

REPORT ON PROCEEDINGS BEFORE

PORTFOLIO COMMITTEE NO. 4 – LEGAL AFFAIRS

INQUIRY INTO MUSEUMS AND GALLERIES

UNCORRECTED PROOF

At Macquarie Room, Parliament House, Sydney on Tuesday, 29 August 2017

The Committee met at 2:45 pm

PRESENT

The Hon. Robert Borsak (Chair)

The Hon. Scott Farlow

The Hon. Ben Franklin

The Hon. Shayne Mallard

The Hon. Shaoquett Moselmane

The Hon. Walt Secord

Mr David Shoebridge

The CHAIR: Welcome to the eighth hearing of the Portfolio Committee No. 4—Legal Affairs inquiry into museums and galleries. The inquiry was established to examine New South Wales government policy, funding and support for the State's cultural institutions including museums, gallery buildings and heritage collections. It will also consider the proposed sale of the Powerhouse site in Ultimo and whether there are alternative strategies to support museum development. I acknowledge the Gadigal people, the traditional custodians of this land, pay respect to elders past and present of the Eora nation, and extend that respect to other Aboriginals present.

Today we will hear from Parramatta City Council and the Hon. Don Harwin, Minister for the Arts, who will be accompanied by representatives from the Department of Planning and Environment. I will make some brief comments about procedures for today's hearing. Today's hearing is open to the public and is broadcast live via the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I remind media representatives that they must take responsibility for what they publish about the Committee's proceedings.

It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing. I urge witnesses to be careful about any comments they may make to the media or others after they complete their evidence as such comments will not be protected by parliamentary privilege if another person decides to take an action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat. There may be some questions that witnesses could only answer if they had more time or with certain documents to hand. In these circumstances, witnesses are advised that they can take the questions on notice and provide an answer within 21 days. Witnesses are advised that any messages should be delivered to Committee members through the Committee staff. To aid with the audibility of this hearing I remind both Committee members and witnesses to speak into the microphones. In addition, several seats have been reserved near the loudspeakers for persons in the public gallery with hearing difficulties. I remind everyone to switch their mobile phones to silent for the duration of the hearing.

AMANDA CHADWICK, Administrator Parramatta City Council, sworn and examined

REBECCA GRASSO, Director Marketing and City Identity, Parramatta City Council, sworn and examined

The CHAIR: Would you like to make an opening statement?

Ms CHADWICK: Yes. I am the administrator of the new City of Parramatta council where my role is to lead and govern the council during a period of transition. My colleague Ms Rebecca Grasso is council's Director Marketing and City Identity. My introductory remarks focus on two of the Committee's terms of reference, namely, paragraph (e) the proposed move to Parramatta, and paragraph (h), the economic impact of museums and galleries. The heads of agreement which was signed between the council and the State Government on 28 July 2017 leverages council's riverbank site to create a new cultural precinct on the Parramatta River. The precinct will include the new Museum of Applied Arts and Sciences [MAAS], \$100 million for enlarged and enhanced riverside theatres and a new pedestrian bridge across the river, all of which will be underpinned by a further \$40 million to deliver council's cultural plan.

The heads of agreement is aligned to both the policies of the former Parramatta City Council and those of the new council. It delivers on community aspirations as expressed in recent rounds of consultation. Further, as I will briefly explain, it will drive economic benefit for the whole region. In recent negotiations the new council has been mindful of the direction of the former council, which supported the expansion and upgrade of the riverside theatre and the creation of a mixed used vibrant precinct along the Parramatta River that included cultural infrastructure. An equally important factor has been the clarity of the community's aspirations. From the start, residents of the new City of Parramatta have stressed the importance of arts and culture.

I will refer, first, to the initial rounds of consultation. Standing at North Rocks Rotary market on a Sunday morning it became clear that many residents felt a positive connection between the future of their region and the MAAS's relocation. When council engaged with around 9,000 residents, which is about 4 per cent of our population, about the vision and priorities of the council supporting arts and culture, celebrations and destinations was consistently one of the top eight priorities. Council's extensive consultation to assist development of a cultural plan made it abundantly clear that attracting MAAS and riverside theatre were the communities top two cultural priorities. Seven in every 10 respondents to our surveys and focus groups specified MAAS as their top cultural priority.

Respondents saw MAAS as an integrated element of Parramatta's cultural infrastructure, support for reconciliation and a vehicle for local history telling. The cultural precinct will be a huge stimulus for our local economy and jobs. Modelling by Deloitte shows that by 2028 it will grow the local economy between \$106 million and \$422 million, in minimum viable product [MPV] terms. Employment is expected to increase in the construction and operational phase. Once the museum is operational in 2022 local jobs are expected to increase by between 150 and 600 full-time equivalent roles. The City of Parramatta is transforming at an unprecedented rate. Together with the MAAS the stimulus will have a broader effect for the whole of the Western Sydney region. I note that over the past five years the number of visitors to Parramatta has grown by more than a third, demonstrating the market's potential. The new Western Sydney stadium is being built. A growing visitor and restaurant scene supports a night-time economy worth \$858 million. PricewaterhouseCoopers estimates that by 2021 our economy will grow by \$7 billion to \$30 billion and our CBD will be a third larger than it is today.

Parramatta has a vision to be driven by culture to be a world-class city, known for its diversity and energy, with people, ideas and creativity at its core. As the commercial and cultural capital of Western Sydney, we recognise that shaping a new Parramatta means investing in commerce and culture. Consistent with our cultural strategy, we are working to establish a global city that is rich in diversity and history—one that includes a world-class museum. Western Sydney, within 10 years, will be home to half of all Sydneysiders. Its students, artists, creatives, scientists, businesses and everyone else in the community deserve no less than the State's investment in a new world-class Museum of Applied Arts and Sciences.

I table my statement and three other documents that have supported council through this process. The first document, together with my statement, is a fact sheet that was prepared by the council to explain the heads of agreement that we have entered into with the State Government; the second is a study commissioned of Deloitte Access Economics, to understand the economic impact of this new cultural precinct, the museum and Riverside Theatre; and the third document is our new cultural plan which was the result of three rounds of consultation with our community about its cultural priorities.

Documents tabled.

The CHAIR: Who commissioned the Deloitte report that you mentioned?

Ms CHADWICK: Council did, to support our negotiations and to ensure that we were informed about the economic impact of the agreement that we were contemplating entering into with the State Government.

The CHAIR: Did you get a good deal?

Ms CHADWICK: The heads of agreement and the establishment of a cultural precinct for the City of Parramatta is a great deal for the council and for its residents. It delivers on the priorities of the former council and of the current council. It represents a deal of what we believe is the commercial valuation of the land. It delivers long-held community aspirations for the Riverside Theatre. It will generate enormous economic stimulus to our region and will put us on the map as a cultural precinct for international, local and other visitors. I think the most important impacts are the impacts for our residents. When I talk, for example, to principals of schools in our region, their question is not whether the Museum of Applied Arts and Sciences should come to Parramatta but when. Yes, I think we got a good deal.

Mr DAVID SHOEBRIDGE: Ms Chadwick, you mentioned the \$100 million you got for the Riverside Theatre and the \$40 million you got from the State Government for the cultural plan, but you did not tell us how much you were paid for the land.

Ms CHADWICK: The land is worth \$140 million and the proceeds of the sale of the land are being invested through the heads of agreement. So \$40 million is being invested in the delivery of the cultural plan and \$100 million of the proceeds is being invested in Riverside Theatre.

Mr DAVID SHOEBRIDGE: So all the money that you said Parramatta is getting has come from Parramatta—from your own asset?

Ms CHADWICK: Let us work through this. From step one the council has a body of land which is otherwise known to locals as the DJs car park site. That land is being sold to the State Government for \$140 million. Of that we have committed that \$40 million of the proceeds will be invested in the delivery of the cultural plan and \$100 million will be invested in the Riverside Theatre. As a result, the community gets a cultural precinct.

The Hon. WALT SECORD: You are the administrator of the council until the elections on 9 September. I refer to the heads of agreement that was signed on 28 July. Are there any other conditions that are commercial in confidence or that were not disclosed in the press release involving the Premier? You referred to \$100 million for the Riverside Theatre and \$40 million for the cultural plan. Are there any other aspects of the arrangement or the heads of agreement that are not in the public arena?

Ms CHADWICK: The reason I prepared the fact sheet that I have just distributed was to ensure that as much as possible of the arrangement could be shared in the public domain. In relation to the list that you have just identified, I draw your attention to a new pedestrian bridge to be built from one side of the river to the other to allow a greater connectivity between those two areas.

The Hon. WALT SECORD: What is the estimated cost of that pedestrian bridge?

Ms CHADWICK: A bridge of a very similar dimension was included as an estimate in council's central business district [CBD] infrastructure strategy, and that strategy values a pedestrian bridge at \$10 million.

The Hon. WALT SECORD: I wrote it down when you said "as much as possible". Is there anything else other than the pedestrian bridge, the \$100 million Riverside Theatre and \$40 million cultural plan—you were careful when you said "as much as possible"—that is not in the public arena that was part of the agreement with the State Government?

Ms CHADWICK: The rest of the agreement simply relates to mechanics; the time frames by which decisions would be made and, as is articulated in that fact sheet, a commitment that the legacy of Riverside Theatre would be maintained. There are some principles contained in the agreement that are about the new theatre and the aspects of the new theatre that the council has specified in the agreement.

Mr DAVID SHOEBRIDGE: Ms Chadwick, in what is becoming a repeated theme in projects brought to this Committee's attention, you have set aside a budget of \$100 million for the Riverside Theatre but you have not even done the business case. As I read your Deloitte paper, the business case may or may not be viable for the redevelopment. If it is not viable the \$100 million comes back to council. Again we have this whole new cultural thought bubble without a business case. How do you make decisions concerning \$100 million without a business case?

Ms CHADWICK: My first statement to you would be that I dispute that this is a thought bubble. The enlargement and enhancement of Riverside Theatre is a much anticipated council project. There have been a number of documents prepared by council since and before 2014 relating to the way in which that theatre could be upgraded which gives me great confidence that a budget of \$100 million is appropriate for the nature of the project. A number of those documents have been in the public domain.

Mr DAVID SHOEBRIDGE: I am reading from your Deloitte report. You have not even got the design principles sorted. How can you have a budget without design principles?

Ms CHADWICK: That budget reflects the number of designs that have been previously illustrated. But I also think that the way in which I have sought to articulate and set out the agreement identifies a budget that is adequate for the project. It also ensures that if the business case for the project is not successful that \$100 million is returned to council to be invested in the council's priorities. So those dollars are not lost if that business case is not successful.

Mr DAVID SHOEBRIDGE: It seems to me the only difference between the cultural plan or the \$100 million dollar project that the council is doing without a business case, compared to the \$1.5 billion project the State Government is doing without a business case, is a series of zeroes. How is it that neither you nor the State Government has a business case before you enter into this heads of agreement and these two multimillion dollar projects? How do you do it without a business case? People keep asking me. I say we have an inquiry and that we are trying to find out how these things happen without a business case. How does it happen without a business case?

Ms CHADWICK: Again I allude to the number of studies that have been done for the options to upgrade Riverside Theatre over an extended time.

Mr DAVID SHOEBRIDGE: But none of them has been costed.

The Hon. BEN FRANKLIN: Mr Shoebridge, let Ms Chadwick finish.

Ms CHADWICK: There are three of those studies that I have seen that have been costed that were prepared by the former council. The budget that was in the council's CBD infrastructure strategy for the upgrade of the theatre was based on those and I believe that \$100 million is adequate for that project.

Mr DAVID SHOEBRIDGE: Will you provide us with those three costed studies about which you have spoken?

Ms CHADWICK: They relate to Riverside Theatre. I would need to seek clarity as to whether or not those are within the terms of reference. But those documents are in the public domain and I will be happy to provide them to you.

Mr DAVID SHOEBRIDGE: Thank you.

The Hon. WALT SECORD: I refer to the last bullet point on page 21 of the Deloitte report entitled "Key Findings and Conclusion" under the section relating to risks. That bullet point reads:

That the design of the proposed MAAS could result in the "iconic" objective set in the Cultural Plan not being met.

What does that mean?

Ms CHADWICK: It is a reflection—

The Hon. WALT SECORD: It is one of the risks identified by Deloitte.

Ms CHADWICK: It is a statement of the possibility that the museum's ultimate design may not be iconic.

The Hon. WALT SECORD: What does that mean?

Ms CHADWICK: It may not be world class, architecturally beautiful or suitable for the current location and it is a risk. However, that risk is mitigated. That risk is mitigated by two things. First, it is a requirement of key buildings in the Parramatta CBD that they be subject to a design excellence requirement, and this building would be. Secondly, the New South Wales Government has recently released guidelines for its own buildings, which also require design excellence for a building like this.

Mr DAVID SHOEBRIDGE: This would be a State-significant project and none of your local design rules will be binding on them. You know that. That is false comfort. You know that.

Ms CHADWICK: The State Government recently published policy should apply.

Mr DAVID SHOEBRIDGE: No, they are not binding on State-significant projects. You know that, Ms Chadwick. You have been an administrator for 12 months.

The Hon. BEN FRANKLIN: Mr Shoebridge, you do not need to use this tone. Be respectful to the witness.

The CHAIR: Order!

Mr DAVID SHOEBRIDGE: You know that neither of those sets of criteria will be binding on this project because the State Government can do whatever it likes. It is a State-significant project. You know that, Ms Chadwick.

Ms CHADWICK: My first answer holds.

The Hon. WALT SECORD: As part of the heads of agreement or discussion with the State Government, who actually signed the heads of agreement? Who were the parties involved in that agreement?

Ms CHADWICK: The heads of agreement were signed by council's chief executive officer Greg Dyer and an officer of the department, Mr Craig Limkin.

The Hon. WALT SECORD: Which ministerial office or department had carriage of the negotiation of the heads of agreement? If there was a problem who would you call?

Ms CHADWICK: I would call my key contact. I am the administrator of the council. I would, through appropriate conversation with my chief executive officer, ask him to contact Mr Craig Limkin.

The CHAIR: I note in the document you have just tabled there is reference on the bottom of page 3 to a report entitled "Hill PDA, 2017 MAAS Museum Relocation Study". I do not know whether we have heard of that before. Footnote No. 1 references an international tourist destination with the potential to draw up to one million visitors a year. It is referring to a MAAS relocation study.

The Hon. WALT SECORD: Is that new?

The CHAIR: I have never heard reference to it before. What is it and can we have a copy of it?

Ms CHADWICK: I would be happy to table a copy of that document. With me today I only have one copy but I would be happy to give that to you. It is a study that was commissioned by council during the negotiation process before the heads of agreement was drafted in its final form that reflects on the economic stimulus that the museum would bring to the city to help to inform our negotiation process. That document is published and is available on council's website and I am happy to tender a copy.

Document tabled.

The Hon. WALT SECORD: What happens to the financial arrangements, the land and the \$142 million if the Government decides to do a backflip and cancel the move?

Mr DAVID SHOEBRIDGE: A third backflip.

The Hon. WALT SECORD: A third backflip. It is not a hypothetical question.

Mr DAVID SHOEBRIDGE: It is a heads of an agreement.

The Hon. WALT SECORD: Thank you. It is a heads of an agreement. It is not a contract. Mr David Shoebridge knows where I am going with this. What happens if the State Government backflips on this?

Ms CHADWICK: May I quote from the fact sheet in front of you:

What if the NSW Government does not proceed with the new museum?

The Council is entering this Agreement because it is committed to bringing a world class museum to Parramatta.

Under the Heads of Agreement, the NSW Government has committed to the relocation of the Powerhouse Museum or to the establishment of a major new cutting edge science and innovation museum to be operated by the Museum of Applied Arts and Sciences which will be its flagship campus.

If the Museum does not proceed, the Riverbank site will stay in Council's ownership and the Agreement will lapse.

The Hon. WALT SECORD: A new council after 9 September can pull out of this agreement. Is that correct? Because this is a heads of agreement. This is a broad document. It is not a contract. Can the new council after 9 September pull out of this agreement?

Ms CHADWICK: No.

Mr DAVID SHOEBRIDGE: The State Government can pull out but not the council? Is that your legal advice? How do you get one of these agreements?

Ms CHADWICK: There are a number of elements in the agreement which are again outlined in this fact sheet. In order to proceed with the agreement, yes, as has been identified, the business case for the museum needs to be finalised. If the Government does not proceed the council retains the land to be used for council's priorities. If the business case for the Riverside Theatre is unsuccessful the Government will pay the council \$100 million to be invested for council's priorities. The other is that council needs to secure the agreement of the Minister for Local Government to establish a joint venture for the theatre and if that is not secured then the \$100 million will be returned to council to be invested into other council priorities.

The Hon. WALT SECORD: Does that answer my question?

The Hon. SHAYNE MALLARD: If you are confused, it did.

The Hon. SHAOQUETT MOSELMANE: What are the financial risks if the Government does pull out? I know you have enumerated some of the expenses and so forth.

The Hon. WALT SECORD: The Government can pull out but the council cannot.

The Hon. SHAOQUETT MOSELMANE: Yes, and what are the financial risks as a result of the Government pulling out and the implications of that on the people of Parramatta?

Ms CHADWICK: The establishment of this cultural precinct and the museum is much anticipated by the community. There would be consequences that are both economic, cultural and educational. I think it is critically important that each of those objectives is served. The economic stimulus associated with the establishment of the cultural precinct is estimated to be \$100 million in MPV terms, minimum. The cultural and tourism benefits are really significant. Arts and community stakeholders across Western Sydney have been excited by this opportunity. The third, and for me the most important, is it is an educational resource to the young people of Western Sydney and will give them access to a resource that they do not currently have. If you have approximately half of Sydney's population living west of Sydney and Parramatta in the next 10 years—

The Hon. SHAOQUETT MOSELMANE: I understand all that.

Ms CHADWICK: Those are the consequences.

The Hon. SHAOQUETT MOSELMANE: They are the benefits, but what are the risks? What are the negatives if tomorrow the Minister changes his mind and pulls out? What are the negative implications on the council?

Ms CHADWICK: From an institutional perspective council's asset, the land, would be retained in council's ownership and council's long-term aspirations to upgrade the Riverside Theatre and to deliver its cultural plan and to deliver that bridge across the river would need to be financed through other sources.

The Hon. SHAOQUETT MOSELMANE: So there is no financial loss; it is just a loss of potential aspirations. That is what you are saying?

The Hon. SCOTT FARLOW: On that basis, the heads of agreement is contingent on a certain number of factors as you outlined. Some of those rest with Government and some rest with council. From the Government's perspective it is the business case that needs to be met in order for that heads of agreement to be finalised and from council's perspective it is the business case on the Riverside Theatre and the ability for a joint venture. If that was not to go through, council would receive \$100 million in compensation for that site. Is that correct?

Ms CHADWICK: Yes.

The Hon. SCOTT FARLOW: And that would be untied, or would that be tied to cultural facility investment in Parramatta?

Ms CHADWICK: In the event that the Riverside Theatre upgrade does not go ahead in that form that \$100 million would return to council untied.

The Hon. SCOTT FARLOW: Effectively for both council and the State Government there are certain risks, shall we say, of certain events not occurring. The contract or the heads of agreement is designed to foresee those and to provide adequate compensation where required. Alternatively, if it was not to proceed, neither the State Government nor council would be worse off. Would that be a correct characterisation?

Ms CHADWICK: I believe that it is a correct characterisation. Both parties in the negotiation had the opportunity to lay out their decision steps and to have an opportunity to ensure that it was an equal negotiation.

The Hon. SHAYNE MALLARD: Your actions as the administrator are consistent with decisions and resolutions of the previous Parramatta council going back some time. As the Committee knows, I was involved with the Western Sydney Business Chamber study that was commissioned from Deloitte and jointly funded by Parramatta, Penrith and Liverpool councils. I think, Ms Grasso, you were on that project. That called for the relocation of the Powerhouse Museum to Parramatta as an anchor. I remember Liverpool and Penrith had a bit of anxiousness about that. It showed the result that the investment would return many more dollars in employment in the 150,000 businesses in Western Sydney. I want you to outline how your actions are consistent with the cultural strategy of the elected council before and, I would expect, would be consistent with the future council if it was to adhere to the direction that the council has taken in probably the past decade.

Ms CHADWICK: As an administrator I make a deliberate effort as far as I can to ensure that where I am making decisions I appropriately understand the rationale of the earlier councils. In my case I have got five: Hills, Hornsby, Auburn, Holroyd and the former Parramatta City Council. But in this matter the views and the resolutions of the former Parramatta City Council are the most important. The previous Parramatta council had in December 2014 endorsed the redevelopment of the Riverside Theatre and that followed, as I said, two earlier studies.

The council at that time decided that it would apply a precinct approach, recognising that the theatre sat in amongst a space in which there were other cultural assets and opportunities. I see that this agreement delivers that upgrade together with the cultural precinct that was anticipated there. Through a separate process, the former council also undertook a study which was released, as I understand it, in April 2015. It was about the river and recognising that the central business district [CBD] had for too long turned away from the river and needed to turn to the river. It was a high-level vision, so it makes it a bit harder to implement every bit of it, but it was for a strip of the river which is about 1½ kilometres, and it is now known as the Parramatta River strategy.

It was a proposal for the redevelopment and activation of the area. It included spaces for events, for recreation, for commerce, for employment, for arts and for culture. When I look at that as part of the river now, I can see how that vision is starting to come to life. But I also think that that vision is being realised in this agreement, because what we are delivering is a mixed use cultural precinct and it is anchored by a world-class museum, the Museum of Applied Arts and Sciences. Importantly, those things are happening through a partnership with the State Government rather than only with the resources of ratepayers. I think that is a really important development for the city but also for Western Sydney. It brings not one but two State government cultural institutions to Western Sydney in one bang.

Mr DAVID SHOEBRIDGE: But that—

The Hon. SHAYNE MALLARD: Ms Grasso, your title includes "City Identity", which I think is a great title. Do you want to comment on how this gives a greater identity to Parramatta?

Ms GRASSO: I think for quite some time we have been talking about how we recognise the cultural identity of Parramatta and how we link it more broadly not just with local people but with people across greater Sydney and beyond. Having an opportunity for a cultural institution to really recognise Parramatta's place in the bigger context is particularly important. We think that the opportunity, particularly with the way the Museum of Applied Arts and Sciences [MAAS] connects with what we see as our brand and identity, is a perfect alignment. Being able to re-envision the way MAAS tells its stories with its collections in a different context is a great opportunity for Parramatta.

Mr DAVID SHOEBRIDGE: But surely you did not ask your residents in detailed consultation, "Do you think MAAS is a good idea or not?" Surely you said to them, "What would you like to see a museum in Parramatta? Would you like it to reflect our rich Indigenous history? Would you like it to reflect our rich migrant history? Would you like it to reflect our rich colonial history?" Surely you went and asked them. You did not just push poll en masse, did you?

Ms CHADWICK: I would be happy to share some quotes from that consultation in relation to those issues.

Mr DAVID SHOEBRIDGE: But, Ms Chadwick, my question is not directed to the answers you got; my question is directed to the questions you asked. As I understand your consultation, it was largely asking, "Do you not think it would be a great idea to get the Powerhouse Museum to relocate to Parramatta?" rather than the question I have heard many of your residents wanting to be asked, "What would you like to see in Parramatta and should it reflect Parramatta's history, not a relocation of something from the city?"

The Hon. SHAYNE MALLARD: The previous council already endorsed that position.

The Hon. BEN FRANKLIN: To assist, perhaps you could just explain the consultation process you went through, how it all worked and what you actually asked.

Mr DAVID SHOEBRIDGE: Perhaps, Ms Chadwick, you could answer my question about whether you were push polling—

The Hon. SHAYNE MALLARD: That is an offensive question.

The Hon. SCOTT FARLOW: How about you let Ms Chadwick answer the question.

The CHAIR: Order!

Mr DAVID SHOEBRIDGE: —or whether you were genuinely asking your residents what they wanted and whether it should reflect Parramatta's history rather than a relocated city museum.

Ms CHADWICK: I do not believe we were push polling and I do believe that through a broad range of engagement opportunities some of those issues that you are raising regarding what people want of the museum have been asked. But I think the most important thing is that we were not doing consultation about how much you want the museum per se; rather what were the cultural priorities of the City of Parramatta. In relation to that very open question, "What are the cultural priorities of the City of Parramatta?" eight in 10 people said, "The identification of a world-class museum in Parramatta," and seven out of those 10 people said that the Museum of Applied Arts and Sciences was their top cultural priority. More importantly, the reasons that they want the museum to be relocated to the City of Parramatta are about reconciliation, local history, and tech and innovation of the region. The same things that are people's priorities for what should be located inside the City of Parramatta are in fact the reasons for seeking the Museum of Applied Arts and Sciences.

Mr DAVID SHOEBRIDGE: Did you ask about Australia's first genuine Indigenous museum which would reflect the extraordinary Aboriginal history of Parramatta or Burramatta? Did you ask about that?

Ms CHADWICK: In relation to—

Mr DAVID SHOEBRIDGE: It is a simple question.

The Hon. SCOTT FARLOW: Well, let her answer.

The Hon. SHAYNE MALLARD: The previous council already endorsed the relocation of the Powerhouse, so it was already a decision the council had made prior—

The CHAIR: Order!

Mr DAVID SHOEBRIDGE: Did you ask about that?

Ms CHADWICK: As I said, we asked open-ended questions about the community's cultural priorities for the region.

The CHAIR: Ms Chadwick, was—

Ms CHADWICK: The number one and number two cultural priorities for the region were expansion of the Riverside Theatre and the relocation of the MAAS. Reconciliation was a major theme. The cultural plan which is in front of you includes key activities that will be undertaken by the council to deliver that. I would also remind you that in my term of administration the council has adopted its first ever reconciliation action plan and it has continued to maintain its relationship with the Darug people. In particular it has continued with its NAIDOC and Burramatta Day and its respectful relationship with its Aboriginal and Torres Strait Islander people. Those activities are fully articulated in the cultural plan, and that is part of where that \$40 million is going to go.

The CHAIR: Ms Chadwick, was that survey taken after you endorsed the "We want Powerhouse Museum" campaign or before?

Ms CHADWICK: Much of that consultation was undertaken before then.

Mr DAVID SHOEBRIDGE: But it also included consultation after your council had endorsed it and then started publicly pushing for the MAAS relocation.

Ms CHADWICK: I would need to take it on notice to give you a time line.

The CHAIR: Can you also take on notice how much the council spent on that campaign using ratepayers' funds?

The Hon. SHAYNE MALLARD: I point out, Mr Chairman, that the previously elected council endorsed the Deloitte report which recommended the relocation.

Mr DAVID SHOEBRIDGE: It also endorsed its expenses policy, and you know what a disgrace that is.

The Hon. SHAOQUETT MOSELMANE: That was the previous council.

The Hon. SHAYNE MALLARD: It was Independents on that—

The CHAIR: Order!

The Hon. BEN FRANKLIN: I would like to ask a couple of quick questions while we are on the issue of community consultation. Ms Chadwick, could you tell us how many people responded to the survey?

Ms CHADWICK: Of course.

The Hon. BEN FRANKLIN: You can take it on notice if necessary.

The Hon. SHAOQUETT MOSELMANE: She said 4 per cent or something.

The Hon. BEN FRANKLIN: The number of people.

Ms CHADWICK: There are three rounds of consultation that I have referred to today. The first one was where the council was having general introductions of itself as a newly merged council. The second was where we were developing what we call our vision and priority statement and we engaged with more than 9,000 residents and ratepayers in that process. The third round of consultation that I am talking about is the development, first, of our cultural discussion paper; secondly, of our draft cultural plan; and, thirdly, of our finalisation of our cultural plan. That was an extended project over around five months. It included focus groups, surveys, submissions and also an extended round of interviews.

There were around 100 interviews undertaken. The survey of March 2017 engaged 528 residents. The focus groups that were held in February and March 2017 included 58 people. We received 55 submissions in relation to the draft cultural plan. We also undertook a number of events by which we invited people to come and have wide-ranging discussions about the cultural priorities, and 65 people attended those events. I gather from the material in front of me that at the time the final cultural plan was adopted by council I approved a letter that was sent to about 700 people who had participated in that process.

The Hon. BEN FRANKLIN: Would you provide us with a copy of the questionnaire that went to the 528 people?

Ms CHADWICK: I would be happy to provide that document.

The CHAIR: Ms Chadwick, had you had any contact with Government Ministers, members of Parliament, government staff or public servants and discussed any aspect of the Powerhouse Museum relocation prior to your appointment as an administrator of the City of Parramatta council?

Ms CHADWICK: No, I did not.

The CHAIR: You did not? Okay. Have you seen any of the business cases, preliminary or otherwise, for relocating the Powerhouse Museum?

Ms CHADWICK: No. I personally have not, and council does not have copies of the business case for the Museum of Applied Arts and Sciences. We have not been involved in its preparation and the heads of agreement do not entitle council to that document.

The Hon. WALT SECORD: Chair, may I ask one quick question?

The CHAIR: Yes.

The Hon. WALT SECORD: Ms Chadwick, can we go to page ii of the Deloitte report. The second bullet point refers to "subject to a successful business case", which refers to the redevelopment and expansion of the Riverside Theatre. Why does it say, "subject to a successful business case"? Can you explain that to me?

Mr DAVID SHOEBRIDGE: Because they have not started one yet.

The Hon. SCOTT FARLOW: We discussed that like half an hour ago.

The Hon. SHAOQUETT MOSELMANE: It is a valid question.

The CHAIR: I think there is a distinction between what you are saying and what we are dealing with here.

Mr DAVID SHOEBRIDGE: I agree.

The Hon. WALT SECORD: Page ii at the second bullet point states "subject to a successful business case". What does that bullet point actually mean in relation to the Riverside?

Ms CHADWICK: As previously discussed, if the business case for the Riverside expansion does not meet the requirements of the heads of agreement, which includes council's expectation of Riverside Theatre and is unsuccessful, the \$100 million which would otherwise be invested in Riverside Theatre would be returned to the council.

The Hon. WALT SECORD: So there is a major discrepancy between the Deloitte evaluation of the heads of agreement and what the Premier claims here. The Premier makes it very clear here that the \$100 million redevelopment will go ahead, but in your evaluation of the heads of agreement there are question marks over Riverside.

Ms CHADWICK: I would not describe them as question marks.

The Hon. WALT SECORD: Which document do we believe, or which document do you support—the Premier's press release or the Deloitte evaluation which puts question marks over Riverside?

Ms CHADWICK: I would not describe it as question marks but more as a procedural step that must be satisfied to proceed to the next stage. If the business case is not successful the \$100 million will be returned to council to be invested in other community priorities.

The Hon. SHAYNE MALLARD: Very prudent.

The Hon. WALT SECORD: So we should believe the Deloitte report rather than the Premier's press release?

Ms CHADWICK: I am here on behalf of council today. That question is a matter for the State Government.

The Hon. BEN FRANKLIN: How confident are you that the business case will be successful?

Ms CHADWICK: Extremely.

The Hon. SHAOQUETT MOSELMANE: How could you say that, working in the dark and not knowing what the business case is going to be? You do not know what the business case is going to be.

Mr DAVID SHOEBRIDGE: Ms Chadwick has the benefit of ceasing to be the administrator on 9 September.

The Hon. WALT SECORD: I think Mr David Shoebridge has answered the question.

The Hon. SHAOQUETT MOSELMANE: Can I have an answer to my question, if you do not mind?

Ms CHADWICK: My confidence is rooted in a couple of things but, first, the extent of the work that has been done by the previous council about the Riverside Theatre's redevelopment. I have taken advantage, or have been able to leverage that work, to build my confidence as to not only what is possible on the site but also how much those particular things might cost. But the other thing is that I am also confident that the business case will be successful because, in forming my view on the heads of agreement, I took the opportunity to establish an independent steering group of experts who I can bring into that process, two of whom have been on the Riverside Theatre's advisory board for many years and the Riverside Theatre's manager, Robert Love. I took advantage of their expertise, the three of them, in forming or developing my confidence that the business case would be successful. I provided safeguards for the community that, in the event that a development's business case is not prudent, those funds would be returned to council unencumbered to be invested in other community priorities.

Mr DAVID SHOEBRIDGE: Ms Chadwick, I accept that for any cultural project there is more than just economic outcomes. But I am reading this Deloitte analysis and it says that for a \$500 million build of the museum, which is potentially a significant underestimate, the economic impact of the project on the gross regional product could be as low as \$106 million. That is a terrible outcome, is it not, of a cost-benefit analysis for Parramatta? They would be better off digging a hole and filling that up again at that rate.

Ms CHADWICK: That is in addition to the construction impacts?

Mr DAVID SHOEBRIDGE: No. It has been estimated that the economic impact of the project fully could be an increase of around \$106 million for the gross regional product. That is including the construction. I am assuming that much of the benefit will flow outside the region.

Ms CHADWICK: First, I would draw your attention to the fact that that is in minimum viable product [MVP] terms. That is their lower estimate and that is for a visitation to the Museum of Applied Arts and Sciences [MAAS]. That is, from memory, one-quarter of that which was otherwise estimated by Destination NSW, which is why it is at the lower end. I will take it on notice because I believe it is exempt of the construction.

The CHAIR: Okay. Thank you.

Mr DAVID SHOEBRIDGE: If we are talking about value for money and that is the economic impact you are looking at, it is a pretty poor investment, is it not, for the region?

Ms CHADWICK: That is the stimulus on top of the construction.

The Hon. WALT SECORD: When you signed the heads of agreement, was it Mr Limkin?

Ms CHADWICK: When my chief executive officer signed the heads of agreement.

The Hon. WALT SECORD: Okay. Mr Dwyer, was it?

Ms CHADWICK: Yes.

The Hon. WALT SECORD: When he signed the agreement, was the agreement predicated on the full Powerhouse Museum or a scaled-back version or a shorter one? What were the heads of agreement when you entered into this agreement? What was it predicated on? Was it on the full museum, a small one or a medium one? What was it predicated on?

Ms CHADWICK: Under the heads of agreement, the New South Wales Government has committed to the relocation of the Powerhouse Museum or to the establishment of a major new cutting-edge science and innovation museum to be operated by the Museum of Applied Arts and Sciences, which will be its flagship campus.

The Hon. SHAYNE MALLARD: Ms Chadwick, being the administrator, you are familiar with the candidates who will run for election on 9 September. I do not know how many people are running for the Parramatta City Council. Do you know how many candidates there are?

Ms CHADWICK: A lot—record levels.

The Hon. SHAYNE MALLARD: I will ask you a question to which I do not know the answer—it is dangerous to do that during an inquiry—but are there any candidates or teams of candidates running a campaign to overturn the decision to relocate the Powerhouse Museum?

Mr DAVID SHOEBRIDGE: I am going to object to that because I think it is totally inappropriate for an administrator paid for by the State Government to be making commentary on council candidate elections.

The Hon. SHAYNE MALLARD: No. I am asking a factual question.

Mr DAVID SHOEBRIDGE: I am going to object to that.

The Hon. SHAYNE MALLARD: You can object.

Mr DAVID SHOEBRIDGE: If the Hon. Shayne Mallard wants to try to word up the administrator, who is paid for by his Government, to make a comment on a local council election, he is going well beyond the terms of reference.

The Hon. SHAYNE MALLARD: To the objection: I just want to know whether there is anyone running.

The CHAIR: Order! Let us see whether Ms Chadwick wants to answer it.

The Hon. SHAYNE MALLARD: It is a simple answer.

Mr DAVID SHOEBRIDGE: I take a point of order. I think the question is outside the terms of reference and I think it is grossly inappropriate. The Hon. Shayne Mallard is trying to word up his Government's own paid administrator to make comment on council elections. It is disgraceful.

The Hon. SHAYNE MALLARD: No. I just wanted to know. She could say, "Yes, there are", and I would have egg on my face.

The CHAIR: Order!

Ms CHADWICK: It is not for me to comment on the election campaign of any candidate.

The Hon. SHAOQUETT MOSELMANE: There you go. That answers your question.

The CHAIR: I was just about to rule it out of order but you have saved me the trouble.

Mr DAVID SHOEBRIDGE: He should never have asked it.

Ms CHADWICK: But if—

The Hon. BEN FRANKLIN: "But".

The Hon. SCOTT FARLOW: There is a "but".

Ms CHADWICK: But if the question was, "Have any of the former councillors of the former Parramatta City Council congratulated me that this was a good deal for the city?", I would say yes.

The CHAIR: Thank you, Ms Chadwick. In future, we will ask you to ask questions of yourself and then we will ask you to answer them.

Ms CHADWICK: Apologies.

The CHAIR: But, then again, after 9 September, we will not see you again. There being no other questions, I thank you for attending. I note that you have taken some questions on notice and that you will be providing the Committee with some information and documents. It has been resolved that answers to questions taken on notice be returned within 21 days. The secretariat will contact you in relation to the questions you have taken on notice. Thank you very much for attending.

(The witnesses withdrew)

DONALD THOMAS HARWIN, Minister for Resources, Minister for Energy and Utilities, Minister for the Arts, and Vice-President of the Executive Council, before the Committee

CRAIG LIMKIN, Executive Director, Cultural Infrastructure Program Management Office, Arts, Screen and Culture Division, Department of Planning and Environment, on former oath

ALEXANDRA O'MARA, Deputy Secretary, Arts, Screen and Culture Division, Department of Planning and Environment, on former oath

MICHAEL BREALEY, Chief Executive Officer, Create NSW, Arts, Screen and Culture Division, Department of Planning and Environment, on former oath

The CHAIR: I welcome Minister Harwin and representatives from the Department of Planning and Environment. Minister, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament. I remind departmental representatives that as you have all appeared previously before this Committee to give evidence, you will all be examined on your former oaths. Minister, would you care to make a short statement?

The Hon. DON HARWIN: Thank you for the opportunity to appear again before this Committee to discuss what I believe is going to be one of the most exciting periods for arts and culture in New South Wales. I am immensely proud to lead the momentous work that is going on in the Arts portfolio right now. The Government recognises the importance of cultural infrastructure and its role in the quality of life for our communities right across the State. As I said during my last appearance, I encourage the Committee to conclude its work and to make its report so that the Government can consider its recommendations as part of its decision-making process. When I last appeared before this Committee there were several initiatives that I was not at liberty to discuss, as they related to the State budget. Now that the State budget has been released, I would like to address the terms of reference of this inquiry and respond directly to how this Government is supporting and investing in the sector in one particular respect.

The Committee will be aware of some of the other important commitments we have made such as the \$228 million upgrade of the Opera House; \$244 million we are putting towards Sydney Modern at the Art Gallery; \$207 million in upgrades to the Walsh Bay Arts Precinct; and the major commitment, of which I am particularly proud and which is highly relevant to the terms of reference of this inquiry, the \$100 million Regional Cultural Fund created to address the needs of medium and smaller museums, galleries and collections right across the State. Indeed, there were questions from Committee members in relation to matters that can be directly covered as a result of this allocation. It is going to be a massive game changer in particular for regional museums, particularly those independently run but also those run by councils. Applicants are able to apply for funding for small-scale projects of up to \$60,000; medium-scale from \$60,000 to \$1 million; and large-scale infrastructure grants of more than \$1 million. The operational category can be used to support projects that take exhibitions on tour and provide easy-viewing access no matter where people live.

Programs such as the Regional Cultural Fund and our existing Arts and Cultural Development Program will support museums and galleries, large and small, right around the State. As I have previously discussed with the Committee, we have also established the new Cultural Infrastructure Program Management Office. Part of its focus will be to explore the challenges ahead for digital access for collections and the ongoing need for a statewide approach to our collection storage. This work will be in partnership with our cultural institutions. We have engaged in a range of consultation activities across all the projects underway and created a series of new advisory committees and panels to ensure that the very best advice and knowledge is supporting these incredibly important projects. As Committee members will now be aware, on 31 July the Premier and I announced that a new agreement has been reached with the City of Parramatta to secure the site for the new museum—a major step forward towards the Government's commitment to arts and culture in Western Sydney.

The Committee has been discussing in broad terms with Amanda Chadwick the \$140 million in principle agreement, the heads of agreement, which will see us purchasing the riverfront site for the Powerhouse Museum as part of the Museum of Applied Arts and Sciences [MAAS]; the City of Parramatta committing \$40 million to fund and grow arts and cultural in the community over the next 20 years; and the formation of a new partnership between the New South Wales Government and Parramatta council for a \$100 million redevelopment of the Riverside Theatre, with the State taking a 50 per cent interest in the project going forward. This announcement represents a critical moment in the history of government support for the Arts in Western Sydney and locks in commercial terms. The acquisition will be finalised following consideration of the business

case. It will be a flagship campus of the Museum of Applied Arts and Sciences, a cultural drawcard for both domestic and international visitors and an anchor for a vibrant arts and cultural precinct in Western Sydney.

As Committee members know, I asked the Premier to consider the possibility of keeping an element of the Ultimo site as an arts and cultural space by widening the terms of reference for the business case. The Premier has agreed. That work is continuing as part of the extended business case and we are still looking at a range of options for that. We are well and truly into the public consultation phase, where we are hearing the community's ideas about the future in Ultimo and in Parramatta. We have had productive discussions at town hall meetings in both Parramatta and Ultimo. I attended the meeting at Ultimo and was interested in hearing what people had to say. More than 300 people attended these sessions. Table discussions sought high-level aspirations for both the museum and the option for a continued arts and cultural presence at Ultimo.

To date, community consultation has reached more than 500,000 individuals and businesses during phase one—20 June to 18 August—including public meetings, staff and volunteer sessions, stakeholder briefings, an online survey, online and offline advertisements and notices targeting regional New South Wales, Western Sydney and the central business district, pop-up sessions and distributed collateral material in English, Hindi, Arabic, Chinese and Vietnamese. Five hundred and forty-five people engaged with the team through pop-ups held at Penrith, Casula, Parramatta, Blacktown, Bankstown and Ultimo—less than 3 per cent of the respondents were negative; the remainder were either positive or neutral. More than 1,000 surveys were received and the department is currently in the process of analysing that data but in the first 500, 60 per cent, in round terms, were positive. Public meeting summaries are available on the MAAS project website and were emailed to all registered participants.

What we are seeing is that the people of Parramatta support the new museum in Western Sydney. It is also consistent with the findings of the Parramatta Cultural Plan, which I understand the Committee has been discussing at some length with Ms Chadwick so I will not go through all of that in detail. We are keen to keep the conversation going with the community later this year. All feedback as part of our consultation process will inform the options for consideration in the extended business case. I am very happy to take questions. The departmental officers accompanying me today are the same witnesses I had with me on the last occasion.

The Hon. WALT SECORD: Just to recap, in your opening statement you said there was \$228 million for the Opera House, \$244 million for Sydney Modern, \$207 million for Walsh Bay, \$1.5 billion for the Powerhouse Museum and—

The Hon. BEN FRANKLIN: The Minister never said that.

The Hon. WALT SECORD: Let me finish, and then you referred to the \$100 million Regional Cultural Fund?

The Hon. DON HARWIN: Yes.

The Hon. WALT SECORD: But you should have put an asterisk next to that.

The Hon. DON HARWIN: Next to what?

The Hon. WALT SECORD: The \$100 million cultural fund—that is, \$25 million a year. Do you accept that there is anger in rural and regional New South Wales that you are spending a massive amount in a three-kilometre radius in Sydney's central business district and a pittance, \$25 million in rural and regional areas? Rural and regional galleries are suffering and they are making representations. They see \$680 million on three institutions in a three-kilometre radius and then \$25 million outside of Sydney. What do you say to them?

The Hon. DON HARWIN: There is \$100 million being spent over the forward estimates.

The Hon. WALT SECORD: Over four years. Do the little asterisk.

The Hon. DON HARWIN: I think you should be honest as well.

The Hon. SHAOQUETT MOSELMANE: As well?

The Hon. DON HARWIN: You should not mislead the Committee. You are saying that I am.

The Hon. WALT SECORD: I am actually saying that.

The Hon. DON HARWIN: I am not actually misleading anybody. There is \$100 million over the forward estimates.

The Hon. WALT SECORD: Over four years.

The Hon. DON HARWIN: And in regard to the projects you have mentioned, they are over a series of years as well. To claim all of those figures together as expenditure in one year versus \$25 million is, with respect, completely dishonest.

Mr DAVID SHOEBRIDGE: Even comparing that process—

The Hon. DON HARWIN: Let me finish. You made a comment about \$1.5 billion for the Powerhouse museum.

The Hon. WALT SECORD: We will take you there next.

The Hon. DON HARWIN: I am happy to answer it now. I make it quite clear that I am not accepting as a premise of your question that the cost to the taxpayer of the new museum at Parramatta will be \$1.5 billion.

The Hon. WALT SECORD: Minister, let us take our time going through this. Is Dr Lindsay Sharp wrong on the front page of this morning's *Sydney Morning Herald*—a founder and well-respected arts administrator—when he says it will cost \$1.5 billion?

The Hon. DON HARWIN: I have met Dr Sharp previously in my office and have another meeting in my office scheduled with Dr Sharp. I know him and respect him. He did a great job as director.

The Hon. WALT SECORD: I think everyone in this room agrees with that.

The Hon. DON HARWIN: But he is wrong.

Mr DAVID SHOEBRIDGE: What is the figure?

The Hon. DON HARWIN: The cost to the taxpayer will be far less than \$1.5 billion.

The Hon. WALT SECORD: What is the figure?

The Hon. DON HARWIN: The final business case under preparation is looking at that exact matter. When that final business case is finished the cost to the taxpayer will be made public.

The Hon. WALT SECORD: You are telling me that the Premier is allowing you to advance on a project without any parameters; without any indications of how much it will cost? Do you know that \$1.5 million will build two Sydney hospitals and five country hospitals?

The Hon. BEN FRANKLIN: Point of order: It is an entirely irrelevant line of questioning.

The Hon. WALT SECORD: No, it is not.

The Hon. BEN FRANKLIN: The Minister has made it clear it will be substantially less than \$1.5 billion. Therefore, that number is entirely irrelevant to the course of this discussion.

The Hon. SHAOQUETT MOSELMANE: I am sure the Minister can answer the question.

The Hon. BEN FRANKLIN: You are grandstanding now.

The CHAIR: Order! The Minister referred to the "cost to the taxpayer". Where is the rest of the money coming from? Are there developers involved?

The Hon. DON HARWIN: The final business case is looking at the cost of the new museum at Parramatta and what will be at Ultimo. My explicit instruction to them, as I have made quite clear in every public comment I have made, and to you when I appeared on the previous occasion, was that the business case was being extended to look at the option of keeping all or part of Ultimo as cultural space.

Mr DAVID SHOEBRIDGE: Is it looking at the opportunity cost of a project that may be \$1.5 billion, \$1.4 billion or \$1.3 billion—blowing up and moving the Powerhouse—compared to two Sydney hospitals or 70 primary schools? Is the business case looking at that?

The Hon. DON HARWIN: Let us deal with this "blowing up" polemic in which you regularly engage.

The Hon. WALT SECORD: The floor is yours, Minister. Please explain.

The Hon. DON HARWIN: As if there is going to be a Canberra hospital style implosion with heritage buildings.

Mr DAVID SHOEBRIDGE: It will be a standard Sydney auction.

The Hon. DON HARWIN: If you want to represent it in those terms, that is your choice. There are five heritage buildings that were part of the core Ultimo Powerhouse precinct. The idea that we would blow that up; I think somebody would have something to say about that. Mr Shoebridge, you are perpetuating this nonsense. There is no suggestion that the old Ultimo Powerhouse will be blown up.

Mr DAVID SHOEBRIDGE: What are you going to do with it—convert it to apartments, sell it to a commercial player, or turn it into high-rise? What are your plans, Minister?

The CHAIR: With respect, Minister, you did not answer my question. You referred to the "cost to the taxpayer", which infers that there will be someone else contributing. Who else is going to contribute? If you cannot say how much, tell us how it will be contributed?

The Hon. DON HARWIN: The final business case is looking at all of the options—at how we deliver a new museum at Parramatta and the nature of the continuing cultural space either in whole or in part at the current precinct in Ultimo.

The Hon. SHAOQUETT MOSELMANE: Will the final business plan be completed before the building in Parramatta is built? Seriously? We have been hearing about the business plan forever.

The Hon. DON HARWIN: Nothing will be built until the final business case is concluded. I have made it clear that we expect the final business case will be concluded before the end of 2017.

Mr DAVID SHOEBRIDGE: Nothing will be built but the key decisions will be made before the final business case is concluded.

The Hon. DON HARWIN: I do not think that is the case.

Mr DAVID SHOEBRIDGE: That is so frustrating for taxpayers in New South Wales when they see the key decisions are made.

The Hon. DON HARWIN: Are you going to ask a question or make a statement?

Mr DAVID SHOEBRIDGE: It is a question. Do you not understand the frustration of taxpayers when you make key decisions like this without having a business plan? It involves hundreds of millions, potentially more than \$1 billion, and you have done it without a business plan. Crazy stuff. Answer them.

The Hon. DON HARWIN: The new museum at Parramatta will proceed subject to the finalisation of the final business case which we expect will occur by the end of 2017. Then the decision will be made as to whether Parramatta proceeds. In the meantime we have signed heads of agreement so that we have a site available and so we can examine the costs of the project. We need to have some idea of the cost of the site to be able to finalise the business case. That is why heads of agreement have been signed with Parramatta council, so we know what costs for the land we are dealing with.

Mr DAVID SHOEBRIDGE: Minister, I am pleased to hear that answer because when I read the Premier's media release it read like a firm decision had been made to relocate and it was not subject to review of the business case. Are you telling me now that it is subject to a close, and hopefully public, review of the business case? I am glad for that qualification.

The Hon. DON HARWIN: You must not have read the Premier's press release, Mr Shoebridge. It makes it quite clear. It says explicitly, "the \$140 million in principle agreement".

Mr DAVID SHOEBRIDGE: I missed the explicit bit.

The Hon. DON HARWIN: What do you think "in principle" means? In principle agreement is exactly what it means.

Mr DAVID SHOEBRIDGE: Where does it say in the media release it is subject to a review of the business case?

The Hon. WALT SECORD: It does not say it.

The Hon. DON HARWIN: It says that it is an in principle agreement and it was made explicit.

Mr DAVID SHOEBRIDGE: Where?

The Hon. DON HARWIN: In the final paragraph, "The New South Wales Government is undertaking a business case to determine the future...".

Mr DAVID SHOEBRIDGE: That does not say the decision to relocate the museum is subject to the business case. I read that as working out the shape and size.

The Hon. SCOTT FARLOW: Are you paying attention?

The CHAIR: Order! Members will speak one at a time.

Mr DAVID SHOEBRIDGE: You have cleared it up. There is no final decision to relocate it; it is subject to the business case.

The Hon. DON HARWIN: Mr Shoebridge, with great respect, this Government has processes as to how it makes major expenditures. The budget process will not allow allocation of the sum of money required to build the museum unless a final business case is completed. Until then it is in principle.

The CHAIR: Minister, will you present that final business case to this inquiry?

The Hon. DON HARWIN: The final business case is a document prepared for the consideration of Cabinet. Cabinet documents remain Cabinet in confidence.

The CHAIR: In other words the answer is no.

The Hon. DON HARWIN: The Government could not function unless it had business cases to inform its decision-making process.

The Hon. SHAOQUETT MOSELMANE: It is like the KPMG report for local government; it is a secret.

The Hon. WALT SECORD: I want to take you back to the \$1.5 million claim that you dispute, involving Dr Lindsay Sharp. I know Dr Lindsay Sharp made this offer: that he and a number of senior figures in the arts administration community would sign confidentiality agreements with you, would take you through the costings as to how they arrived at that \$1.5 billion figure, and would give you binding, signed confidentiality agreements. What is your response to their offer?

The Hon. DON HARWIN: My response to that would be that we have established an expert advisory committee to look at this. We have a wealth of knowledge and a solid project focus track record across many critical aspects of the project, including: the design and delivery of major arts and cultural projects; government relationships; subject matter expertise across museums, collections, science and the arts; major project planning and delivery; operations and management of museums; and philanthropic and sponsor relations. They provide their knowledge and guidance directly to the project committee. The members of that include the following: Dr J. Patrick Greene, previously the chief executive officer of Museum Victoria; Professor Graham Durant, the Director of Questacon; Mr Mark Carnegie, well-known as an arts philanthropist; and I think you have been advised previously of Doug Hall's role. He has a continuing role.

The Hon. WALT SECORD: Point of order—

The Hon. DON HARWIN: I am answering the question.

The Hon. WALT SECORD: You are not. I was asking what your response is to their offer to provide the costings and to go through it with a signed confidentiality agreement.

The CHAIR: Order! The Minister may continue.

The Hon. DON HARWIN: Peter Root, the Managing Director of Root Partnerships who has had an extensive involvement with the Powerhouse Museum; Penny Hutchinson, previously the head of Arts Victoria; and Edmund Capon as well, who I am sure is well-known to all of you. My response would be we are getting the expert advice and we are able to go forward on the basis that the best advice is available already to the project and we have locked that in to ensure that we have a good outcome.

Mr DAVID SHOEBRIDGE: Minister, on the last occasion on which you appeared before the Committee you were asked about the further amended business case—I cannot quite remember the exact terms—but the amended business case. You were asked about consultation and you said, "The community consultation will comprise, first, consultation on what is important for people to see in a new museum in Western Sydney to inform options being considered and, secondly, consultation on the project options that emerge from the business case. "We have not had the business case yet so we are still in that first stage about consultation on what is important for people to see in a new museum in Western Sydney. Is that right?"

The Hon. DON HARWIN: Correct.

Mr DAVID SHOEBRIDGE: How do you think the people who registered to come to the Ultimo consultation felt when no more than I think two or three hours before the consultation started your Government basically announced the solution and said that it had all been signed, sealed and delivered. How do you think they felt and do you think they felt it was genuine consultation?

The Hon. DON HARWIN: First of all, the purpose of the consultation at Ultimo was always about the future use of Ultimo as cultural with regard to my vision, which was a continuing cultural space at Ultimo and on having a new museum at Parramatta. That is what the extended business case is looking at. The timing was the end of the process of concluding the heads of agreement with the council. I can see that the timing was exceedingly unfortunate but the reality is that Parramatta council came to terms with the Government, the decision was made with Parramatta Council and, frankly, if I had let the consultation go ahead after having signed the heads of agreement, I still would have been criticised for having the consultation without disclosing the fact that heads of agreement had been signed. Whichever way I went I was going to be criticised. So my response was to front up at the Ultimo consultation, to take responsibility for it, and to answer any question that any person had at that meeting about what had transpired. I think that that was the right and appropriate thing for me to do.

Mr DAVID SHOEBRIDGE: Minister, I am not seeking to challenge the fact that you did turn up to that meeting, which I understand was feisty and fairly rough.

The Hon. DON HARWIN: I do not think that I would characterise it as that; I thought it was a meeting held in good spirit.

Mr DAVID SHOEBRIDGE: Well, one of the key donors walked out. That is not the best meeting at a museum, is it?

The Hon. DON HARWIN: I am aware that one person left, yes. To the best of my recollection it was one person and everyone else stayed and interacted and contributed to the process.

Mr DAVID SHOEBRIDGE: You were asking about what you could have done in the circumstances. I think what the community would have asked you to do is to not sign the deal, making all the key decisions before you turned up to the consultation, but to hold off on concluding the key strategic decisions until after the consultation. Why did you not do that?

The Hon. DON HARWIN: It is very simple. The last time that I appeared here I made it quite clear that the decision as to where the Government would look at locating the museum at Parramatta had been decided before I became the Minister. I made that quite clear last time. Negotiations led, in the first instance, by Property NSW to secure that site began, I am advised, 15 months ago. That is no secret; it has been public and, as I understand it, it is something about which your inquiry has been well aware.

The Hon. SCOTT FARLOW: We inspected the site.

The Hon. DON HARWIN: When I became Minister, frankly, I took the view that it needed to be brought to a conclusion. I asked the Cultural Infrastructure Program Management Office of the Division of Arts and Culture to engage with Property NSW and to ensure that it was concluded as quickly as possible. Knowing what the acquisition price would be, subject to the final business case, was an essential element to know in doing the final business case. That is why heads of agreement were signed as soon as possible so that we would know what the costs would be in the work we were doing in the final business case.

Mr DAVID SHOEBRIDGE: Minister, you told this Committee that you would be consulting on what is important for people to see in a new museum in Western Sydney but you had made all those decisions before you talked to them.

The Hon. DON HARWIN: That is quite untrue.

Mr DAVID SHOEBRIDGE: That is the nub of the complaint. You were going to relocate the Museum of Applied Arts and Science [MAAS] and that is it.

The Hon. DON HARWIN: No, that is absolutely not true.

Mr DAVID SHOEBRIDGE: I read you your own words.

The Hon. DON HARWIN: What I have said is that the future headquarters of the Museum of Applied Arts and Science will be at Parramatta. That is consistent with the commitment we made to the people of New South Wales at the last election.

Mr DAVID SHOEBRIDGE: But I read your own words to the Committee.

The Hon. DON HARWIN: Chair, can I be permitted to finish answering a question before I am interrupted?

The CHAIR: Please proceed.

The Hon. DON HARWIN: What the consultation process has been doing is looking at what features the new museum will have. It has been a very good process. We have had a lot of advice and there is a lot of excitement about the new museum. I note, for example, that the Leader of the Opposition supports the new museum and that the Opposition supports the new museum.

The Hon. WALT SECORD: In principle.

The Hon. DON HARWIN: There we go. Government and Opposition members support the new museum at Parramatta in principle.

The Hon. WALT SECORD: Mr Harwin, you are bungling this.

Mr DAVID SHOEBRIDGE: The Greens support an iconic new museum that relates to the history, the culture and experiences of Parramatta. That is what we support.

The Hon. DON HARWIN: That is not what the people of Western Sydney support though.

Mr DAVID SHOEBRIDGE: You have not asked them.

The Hon. DON HARWIN: Actually, we have.

The Hon. BEN FRANKLIN: Minister, it will shock you no doubt to know that I would like to talk about the \$100 million Regional Cultural Fund.

The Hon. WALT SECORD: Over four years.

The Hon. BEN FRANKLIN: Some concerns from the community have been raised with me that this \$25 million each year could be spent on four or five major projects in regional areas. The money may not flow through to a range of community organisations and other organisations at a local level that need, as we have heard in evidence, \$20,000, \$50,000 or \$100,000 for their infrastructure and upkeep. I have two questions. First, what commitment can the Minister give us that there will be sufficient funds available for the smaller projects? Obviously there will be some iconic ones. Secondly, I am particularly concerned about community museums. I know the Minister is aware they do not have as strong a voice of advocacy in the artistic world as other organisations. Will they receive a good injection of funding from this stream?

The Hon. DON HARWIN: It is the first year that the fund is available. That is going to be something that we will have to judge based on the response we have got. We have had a tremendous response—more than 200 expressions of interest so far. It is a matter of record that there will be four categories. We are still looking at the exact split of this year's \$25 million between those four categories. We do not have a hard and fast view as to a quarter each—

The Hon. WALT SECORD: Sounds like a lot of disappointment.

The Hon. DON HARWIN: That is under consideration now.

The Hon. WALT SECORD: It has been labelled a cruel hoax.

The Hon. DON HARWIN: By you.

The Hon. WALT SECORD: Absolutely; I named it clearly a cruel hoax.

The Hon. DON HARWIN: There is an explicit zero to \$60,000 category. You can be reasonably certain therefore that a good number of the smaller grants will be made available. I would encourage in particular the smaller museums and the smaller projects to apply.

The CHAIR: Our party supports what the Hon. Ben Franklin is referring to about maximising. We would ask for even more to be spent on smaller rural and regional collections and museums, especially some of the private ones and the ones in the RSL clubs. Last month we saw that the Government was prepared to spend \$25 million a year in funding for the arts but we have also seen expenditure on essential health services at Griffith Base Hospital and Temora come under threat from the Government. Where is the Government going to get the money from to do all these things?

The Hon. DON HARWIN: The Government is making record expenditure on health, in particular on capital works in health. The Government is providing strong support across a range of portfolios. Because of the

sound policies that we have adopted in government and because we have an unparalleled strong economic position the Government can, as it were, walk and chew gum at the same time. We are able to deliver the frontline services that we rely on in hospitals and education, and of course provide transport and roads and still have record support for arts, culture and sport.

The Hon. WALT SECORD: Minister, on 26 March 2015 the then Premier and the then Minister for the Arts said it would cost \$10 million to move the Powerhouse Museum. How can we believe you? The Premier said in black and white that it would cost \$10 million.

The Hon. DON HARWIN: Which Premier are you referring to?

The Hon. WALT SECORD: You have forgotten?

The Hon. DON HARWIN: I did not hear the date referred to.

The Hon. WALT SECORD: On 26 February 2015 Premier Mike Baird and then Minister for the Arts, Troy Grant, said that it would cost \$10 million to move the Powerhouse Museum. May I ask a question to Mr Limkin about the heads of agreement?

Mr DAVID SHOEBRIDGE: You have to let the Minister answer the question.

The Hon. SCOTT FARLOW: Was there a question, or was it just a statement?

The Hon. WALT SECORD: Yes, there was a question.

Mr DAVID SHOEBRIDGE: Is it \$10 million?

The Hon. DON HARWIN: Yet again the Hon. Walt Secord is being economical with the truth.

The Hon. WALT SECORD: They are the Premier's own words.

The Hon. DON HARWIN: The \$10 million was for planning money for the business case.

The Hon. WALT SECORD: The business case back in 2015.

The Hon. DON HARWIN: They never said that the museum would cost \$10 million. It is frankly deceitful of the Hon. Walt Secord to continue to use that figure in his media releases.

The Hon. WALT SECORD: Minister, this project lurches from crisis to crisis. We have no idea what it is going to cost.

The Hon. BEN FRANKLIN: Are you going to back it? Are you changing your policy on the run?

The Hon. WALT SECORD: No. We just want proper financial examination and we want the cloak of secrecy lifted on this project. The community has a right to know.

The Hon. BEN FRANKLIN: Is there a question?

The Hon. WALT SECORD: My question relates to the \$1.5 billion.

The Hon. SCOTT FARLOW: Are you abandoning the move to Parramatta now?

The Hon. BEN FRANKLIN: Is this a conversation between the Hon. Scott Farlow and the Hon. Walt Secord?

The CHAIR: Order! Please address your questions through the Chair. Interjections are disorderly at all times.

Mr DAVID SHOEBRIDGE: Minister, again thank you for coming to the inquiry. We do appreciate it and we think it is important that you come here, given the level of controversy around the site. For the record, I appreciate you coming. Do you not think it would have been good practice to have had some open consultation with the people of Parramatta about exactly what kind of museum they wanted in Parramatta before you made the decision to relocate the Powerhouse Museum?

The Hon. SHAYNE MALLARD: The council endorsed it.

The Hon. SCOTT FARLOW: We just had evidence that the council had a survey.

The Hon. DON HARWIN: The commitment to relocate the Museum of Applied Arts and Sciences to Parramatta was made prior to the 2015 election and long before I became the Minister.

Mr DAVID SHOEBRIDGE: As Minister you inherit it; you own it.

The Hon. DON HARWIN: Yes. After I became Minister, while adhering to the commitment that was made that there was consultation with the people of Parramatta about what sort of museum they wanted, there was a commitment that it would be the Museum of Applied Arts and Sciences. I outlined in my opening statement some of the ways we have gone about doing that. We have now got extensive material back to us on exactly what sort of museum presence the people of Western Sydney want. I am confident that we will be able to deliver on that response.

Mr DAVID SHOEBRIDGE: With all due respect, you did not answer my question. I was not asking about consultation on what bits of the Powerhouse Museum the people of Parramatta should get. My question was more first principles than that. Do you not think that any good government would have consulted with the people of Parramatta about what kind of museum they want? Do they want it to reflect Parramatta's Indigenous history, Parramatta's migrant history, the history of the female factory, or the colonial history? Start like that, consulting before the decision is made to relocate an institution from Sydney to Parramatta. Do you not think that would be best practice?

The Hon. DON HARWIN: With respect, I mentioned the election commitment but it goes back even further than that. When we released the update to the State infrastructure strategy in November 2014 we made it quite explicit that we were looking at moving the Museum of Applied Arts and Sciences.

Mr DAVID SHOEBRIDGE: But you never spoke to the people of Parramatta and asked them, as I have put to you.

The Hon. SCOTT FARLOW: The council has been telling us that since 2014.

The Hon. BEN FRANKLIN: Mr David Shoebridge is interrupting the Minister and not allowing him to finish his sentence.

The CHAIR: Order!

The Hon. DON HARWIN: I am afraid I will have to leave very shortly because I do have another engagement. My testimony was due to conclude some time ago. I know we started late, so I can stay a little longer, but not much longer.

Mr DAVID SHOEBRIDGE: Just pushing back the unilateral decision to 2014 does not change the premise of my question. Before making that unilateral decision do you not think you should have consulted with the people of Parramatta about what kind of museum they wanted?

The Hon. DON HARWIN: When I became Minister I became responsible for a commitment to move the Museum of Applied Arts and Sciences to Parramatta. I have initiated a consultation process about the nature of that museum and what will be in it and I believe it will be a fantastic museum. We will be able to deliver at that museum things that we are not able to do at Ultimo at the current museum. It is going to be a fabulous facility for the people of New South Wales.

The CHAIR: In your earlier answer to a question you were saying that it would obviously be made clear to the Cabinet and certainly not to us about the potential sources of other revenue which would not be taxpayer-funded costs, I suppose. Can you guarantee that your predecessor Minister Troy Grant, either of your representative staff or any public servants or representatives of the New South Wales Government have not made any formal or informal agreement on the development opportunities or cultural uses for the Ultimo Powerhouse Museum site?

The Hon. DON HARWIN: To the best of my knowledge I can give you that assurance. I have checked with my officials and I can give you that assurance. There is no agreement in place with anyone about the future use of Ultimo.

The CHAIR: Has your Government had any contact with developers in relation to the Ultimo Powerhouse Museum site?

The Hon. DON HARWIN: I will take that question on notice. I am not aware of any. I am not aware of any but I will take that question on notice so that we can check with the officials.

The CHAIR: If there are or have been negotiations what are the terms and conditions thereof and what is the value of the purchasing envelope consideration?

The Hon. DON HARWIN: I am sure you would be happy for me to add that question to my answer on notice.

The CHAIR: Maybe you want to add this one too: What is the value of the air space above the Ultimo site of the Powerhouse Museum?

The Hon. DON HARWIN: I have no knowledge of the value of the air space above the Powerhouse Museum.

Mr DAVID SHOEBRIDGE: One of the risks identified from Parramatta council's Deloitte review of the heads of agreement is that the design of the proposed museum may not result in the iconic objective set in the cultural plan. Is that because the design will be compromised by engagement with a commercial third party?

The Hon. DON HARWIN: No.

Mr DAVID SHOEBRIDGE: Will the design include engagement with a commercial third party which will have to produce design outcomes to satisfy a commercial third party rather than just the museum design outcomes?

The Hon. DON HARWIN: We have made it quite clear what our aspiration is for the new museum at Parramatta. We want an iconic, world-class museum and that is what we plan to deliver.

Mr DAVID SHOEBRIDGE: Why does Deloitte say that there is a risk that the project will not deliver an iconic museum?

The Hon. DON HARWIN: I am sure you have read lots of these sorts of documents that are put together by consultants. It is part of the format that is always adopted in these sorts of reports. They basically as part of the template of those sorts of reports have to look for risks and outline them. That is just the nature of those sorts of reports.

Mr DAVID SHOEBRIDGE: I have never read a consultant's report that says one of the risks is—

The Hon. DON HARWIN: I personally do not think—

Mr DAVID SHOEBRIDGE: You say I have read plenty. I have read plenty. I never read one yet that says one of the risks of a project is "that the design of the proposed MAAS could result in the 'iconic' objective set in the Cultural Plan not being met." I have never read that before in a consultant's report. It is very specific. Are you aware of why that outcome might be considered to be at risk?

The Hon. DON HARWIN: I have no idea why the consultants put that in the report but I am very confident that it will be an iconic, world-class museum.

The Hon. WALT SECORD: Mr Limkin, can you take us through how the heads of agreement occurred?

Mr LIMKIN: The heads of agreement, as the Minister stated, actually started 15 months ago through Property NSW. I was employed by the department in July and at that time I engaged with Property NSW to understand where it was up to, what was happening and then instructed Property NSW to continue negotiations with the City of Parramatta to resolve the issue. Obviously, as the accountable person for the project I was involved with some discussions with the City of Parramatta to try to source information so that it could be fed into the extended final business case so that we can do a proper economic analysis consistent with Treasury's guidelines which I have previously outlined to this Committee.

The Hon. DON HARWIN: Mr Chair, very shortly we are going to have to go. It is not because I am not happy to interact with your Committee. As the Deputy Chair has been kind enough to acknowledge on the record, I have always been happy to interact with your Committee. But we were given a time frame. I do apologise but I will have to travel to a commitment quite soon. We will have to wind up as quickly as you possibly can do that.

Mr DAVID SHOEBRIDGE: We did say 4.15 p.m. I accept that.

The Hon. DON HARWIN: I know you started a bit late, which is why I did not start raising it until 4.25 p.m.

The CHAIR: We might give you some questions on notice.

Mr DAVID SHOEBRIDGE: There are a series of additional questions. I will indicate one of them will be what is the total project cost as opposed to just the cost to government of the proposed project at Parramatta. There is a series of others on record.

The CHAIR: The Committee has resolved that answers to questions on notice be returned within 21 days. The secretariat will contact you in relation to the questions you have taken on notice. Thank you very much for coming.

The Hon. DON HARWIN: Thank you very much.

(The witnesses withdrew)

The Committee adjourned at 4.26 p.m.