

**Royal Park Protection Group Inc**  
Registration No A0035478L PO Box 197 Parkville 3052  
Contact: Julianne Bell (Convenor) Phone 98184114 mobile 0408022408

**SUBMISSION TO PARLIAMENTARY SELECT COMMITTEE ENQUIRING INTO  
PUBLIC LAND DEVELOPMENT**

**THE SALE & ALIENATION OF THE FORMER ROYAL PARK PSYCHIATRIC  
HOSPITAL**

**Introduction**

1. Melbourne has fondly been referred to as capital of the Garden State with 650 hectares of parks and gardens plus tree lined boulevards and Yarra banks.
2. Yet the last decade or so has been characterised by wholesale alienation of our historic parks for commercial purposes; for construction of sporting venues and stadiums; and by the concreting of all major waterways (with the possible exception of the Maribyrnong River) to build freeways.
3. During the time Royal Park has existed, about one third of its original area has been excised for children's and psychiatric hospitals and services; a rehabilitation centre; a juvenile detention centre, a TAFE Horticultural Training Centre; the 2006 Commonwealth Games Netball and Hockey stadiums; and the now privatised Commonwealth Serum Laboratories.

4. However, the group wishes to focus this submission on the alienation of the former Royal Park Psychiatric Hospital site (**site**) that was used for the 2006 Commonwealth Games Village and the subsequent use of the site for the Parkville Gardens residential development.
5. While the Group acknowledges that little can be done to change what has happened at the site, it proposes some ways that might in the future better balance consideration of the public benefit of retaining open parkland when a proposal is made to alienate public open space.

#### **Former Royal Park Psychiatric Hospital**

6. The former Royal Park Psychiatric Hospital site is on 20 hectares of what was formerly Crown Land. It is situated in an area bounded generally by the Tullamarine Freeway, Park Street and Oak Streets in Parkville.
7. The site was reserved as crown land in 1854 when Governor La Trobe established Royal Park.
8. The rest of Royal Park was created by a crown grant in 1876.
9. The Royal Park Psychiatric Hospital was built on the site, which was temporarily reserved for the purpose, in 1906 and it was used as a psychiatric hospital until it closed in 2000.
10. From 2000, the Group sought unsuccessfully for the site to be re-integrated into Royal Park.

### Heritage listing of the Psychiatric Hospital Buildings

11. In 2005, the Group was successful in having the former hospital buildings and a curtilage of open space around those buildings registered on the Victorian Heritage Register.
12. A copy of the heritage listing for the buildings is attached.

### Commonwealth Games Village

13. The Commonwealth Games Village was developed on the site under an agreement between the State and the developer, that is a joint venture guaranteed by Australand (**developer**), known as the “Project Delivery Agreement for the Melbourne 2006 Commonwealth Games Village” dated 22 December 2003 (**Agreement**).
14. The development of the site is controlled by the *Commonwealth Games Arrangements Act 2001 (Games Act)*. It is not subject to the usual development controls in the *Planning and Environment Act 1987*, nor the usual building controls in the *Building Act 1991*. The now heritage listed former psychiatric hospital on the games village land is not protected by the usual protections in the *Heritage Act*.
15. The then Minister for Commonwealth Games, Justin Madden, was solely responsible for applying the usual planning and building controls. Under the Agreement, the Minister was only required to meet a relatively vague objective:

*“... that although the Commonwealth Games Arrangements Act 2001 outlines a planning, environment and heritage process, the State nevertheless seeks to meet and exceed the principles of all existing planning, environment, heritage, occupational health*

*and safety, infrastructure and other legal requirements for projects of this kind.”*

16. A description of the works in Part E of the Agreement shows the true nature of the agreement reached between the government and the developer:

*The 2006 Commonwealth Games Village (the Village) will provide accommodation and related facilities including dining, leisure and operational support for 6,000 athletes and team officials ... of the Melbourne 2006 Commonwealth Games (the Games). The parties agree that, whilst acknowledging that the Village represents a transitional phase in the development of a commercial real estate development, a primary purpose of the Village is to provide an effective and operationally efficient Village for use by Athletes.*

17. The site became, by reason of the Games Act, unalienated crown land. After the Games, it was subdivided into a medium/high density residential development and has become substantially privately owned. At settlement of a particular lot, title passes from the Crown via the developer to the purchaser.

### **Balancing of public and private issues**

18. The Group's main concern with the alienation of this site was that it was highly discretionary on the relevant minister to consider the public benefits of retaining open space on the one hand and the benefits of alienating this site on the other.
19. From the Group's examination of the Agreement, it acknowledges that there was some public interest in the exclusion of planning, building and heritage laws from applying to the development of the Games Village. However, such exclusions are not warranted for the subsequent development of the land for private purposes.

20. In addition, there did not appear to be a sufficient financial return to the State to warrant the transfer of former crown land to a private developer. Given that the land is rare inner city crown land, such an outcome, even on purely financial terms, is surely unacceptable.
21. The Group believes that the financial return to the government from the development would be marginal at best is based on the following considerations:
  - (a) The State paid the developer to develop the land for the Games Village. The amount payable for the Games Village was not disclosed, but it appeared to be based on a relatively loosely described tender for the works. The developer tendered for those works on an ongoing basis. The developer did not have to put in a fixed price for the development from the start.
  - (b) There were numerous changes to the form of the Games Village and time pressures for those changes to be included in the overall works. Whenever there are time pressures on building sites, costs escalate substantially.
  - (c) In these circumstances, there were likely to be significant price overruns and the potential for the development to be of a substandard nature. For example, the former hospital buildings were re-developed substantially for accommodation before the Games, rather than after as originally planned. 250 athletes were accommodated in those buildings and 250 in new infill buildings in the former hospital land precinct.

Previously, the former hospital buildings accommodated 130 patients.

- (d) The developer did not pay for the land up front. Rather, there are undisclosed payments made to the State (that appear to be other than stamp duty) when each allotment is developed and settlement occurs. No details of the amounts payable to the State have been disclosed.
- (e) The developer only had to pay for half of the cost of essential infrastructure to the land. The State has paid \$52m towards those works.
- (f) The Agreement runs until 2011. The developer can extend the term of the Agreement until 2015 or 2018 where it can satisfy the State that the market conditions for the sale of lots is not favourable. The potential return of all monies due to the State from the developer under the Agreement could be delayed until 2018.
- (g) The State at its cost cleared and decontaminated the land before the developer took possession.
- (h) The State will pay the developer to provide some social housing within the development. Social housing is to comprise 20% of the final occupants of the site. However, half of the social housing mix will be 100 beds in an aged care facility that is not proposed to be completed until about 2008.

- (i) A total of 81 social housing units were constructed and used for athletes accommodation during the Games. The remaining 19 social housing units will be located in a wall of apartments comprising 700 units along the freeway but these apartments are not schedule to be completed until 2011 at the earliest or 2018 at the latest. 78 social housing units have not been refurbished or managers appointed and still stand empty.

### **Issues**

- 22. The existing process for alienation of crown land under the Crown Land (Reserves) Act requires an act of parliament to change a crown reservation. The Group believes that this process does not afford the same degree of public scrutiny as would a normal development application under the Planning and Environment Act. This is particularly so when, as in the case of the Games Village, the alienation occurs in tandem with a complex development agreement with a private developer.
- 23. When such an act of parliament is accompanied by provisions that exclude the normal operation of the Planning and Environment Act, and other relevant acts, and a complex contractual agreement, public involvement in the decision to alienate crown land becomes extremely limited.
- 24. In the Group's view, the Games Village represents:
  - (a) the alienation and sale of public open space for minimal financial benefit;

- (b) the loss of 20 hectares of inner city parkland with over 1, 900 mature trees cleared;
- (c) the associated loss of significant wildlife habitat;
- (d) the destruction of Royal Park Hospital heritage listed buildings. Despite being registered on the State Heritage Register and the Register of the National Estate, those buildings have been subdivided and sold without proper regard to their heritage significance being made;
- (e) a failure by the Minister to honour a commitment to the public that, post games, the heritage buildings would be used for community purposes and a centre to interpret the history of the royal park psychiatric hospital. Because of the fact that it was used to accommodate athletes and developed as residential units, this has not occurred;
- (f) the potential for land-banking of valuable inner city former public land by the developer until 2018;
- (g) the ability of the developer to change what is proposed to be constructed on the site without the normal constraints and public consultation processes set out in the Planning and Environment Act, the Building Act and the Heritage Act.

25. The development on the site comprises 212 houses, apartments and terraces built so far. It is already having a deleterious impact on Royal Park and surrounding suburbs. It creates a barrier to the Green Link being established between Royal Park and the Moonee Ponds Creek

Corridor, as envisaged under the State Government's Linking Open Space (August 2000). Degradation of Royal Park is also expected given increased parking, through traffic and certain pollution by the huge increase in vehicle traffic from the development, which is entirely car dependent.

26. The social housing component of the development, namely 100 units and 100 aged care facility beds have not been constructed for free by the developer. Under the Agreement, the government is obliged to make payments to the developer for that public housing.

#### **Public Land Protection Trust**

27. In 2004, the NSW opposition proposed a bill entitled the *Protection of Public Lands Bill 2004 (Bill)*. The Bill proposed the establishment of a register of iconic public lands that would be afforded permanent protection from development. Further, that it would be virtually impossible to remove those lands from the register. A Public Land Protection Trust would assess nominations to the register based on heritage, land management and community considerations.
28. The Group believes that this approach would afford a greater degree of protection of Melbourne's iconic parks and waterways than at present. The Group encourages the committee to examine this Bill.
29. In addition, it recommends that the Crown Land (Reserves) Act process for alienating crown land, or any proposal for development on crown land, be subject to the permit process in the Planning and Environment Act. Further, that the Public Land Protection Trust be a

referral authority in that process. The Public Land Protection Trust's role would be to ensure that due consideration is given to the public benefit of public open space whenever a proposal is made to alienate some or all of it.

30. The Group would be happy to address the committee about these issues, if required. Attached to this submission is:
- (a) an extract from the Victorian Heritage Register concerning the former psychiatric hospital; and
  - (b) some photos of the site including an apparent alienation of part of the Park Street road frontage.

Please contact Julianne Bell if you require any further information or assistance.

16 October 2007

**Julianne Bell**  
Convenor  
Royal Park Protection Group Inc