

OpEx OR CapEx?

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Hi everyone,

Mark Banasiak MLC, interrogating the Minister for the Arts John Graham during Budget Estimates Hearings, asked "...the operating budget for 2023-24 was revised from \$26.147 million to \$33.782 million. Why did we see an increase of \$7.6 million for only seven months of operation, given that those sites (Powerhouse Museum Ultimo) were closed in early February?"

Read full transcript of 6 September 2024 Hearings HERE

[https://www.parliament.nsw.gov.au/lcdocs/transcripts/3330/Transcript%20-%20PC6%20-%206%20September%202024%20-%20Budget%20Estimates%20\(Graham\)%20-%20UNCORRECTED.pdf](https://www.parliament.nsw.gov.au/lcdocs/transcripts/3330/Transcript%20-%20PC6%20-%206%20September%202024%20-%20Budget%20Estimates%20(Graham)%20-%20UNCORRECTED.pdf)

page 30.

The **operating budget** (OpEx) is the money allocated for the day-to-day running of the institution and should never be confused with the **capital expenditure budget** (CapEx) which is the funds allocated to long-term investment (building construction for example).

The original \$26M was established to run the Powerhouse Museum in Ultimo (and the Sydney Observatory) for 12 months (\$2.2M per month) in compliance with the Minister's promise "**to keep the Museum open**".

As we all (painfully) recall, **the Minister broke his promise** and the Museum closed early in February, after having, "we understand", exhausted their yearly budget in the first 6 months. The revised \$34M for 7 operational months equates to \$4.8M per month (+121% !), and further, the 2024-25 operating budget is \$58,999 million (+126% from the original 2023-24 budget) for **not operating any museum at all** – Parramatta will now not open before mid-2026(?)* as a "Westfield on water" rather than a museum**, the Observatory can only be visited on selected evenings by (expensive) reservation and Castle Hill opens to the public for only a few hours on week-ends.

*Read Linda Morris in SMH of 14 September "Powerhouse Parramatta unlikely to *open before mid-2026*" <https://www.smh.com.au/culture/art-and-design/powerhouse-parramatta-unlikely-to-open-before-mid-2026-20240906-p5k8ix.html>

Note: CEO Lisa Haviilah is blaming the delay on a rainy period during piling works (in 2022) but, during Budget Estimates in March 2024, to the question (331) "When is the Parramatta Powerhouse opening?" The Minister replied that "Infrastructure NSW has advised museum opening in late 2025" (See Replies to supplementary questions of 20 March 2024, page 73 HERE

<https://www.parliament.nsw.gov.au/lcdocs/other/19343/2.%20Answers%20to%20supplementary%20Questions%20-%205%20March%202024%20-%20Budget%20Estimates%20GRAHAM.pdf>)

**Read Parramatta News of 14 September "*Parramatta Powerhouse Museum's retail, cafe plans criticised*" <http://tiny.cc/9z1mzz>

"The NSW government is rewarding failure" says Museum Expert Kylie Winkworth, **"the worst performing cultural institution in the arts portfolio is getting the most money"**.

“The government (might be) using the museum’s operating budget to disguise cost overruns at Parramatta” she continues. “They have repeatedly said in budget estimates that Parramatta is on budget and all of the costs for the Parramatta Powerhouse are funded in the separate capital budget of \$840M + 75M (note that the original cost for Powerhouse Parramatta in 2019-20 was \$645M) It was clear from SO52 budget papers released to Parliament a few years ago - thank you Mr Borsak - that the museum forgot to budget for the exhibitions at Parramatta as part of the total project costs. We understand that the exhibition costs are running in the hundreds of millions. It’s also possible some of the cost overruns are for the Castle Hill store which opened in March. But this is meant to be fully funded within the capital budget for Parramatta - as Create NSW and MAAS have repeatedly told budget estimates.”

Are they covering capital expenditure overruns with funds earmarked for operations?

Is this the reason why the Auditor General of NSW has programmed a “**performance audit**” of the “investment in arts and culture: Powerhouse Museum Parramatta and Ultimo projects” in 2025-27? “This audit will examine the effectiveness of the planning, design and construction for the Powerhouse Museum Parramatta and Ultimo projects.”

The findings could be condemnatory after what will be, in 2027, 14 years of gross mismanagement and secrecy but, by then, the Powerhouse Museum in Ultimo will have been destroyed, Parramatta landed with a white elephant, \$1.5B+ of taxpayer money evaporated and the NSW Arts budget encumbered with unsustainable running costs for decades.

So much for the NSW Treasurer, Daniel Mookhey, who said on ABC News that “...*We've been very, very careful with every single dollar we've been spending.*”

Remember that the submission period to the 2nd exhibition of the “Ultimo Heritage Renewal” SSD Application’s EIS <https://www.planningportal.nsw.gov.au/major-projects/projects/powerhouse-ultimo-revitalisation> closes on **Monday 7 October** (Labour Day).

While submission fatigue is understandable, **WE MUST NOT GIVE UP**. We believe your numerous “**OBJECTING**” submissions helped to derail the process. **NUMBERS WILL COUNT YET AGAIN!** We will share more information once we have completed our “re-exhibition” documents analysis.

Save the Powerhouse

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