

WALT SECORD MLC

SHADOW MINISTER FOR THE ARTS

DEPUTY OPPOSITION LEADER IN THE NSW LEGISLATIVE COUNCIL

Thursday, 3 May 2018

BEREJIKLIAN GOVERNMENT EMBARRASSED BY MAJOR ERROR IN BUSINESS CASE SUMMARY FOR POWERHOUSE MUSEUM MOVE

The Berejiklian Government has been forced to admit that a key economic element for the Powerhouse Museum move was wrong – after three days of questioning in State Parliament’s Legislative Council.

NSW Labor said this was highly embarrassing for the Berejiklian Government.

NSW Arts Minister Don Harwin, who has faced repeated questions without notice in the NSW Parliament’s Legislative Council admitted today (May 3) after further questioning that the Benefit Cost Ratio (BCR) discount rate was 7 and not 6.88 as published on the weekend.

BCR determines whether a project can access to Restart NSW funds. Any project under “1” cannot.

Earlier this week, Labor asked if “6.88” was used to push the Powerhouse move over the “1” threshold – rather than 7 which has been used by NSW Treasury since 1989.

Today, it was revealed that the Berejiklian Government had used the “7” figure to support the move – and had not departed from the practice.

A BCR canvasses construction costs, life cycle costs, project operating costs, land acquisition, consumer benefits, and other related matters.

NSW Labor Upper House leader Adam Searle asked Mr Harwin:

“Given the Benefit Cost Ratio discount rate applied to the Powerhouse Museum move is 6.88 per cent, rather than the usual Treasury’s 7 per cent, will you confirm that the Powerhouse move was the only infrastructure project in NSW assessed by your government using the 6.88 figure?”

In response, Mr Harwin said Infrastructure NSW had corrected the error this morning and it was a “typo”. The summary of the business case was released on Saturday April 28 by the Premier Gladys Berejiklian and Mr Harwin.

Deputy Leader and Shadow Arts Minister Walt Secord also asked Mr Harwin:

“Given your admission that the BCR published in the summary business case was incorrect, will you now release the full business case to reassure the community and to ensure full transparency – and can you confirm that you contacted Infrastructure NSW to ensure that there are no other errors in the business summary?”

<https://spaces.hightail.com/space/1dXEXspxsL> (to view both questions from NSW Parliament today – May 3)

Mr Secord said this is a major error and the whole business case was built on the BCR.

“The Powerhouse Museum move lurches from crisis to crisis.”

“The Berejiklian Government changes the project continuously and makes it up as it goes along.”

“Originally, they claimed it would cost \$10 million to move the Powerhouse museum and now it is more than \$1 billion.”

“Today, we find that their financial costs and assessments were wrong. This is a major error. It also shows how quickly and haphazardly the business case has been assembled.”

“If this mistake was made by one of the major accounting firms, they would be fired immediately. This was not a mere typo.”

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