

Development tower 'powers museum move'

EXCLUSIVE

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Re Aust 13 June 2018

The benefit-cost ratio of moving the Powerhouse Museum was originally as low as 0.435 — less than half the break-even benchmark of one — and was lifted into positive territory only by adding a residential apartment tower at its new site in western Sydney's Parramatta and more apartments at its present inner-city Ultimo site.

A business case released by the Berejiklian government to the upper house for the museum move spells out just how much development will have to occur to make the project economical.

Getting the move of the 30-year-old museum from Ultimo to Parramatta — as promised by Mike Baird in the 2015 election campaign — above the BCR of 1 is critical in that it allows Premier Gladys Berejiklian to plunder the Restart NSW Fund, paid for by asset sales, to cover the \$1 billion cost of the move.

Ms Berejiklian was not able to use that money for her two stadium redevelopments because the BCR fell under the magic figure of 1 — a greater cost than benefit.

A 2017 business case by the Museum of Applied Arts and Sciences, also known as the Powerhouse, revealed yesterday after being shrouded in secrecy, indicated that cabinet ordered more work to be done after initial estimates for the move of the museum had a BCR of 0.435.

The documents show that consultants told the government: "The subject property is the largest consolidated waterfront landholding in the Parramatta CBD and provides a substantial opportunity for an iconic, integrated mixed museum-private development.

"The development of a stand-alone museum on this site would represent a significant under-utilisation of the property's development potential with the current and future planning framework providing for a mixed-use development yield in excess of 90,000sqm.

"The successful incorporation of private development with mu-

New 10pc tax on online gambling

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operators," Mr Perrottet said. "Following an extensive consultation period with stakeholders, this decision will resolve the disconnect between the jurisdiction where gambling activity occurs and where it is taxed. We also want to make sure that the racing industry is no worse off under these changes, which is why we have taken steps to ensure that they receive fair compensation and that existing parity arrangements are unchanged."

South Australia was the first of three states either to introduce or to promise to introduce a 15 per cent rate of tax, followed by Western Australia and, yesterday, Queensland.

NSW, which has been lobbied by online betting operators, is understood to have come to the conclusion that the 15 per cent rate is based on a similar British tax which does not take into account the fact that the betting operators already pay GST, payroll tax and product fees. Also, TAB has an exclusivity arrangement in relation to on-the-ground betting.

seum uses as part of an integrated precinct ... could enhance value-for-money outcomes to the state in terms of delivery cost, future income potential, precinct activation and/or increased patronisation of exhibitions.

"Anecdotal examples of the successful integration of cultural institutions with private development include Federation Square (Melbourne), Southbank (Brisbane) (and) Walsh Bay (Sydney)."

The documents point to the potential to develop up to 68 levels high on the Ultimo site.

Among the consultants' documents are estimates of a studio sales price of \$660,000; one bedroom, \$810,000; two bedrooms, \$1.3 million; and three bedrooms, \$2.05m.

Various estimates contained in the papers show the cost of the

"We think 10 per cent strikes the right balance and that online corporate bookmakers should contribute their fair share," Mr Perrottet said. "However, a 15 per cent additional tax on top of GST and race field fees would be an excessive burden on players in the market. We will review our 10 per cent rate in 18 months and also keep a close watch on how other states progress with their POCT."

Tabcorp, the anti-gambling lobby and the Hotels Association had argued for 15 per cent to ensure there was a level playing field against the online competitors.

Under the new system, all Australian-based wagering operators will pay a tax of 10 per cent of net wagering revenue generated from all wagering and betting activity of NSW residents. A tax-free threshold of \$1m a year will apply for all operators.

This is the second major tax the government has introduced, following a foreign investor stamp duty surcharge in 2016.

The government argues that the new taxes are not classed as a "new tax" because they simply change existing taxes through legislation.

A proposal to introduce a fire and emergency services levy was dumped last year.

move being as high as \$1.92bn with a mooted benefit of \$2.1bn to the economy — although these figures include more than \$600m of operating expenses needed to run a museum day-to-day and more than \$200m related to the opportunity cost of not selling land.

The government last night said the numbers were no longer contemporary.

NSW Arts Minister Don Harwin yesterday said: "The final business case shows the project has a benefit cost ratio of 1.02."

Opposition arts spokesman Walt Secord said: "The only way the Berejiklian government could make the Powerhouse Museum move stack up was to allow over-development of the Parramatta site. We will see Shanghai-style skyscrapers in Parramatta."