

THE AUSTRALIAN

Labor fears secret Baird deal to extend Multiplex Luna Park lease

EAN HIGGINS | THE AUSTRALIAN | FEBRUARY 11, 2016 12:00AM



The Baird government is facing calls for an open tender process to manage Luna Park site. Picture: Jeremy Piper

NSW Labor has raised alarm over the Baird government's apparent intention to sign off on a secret contract to extend developer Brookfield Multiplex's tenure on Sydney's iconic Luna Park, an in-principle deal first struck, ironically, under the previous Labor government.

As revealed by *The Australian*, Finance and Property Minister Dominic Perrottet has declined to guarantee that any new lease or extension on the harbourside amusement park will be put to public tender, or even that the rides will continue as opposed to the site being opened up to more commercial development.

Labor finance spokesman Clayton Barr claimed the state government may be secretly looking at Luna Park as part of what he claimed was a concerted strategy to extract money from prime state-owned crown land, and called for an open tender process.

Weeks before the March 2011 state election and on the watch of ALP lands minister Tony

Kelly, senior public servant Warwick Watkins signed a heads of agreement with Multiplex which would add 20 years to the developer's 40-year lease on Luna Park with a further 20-year option, which would take its potential tenure to 2084.

Mr Kelly was found by the NSW Independent Commission Against Corruption to have acted corruptly on another property deal the government transacted around the same time, the purchase of the union-owned Currawong holiday retreat, and Mr Watkins received a 12-month good behaviour bond for attempting to mislead ICAC about the Currawong matter.

Former corporate lawyer Ian Mutton, representing local property owners, has referred a 30-page brief on the Luna Park affair to ICAC, including details of \$1 million in political donations Multiplex has made to the Labor and Liberal parties over the 15 years since it first took an interest in the site.

Only a few years into its original 40-year lease which began in 2004, and after making a considerable profit developing boutique office units on the site, Multiplex tried to sell its Luna Park interests. A deal with an Asian investor was well advanced but fell through.

It was at that point Multiplex sought a longer lease, which observers say would make it more attractive to potential purchasers.

As with the current agreement, most of the rent, in the form of a few percentage points of Multiplex's revenue from the amusement park — which apart from rides includes a carpark and brasserie — would go to maintaining the site and developments on it, including some of the rides.

Peter Lowry and Owen Evans, two of the then independent directors on the state government body that is in charge of Luna Park, the Sydney Harbour Foreshore Authority, voted against the deal at a 2011 SHFA board meeting, on the basis it did not provide value to the state or its residents.

The deal never received final ministerial approval, and it is understood Mr Perrottet is overseeing negotiations to adjust it.

Mr Perrottet has declined to provide any assurances about transparency, access for other tenderers, or the future of the rides.

In a statement to *The Australian*, Mr Barr said: "When a piece of prime harbourside real estate comes up for grabs, there should be an open and transparent tender process about who manages it.

"This government has sold almost \$1 billion worth of government-owned land in the past three years, proof that there is nothing that Mike Baird isn't willing to put a price tag on. Luna Park is an integral part of Sydney that is there for everyone to enjoy, so it is deeply concerning that the minister refuses to give a guarantee that it will continue to be there for

public use in the future.”

Mr Perrottet declined to respond to Mr Barr’s remarks. But in earlier statements to *The Australian*, his spokesman said: “The Luna Park Site Act 1990 expressly provides that the Luna Park site is dedicated ‘for the purposes of public recreation, public amusement and public entertainment’, securing the future of the site for the people of NSW.

“While negotiations remain commercial in confidence, the government is committed to ensuring its commercial negotiations deliver value to the NSW taxpayer, and that the best economic and social outcomes are achieved from publicly owned assets such as Luna Park.” Multiplex declined to comment.

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