91m over the life of a new Lease. These funds comprise:
  - Investment of \$37m, to deliver the above restoration and renewal works;
  - Investment of a further \$54m over the course of a 50-year Lease, to ensure appropriate maintenance and asset renewal.
- Annual rental of \$1k (+ CPI), as per current lease;
- Agreed CoPP and subsidised community access to continue (similar to current Lease arrangements).

### City of Port Phillip to provide:

- A 50-year Lease (as per Section 190(1) of the Victorian Local Government Act) or development of B.O.O.T. or other contract;
  - At the conclusion of the Lease, ANAM will have first right of refusal to enter into a new Lease;
- Lease/contract for entire building;
- Lease providing ANAM with the authority to independently manage the public hire of the SMTH's public spaces;

- Authority to ANAM to develop, manage and deliver the restoration and renewal project in its entirety;
  - Project management committee to include either CoPP Mayor or Ward Councillor;
- Insurance monies secured for rectifying the 18 October 2018 incident to be allocated to the project budget;
- Commitment to deliver minor landscaping of forecourt by end of restoration and renewal project (grass or paving over former road) or re-allocating CoPP funds currently committed to building renewal to effect major forecourt landscaping, following closure of police station;
- Commitment to install directional street signage to ANAM and SMTH in local precinct by end of restoration and renewal project.

### Branding

- The building will continue to be named 'South Melbourne Town Hall';
- ANAM will continue to position its location 'In residence at the South Melbourne Town Hall'.

## BENEFITS TO THE COMMUNITY

In addition to the benefits listed previously, this project and operating model will also:

- Inject \$91m of federal, state and private money into a major community asset (relieving ratepayers of financial responsibility for 50 years);
- Halt the decay of a damaged and failing community asset, and restore the building to full contemporary functionality;
- Bring the SMTH into the 21st century; giving it a renewed cultural and community function, and an energised and vital role in the municipality;
- Significantly increase community utilisation of the building, opening it to greater public utility than any other town hall in the city;
  - ANAM's expertise and commitment in bringing hirers and the public into the building has been decisively demonstrated in the current trial where its performance has exceeded building utilisation under the previous management system. This indicates that transfer of the building's administration to ANAM will increase – not diminish – public access;
  - ANAM will promote and facilitate public utilisation of nine performance, rehearsal, working and meeting spaces in the building;
- As MONA has successfully achieved for Hobart, make South Melbourne a destination precinct – and the SMTH a 'destination building', that people will wish to travel to and spend time in – leveraging South Melbourne's assets and providing cultural branding heft for the precinct, driving retail and hospitality renewal;
- Create two state-of-the-art public performance spaces, with discounted rates for community access;
- Provide professional venue support, including musical instruments, digital streaming, recording, marketing and ticketing services, for venue hirers at competitive rates;
- Create a café and/or bar, to increase access, visitor numbers and visitor amenity;
- Create a refurbished co-working space for cultural and community organisations in the building, to be administered by ANAM;
- ANAM will provide a comprehensive program backbone, to be supplemented with further cultural and community activation of the spaces, ensuring maximum activation of venues;
- Ensure that South Melbourne remains home to ANAM, an internationally recognised institution and that the local community continues to receive Commonwealth Government subsidised access to all ANAM events.



## FUNDING

### ANAM to contribute:

- \$91m over the life of the Lease, comprising
  - \$37m – Indicative costings of current proposal (budget and quote from Kerr Consultancy in appendix 2);
  - \$54m – Forecast projections, to ensure building maintenance and asset renewal; (\$54m is the net of CoPP's 50-year forecast maintenance and asset renewal cost – as per the current Building Management Plan – less ANAM's forecast current capital contribution; calculations in appendix 3);
    - Facilitated by investment of additional \$4m philanthropic and earned revenues, creating a sinking fund toward future asset management and renewal;
- ANAM continues to pay rental of \$1,000 (+CPI) per year, as per the current lease;

### Revenue sources:

- \$12.5m from Commonwealth Government – confirmed;
- \$12.5m from State Government – pending;
- \$1m from ANAM – confirmed;
- \$12.5m from ANAM supporters (\$8.5m for building upgrade and activation, \$4m for investment sinking fund) – pending;
- \$2.5m (approx.) commitment of ANAM's & CoPP's insurance funds, resulting from 18 Oct 2018 incident claim – pending confirmation;

*Both Commonwealth and State funding is contingent on securing funding from each other, and on CoPP providing as outlined above.*



The alignment of a near catastrophe with a ripe political moment has enabled ANAM to secure a commitment of \$12.5m from the Commonwealth to invest in ANAM's future accommodation (currently the SMTH). These funds strengthen application to the State Government and a range of ANAM's philanthropic partners to bring an additional \$25m to the project.

This funding opportunity coincides with:

- The urgent need to invest in building repair, and some overdue asset renewal;
- MAV vacating their office space, revealing the potential for an exciting new public space (Supper Room);
- The possible imminent availability of 222 Bank St to re-locate Council services and SMTH's other tenants;
- ANAM's current formidable national and international brand.

**In addition to \$91m of immediate and ongoing investment in CoPP's asset, ANAM brings experience, imagination, energy and vision to this enterprise, together with demonstrated commitment to and success in community engagement and building activation.**

In the event that this project does not proceed, ANAM will re-enter discussions with other parties to explore the allocation of these funds to establishing a home in an alternative venue.





**Australian National Academy of Music Ltd**  
ABN 18 067 405 190

South Melbourne Town Hall  
210 Bank St  
SOUTH MELBOURNE VIC 3205

03 9645 7911  
[anam.com.au](http://anam.com.au)

*ANAM is supported by the Commonwealth Government via the Department of Communications and the Arts and is a member of the Federal Government Arts8 (Australian Roundtable for Arts Training Excellence).*

*ANAM is supported by the Victorian Government via the Office of Education and Training.*

*ANAM is in residence in the South Melbourne Town Hall, in partnership with the City of Port Phillip.*

**ANAM**  
AUSTRALIAN NATIONAL  
ACADEMY OF MUSIC



**Appendix 1**  
**SMTH Refurbishment & Renewal, draft budget**

<b>Expenditure</b>		000's
Roof Repair		2,150
External façade		1,000
DDA compliance		1,100
Superstructure		4,230
Services		7,770
Energy efficiency		1,260
Internal base finishes		1,000
Fit-out & furnishings		2,940
Fit-out of auditoriums		4,790
External		580
Venue Management Systems		105
Managing contractor		2,527
Consultants	8%	2,356
Contingency	15%	4,771
Investment	<i>For future asset renewal &amp; maintenance</i>	4,400
<b>Total Expenditure</b>		<b>40,979</b>

<b>Revenue</b>		
Commonwealth Government	<i>confirmed</i>	12,500
State Government	<i>pending</i>	12,500
ANAM contribution	<i>confirmed</i>	1,000
Philanthropy	<i>pending</i>	12,500
Potter Foundation		
Myer Foundation		
Hansen Little Foundation		
Besen Foundation		
Other		
ANAM & CoPP insurance (approx.)	<i>From 18 Oct 2018 incident; pending</i>	2,500
<b>Total Revenue</b>		<b>41,000</b>

**Appendix 2**  
**Letter from Kerr Consultancy, 140519**

Daymar Pty Ltd trading as  
**Kerr Consultancy**  
 ABN 22 704 198 528  
 P O Box 456 Sorrento Vic 3943  
 e - 303mdkh@gmail.com  
 t - 0418 322 030

14 May 2019

Australian National Academy of Music (ANAM)  
 210 Bank Street  
 SOUTH MELBOURNE VIC 3205

Attention - Mr Nick Bailey

Dear Nick

**Proposed Refurbishment and Services Upgrades to South Melbourne Town Hall (ANAM Tenancy)**

Following on from my recent meeting with yourself and Yvonne von Hartel, I confirm "Likely Order of Cost" for the Proposed Refurbishment/Services Upgrades for the Town Hall, based upon a brief site inspection and subsequent detailed discussions on possible Scope of Works as follows:-

**COST SUMMARY**

(i)	Base Building Refurbishment Works (including major roof and superstructure upgrades).	\$8,180,000
(ii)	Services Upgrades (inclusive of the Wood & Grieve Report dated March 2019)	\$7,420,000
(iii)	Sustainability/Energy Efficiencies	\$1,260,000
(iv)	Internal Fitout	\$3,690,000
(v)	Auditorium/Studio Upgrades	\$5,490,000
(vi)	External Works	\$555,000
(vii)	Venue Systems and Branding	\$180,000
	<u>Sub Total</u>	<u>\$26,775,000</u>
(viii)	Allowance for Managing Contractors (10% - assumed 3 year construction period)	\$2,677,500
	<u>Sub Total</u>	<u>\$29,452,500</u>
(ix)	Consultant Fees (8%)	\$2,356,200
	<u>Sub Total</u>	<u>\$31,808,700</u>
(x)	Contingency (15%)	\$4,771,300
	<b>Total (excluding GST) as at May 2019</b>	<b>\$36,580,000</b>

ANAM Likely Order of Cost #1

Daymar Pty Ltd trading as  
**Kerr Consultancy**  
 ABN 22 704 198 528

**Proposed Refurbishment and Services Upgrades to South Melbourne Town Hall (ANAM Tenancy) (Cont'd)**

Please note the indicative nature of the above estimate.

As no documentation is available, this "likely order of cost" is an interpolation of the thoughts, needs and aspirations for the ongoing occupancy of the South Melbourne Town Hall by ANAM for a 50 (plus) year period.

Once documentation is available, the above estimates will need to be investigated in significant detail to align with the proposed refurbishment and/or alterations estimates noted above.

This estimate excludes the following:-

- GST
- Removal and disposal of contaminated material
- Authorities fees and charges
- Specific Heritage requirements
- Interest and Holding Charges
- Legal Costs
- Cost Increases beyond May 2019
- Rental and relocation costs to temporary premises.

It is also worth noting that the estimate is based upon ANAM remaining in occupation whilst the proposed works are undertaken. Appropriate allowances have been made for internal relocation of staff and facilities, within the Town Hall, to accommodate construction of the anticipated works.

I trust the above is sufficient for your current needs.

Should you require further information please do not hesitate to contact me.

Yours faithfully



MICHAEL D KERR  
 Director

cc | Ms Y von Hartel (PVH)

MDK:mg

ANAM Likely Order of Cost #1



**Appendix 3  
SMTH Outgoings, maintenance & asset renewal, forecast costing**

CPI	1.02	Maintenance			Current ANAM costs	Major Capital - Asset Renewal & Replacement	Net Venue Mgt revenue/cost	Net earnings (on N3), after running costs
Year	Full bldg outgoings, reduced by 20% due to efficiencies	Current costs to CoPP - outgoings & maint.	Full Building	Total Maint. & Outgoings	(Oncosts, capital contribution maint.)	2019 estimate, plus CPI	Staff & misc, less hire & other revenue	1.10
						Amount invested:		\$4,000,000
1	135,758	122,215	222,400	358,158	275,000	0	4,316,842	
2	138,473	124,659	226,848	365,321	280,500	-164,000	4,521,706	
3	141,242	127,153	231,385	372,627	286,110	-311,100	4,598,699	
4	144,067	129,696	236,013	380,080	291,832	-235,822	4,757,389	
5	146,948	132,290	240,733	387,681	297,669	-229,553	4,936,908	
6	149,887	134,935	245,548	395,435	303,622	-209,784	5,152,815	
7	152,885	137,634	250,459	403,344	309,695	-165,160	5,433,578	
8	155,943	140,387	255,468	411,411	315,889	-160,887	5,745,302	
9	159,062	143,195	260,577	419,639	322,206	-117,365	6,130,306	
10	162,243	146,058	265,789	428,031	328,650	167,612 10 yrs (+CPI)	6,427,108	
11	165,488	148,980	271,104	436,592	335,223	-31,833	6,962,909	
12	168,798	151,959	276,526	445,324	341,928	11,171	7,593,793	
13	172,173	154,998	282,057	454,230	348,766	11,394	8,286,457	
14	175,617	158,098	287,698	463,315	355,742	11,622	9,047,053	
15	179,129	161,260	293,452	472,581	362,857	495,952 15 yrs (+CPI)	9,386,394	
16	182,712	164,486	299,321	482,033	370,114	12,092	10,254,235	
17	186,366	167,775	305,308	491,674	377,516	12,333	11,207,443	
18	190,093	171,131	311,414	501,507	385,066	12,580	12,254,528	
19	193,895	174,553	317,642	511,537	392,768	12,832	13,404,849	
20	197,773	178,044	323,995	521,768	400,623	204,318 10 yrs (+CPI)	14,464,381	
21	201,729	181,605	330,475	532,203	408,636	13,350	15,832,651	
22	205,763	185,237	337,084	542,847	416,808	13,617	17,336,185	
23	209,878	188,942	343,826	553,704	425,144	13,889	18,988,478	
24	214,076	192,721	350,702	564,778	433,647	14,167	20,804,373	
25	218,358	196,575	357,716	576,074	442,320	17,977,764 25 yrs (+CPI)	4,822,435	
26	222,725	200,507	364,871	587,596	451,167	14,740	5,218,375	
27	227,179	204,517	372,168	599,347	460,190	15,034	5,652,183	
28	231,723	208,607	379,612	611,334	469,394	15,335	6,127,611	
29	236,357	212,780	387,204	623,561	478,782	15,642	6,648,786	

30	241,084	217,035	394,948	636,032	488,357	249,062 10 yrs (+CPI)	15,955	6,971,184
31	245,906	221,376	402,847	648,753	498,124	667,487 15 yrs (+CPI)	16,274	6,905,530
32	250,824	225,803	410,904	661,728	508,087		16,599	7,498,891
33	255,841	230,319	419,122	674,963	518,249		16,931	8,149,644
34	260,958	234,926	427,504	688,462	528,614		17,270	8,863,490
35	266,177	239,624	436,054	702,231	539,186		17,615	9,646,698
36	271,500	244,417	444,775	716,276	549,970		17,968	10,506,165
37	276,930	249,305	453,671	730,601	560,969		18,327	11,449,473
38	282,469	254,291	462,744	745,213	572,188		18,693	12,484,967
39	288,118	259,377	471,999	760,117	583,632		19,067	13,621,821
40	293,881	264,565	481,439	775,320	595,305	303,605 10 yrs (+CPI)	19,449	14,566,522
41	299,758	269,856	491,068	790,826	607,211		19,838	15,907,020
42	305,753	275,253	500,889	806,643	619,355		20,234	17,379,246
43	311,868	280,758	510,907	822,776	631,742		20,639	18,996,325
44	318,106	286,373	521,125	839,231	644,377		21,052	20,772,694
45	324,468	292,101	531,548	856,016	657,265	898,349 15 yrs (+CPI)	21,473	21,825,887
46	330,957	297,943	542,179	873,136	670,410		21,902	23,880,233
47	337,576	303,902	553,022	890,599	683,818		22,340	26,137,448
48	344,328	309,980	564,083	908,411	697,494		22,787	28,617,769
49	351,214	316,179	575,364	926,579	711,444		23,243	31,343,454
50	358,239	322,503	586,872	945,110	725,673	32,934,324 10 + 25 yrs (+CPI)	23,708	1,404,662
<b>Total</b>	<b>11,482,297</b>	<b>10,336,885</b>	<b>18,810,459</b>	<b>30,292,755</b>	<b>23,259,335</b>	<b>53,898,473</b>	<b>0</b>	<b>1,404,662</b>

**Savings to CoPP**

CoPP proportion of outgoings & maintenance	10,336,885
CoPP asset renewal (as per Building Management Plan asset life-cycle forecast)	53,898,473
Less ANAM annual contribution to sinking fund	10,657,005
<b>Forecast CoPP expenditure</b>	<b>53,578,354</b>