



Kristina Keneally MP

Friday, 11th March 2011

Mr Tony Harris
Acting Parliamentary Budget Officer
NSW Parliament
Macquarie Street
SYDNEY NSW 2000

11/3
3-20pm

Dear Mr Harris

I am writing to you to formally request, under Part 4 (Election policy costings) of the Parliamentary Budget Officer Act 2010, an official costing for the following announced policies:

- *Iconic Central Coast Walking Track*
- *Iconic Walking Path for Illawarra Families*
- *Climate Change: A Liveable Western Sydney – One Million Trees*
- *Sydney East Drug Court*
- *Boost for Children and Adults with Hearing Loss*
- *New Youth Centre in Arncliffe Park*
- *Historic Parramatta School to Become Western Sydney Arts Precinct*

This policy document includes commitments under Section 18(2) of the Act, specifically:

- *Iconic Central Coast Walking Track*
- *Iconic Walking Path for Illawarra Families*
- *Climate Change: A Liveable Western Sydney – One Million Trees*
- *Sydney East Drug Court*
- *Boost for Children and Adults with Hearing Loss*
- *New Youth Centre in Arncliffe Park*
- *Historic Parramatta School to Become Western Sydney Arts Precinct*

Please find attached a copy of this policy outlining the purpose of the policy and relevant details required to complete the costing as per the requirements of the Act.

A copy of the NSW Treasury costing and budget impact statement for the policy has also been included for your reference.

Should you require any further information on this request, please contact my office on (02) 9228-5239.

Yours sincerely

Kristina Keneally
Premier of NSW
Leader of NSW Labor Party





NEWS RELEASE

Premier of New South Wales

HISTORIC PARRAMATTA SCHOOL SITE TO BECOME WESTERN SYDNEY ARTS PRECINCT

Thursday 3 March 2011

The historic Old Kings School site at Parramatta will undergo a \$24.6 million makeover – preparing it to become a major arts and education precinct for Western Sydney.

The landmark redevelopment project will create 215 new construction jobs.

Premier Kristina Keneally made the announcement today during a tour of the site with Western Sydney Minister David Borger, Arts Minister Virginia Judge and Member for Toongabbie, Nathan Rees.

“This is the single largest capital investment in arts for Western Sydney by any State Government in the State’s history,” Ms Keneally said.

“Parramatta is Sydney’s undisputable second CBD – and this \$24.6 million recognises that local residents deserve their very own arts precinct close to home.”

The refurbishment of the buildings on the site will prepare them for use in the future as:

- Galleries;
- Multi-purpose community spaces for arts organisations; and
- Education facilities.

The Land and Property Management Authority has negotiated the sale of a part of the site to the adjoining owners, the Parramatta Diocese of the Catholic Church.

The land sold to the Church represents 12 per cent of the total site – a market value of \$5.5 million – as determined by the independent Valuer-General.

Proceeds from the sale will now be directed to funding the arts precinct.

The remainder of the site will be placed in the public reserve system and managed in accordance with the Crown Lands Act 1989.

Mr Borger said the precinct would consolidate links between the Riverside Theatre and Parramatta Park.

“Western Sydney is home to 2 million people – that’s 10 per cent of the population of Australia. The fact is we deserve world class facilities,” Mr Borger said.

“Our region is home to a vibrant mix of artists and organisations who have been pushing for a new arts space for some time now.

“This \$24.6 million makeover is a critical investment in the future of Western Sydney, one that will put our area front and centre in the arts world.”

Mr Rees said the redevelopment would unlock job opportunities in Western Sydney – during construction, directly in the arts and in other associated fields.

“The arts account for five per cent of the State’s workforce, but these jobs are seriously under-represented in Western Sydney,” Mr Rees said.

“This is an historic step – a major element of Australia’s history is being brought to life in a way that will benefit Western Sydney for generations to come.

“Parramatta is known as the cradle city of Australia for a reason: these sites are of national significance, not just local.

“This decision by the Keneally Government is one of the most significant of any made by a Labor Government over the last two decades.”

“It will also guarantee that the beloved historic buildings of the Old Kings School, dating back as far as 1836, are retained for public use and future generations,” Ms Judge said.

“This is a win for families, who will save money and time by being able to access major exhibitions and cultural events closer to home.”

Costing of Proposal

| | |
|------------------------------|--|
| Title/Subject: | Parramatta Arts Precinct (revised) |
| Pink/Physical ID: | EA 1645374 |
| Proposal by: | Government |
| Agency: | Communities NSW |
| Cluster: | Communities |
| Detailed description: | Development of a major arts precinct in Western Sydney, including a new metropolitan gallery and facilities for artists and arts organisations located at the Old Kings School site in Parramatta. |
| FIS No: 86 | |
| Classification: GGB | |

General Government Sector Financial Impact

| | 2010-11 \$'000 | 2011-12 \$'000 | 2012-13 \$'000 | 2013-14 \$'000 | 2014-15 \$'000 | Ongoing \$'000 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expenses (incl. depreciation) | 252 | 1,605 | 4,167 | 7,012 | 7,166 | 7,323 |
| Less Agency Offsets (1) | 252 | | | | | |
| Less Agency Revenue | | 484 | 496 | 760 | 779 | 798 |
| Less Crown Provisions | | | | | | |
| Budget Result Impact | 0 | -1,121 | -3,671 | -6,252 | -6,387 | -6,525 |
| | | | | | | Residual |
| Capital Expenditure | 5,000 | 10,000 | 9,600 | | | |
| Less Capital Offsets (1) | | 5,500 | | | | |
| Net Capital Cost | -5,000 | -4,500 | -9,600 | 0 | 0 | 0 |
| Depreciation | | | | 865 | 865 | |
| Net Lending (2) | -5,000 | -5,621 | -13,271 | -5,387 | -5,522 | |

Public Trading Enterprises Sector Financial Impact

| | 2010-11 \$'000 | 2011-12 \$'000 | 2012-13 \$'000 | 2013-14 \$'000 | 2014-15 \$'000 | Ongoing \$'000 |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | | |
| Expenses | | | | | | |
| Operating Result | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | Residual |
| Capital Expenditure | | | | | | |
| Less Capital Offsets (1) | | | | | | |
| Net Capital Cost | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation | | | | | | |
| Net Lending (2) | 0 | 0 | 0 | 0 | 0 | 0 |

Accumulated Net Financial Liabilities as at 30 June (3)

| | 2010-11 \$'000 | 2011-12 \$'000 | 2012-13 \$'000 | 2013-14 \$'000 | 2014-15 \$'000 |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Government Sector | 5,000 | 10,621 | 23,892 | 29,279 | 34,801 |
| Total State Sector | 5,000 | 10,621 | 23,892 | 29,279 | 34,801 |

(1) Includes items such as available funding within existing estimates, expenditure offsets, recurrent savings associated with capital projects, linked assets sales.

(2) Equal to Budget Result or Operating Result Impact plus Net Capital Cost.

(3) Equals cumulative Net Lending Impact. Total State Sector equals sum of General Government and PTE (and PFE) sectors.

Key costing assumptions

- The proposal to build the arts precinct will cost \$24.6 million in capital over three years (from 2010-11) and \$27.5 million over five years (\$7.3 million p.a. once fully operational from 2015-16) in recurrent.
- Revenue off-sets in the form of rental income from arts organisations have been included in costings.
- Revenue and operating costs have been escalated at 2.5% p.a.
- The existing Government policy of limiting salary increases to 2.5% p.a. is also assumed.
- Projected asset sale proceeds (\$5.5m) are assumed to be realised in 2011-12 (see the attachment).

Key data

- Supplementary advice from the Treasurer's Office
- Business case prepared by Hawkless Consulting Pty Ltd, September 2010
- Supplementary information provided by Communities NSW

Caveats or qualifications

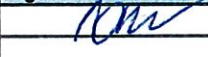


The proposal plans to use \$5 million that has been approved (as a grant) for the civic place development at Parramatta Council to fund the costs of the Arts Precinct in 2010-11. However, this funding is a recurrent appropriation and cannot be used for capital purposes. Its use is limited to offsetting the recurrent cost of \$252,000 in 2010-11.

Implementation issues (including how Treasury can assist in speedy implementation and any potential difficulties and how these might be overcome)

N/A

Other comments (including explanation where Treasury costing differs from agency or PBO estimates)

N/A

| Position | Name and extension | Signature | Date |
|----------------------|---------------------|--|---------|
| Analyst(s) | Nishantha Sanjeeva |  | 11/3/11 |
| in consultation with | | | |
| Director | Michael Clark-Lewis |  | 11.3.11 |
| Deputy Secretary | Matt Roberts |  | 11/3/11 |