

Govt kills "penthouses on park lands" as oRAH deal collapses

The State Government has backed away from long-term residential development on the old Royal Adelaide Hospital site after year-long negotiations with the preferred developer collapsed.



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Concepts for the old RAH site released by the State Government in October 2016.

Almost a year ago, the Government announced it had selected a joint venture of Commercial&General and John Holland to undertake a “billion-dollar” redevelopment of the key, seven-hectare site.

Earlier this month, Urban Development Minister Stephen Mullighan [threatened](#) that the Government may pull out of negotiations if the joint venture’s offer was not attractive enough.

Today, Premier Jay Weatherill told reporters the developer had failed that test – and that the Government would now manage a “scaled-down” development itself.

Renewal SA will go out to market on a “Bowden-style” development, comprising multiple, smaller developers building various elements of the project – which will no-longer include more than 1000 residential apartments.

Instead, the new plan will feature student, short-term and aged care accommodation – with no private leaseholds.

That move mimics a Liberal policy for the site announced last week.

Lord Mayor Martin Haese said “penthouses” on what advocates describe as park lands were never an acceptable element of the plan.

Weatherill said the final offer to Government from the joint venture was less than \$200 million – which was not “value for money”.

“We always were going to have to spend a couple of hundred million dollars remediating the site,” said Weatherill.

“What we’ve been offered is less than that.

“It’s just not value for money for us ... for what is the premium site in all of South Australia.”

He said the “very substantial offering” that was put to the Government at the beginning of the expressions of interest process to redevelop the site diminished over time as the detail of the pitch became clearer.

“The proposition put to us at the beginning of the expressions of interest was a very substantial offering,” said Weatherill.

“Obviously that diminished as the developer started to put some very clear propositions to us.”

The Government was now obliged to buy some of the joint venture’s intellectual property, but it isn’t saying how much it will pay.

Mullighan said the Government’s total spend on the massive project would now be a minimum of \$200 million dollars, but could be more.

“\$200 million – that’s our minimum outlay on the site,” he said.

“We’ve got in the order of \$150 million ... to spend on the demolition, but also the remediation of the site.

“We’re also spending in the order of \$20 million in the activation and the site management while those works are underway, to make sure we’ve got people doing things on the site.

“Then we’ve got the costs that are going to be incurred by Renewal SA in managing the site, going out to market, as well.

“If we choose to do further things on the site then that may cost more.”

Opposition Leader Steven Marshall said the Government should come clean on the cost of the deal’s collapse.

“The Premier’s abject failure to deliver on his promise is a shocking indictment on Labor’s ability to deliver major urban regeneration,” he said.

“Jay Weatherill must reveal exactly how much South Australian taxpayers will be out of pocket after this latest fiasco.”

Urban Development Institute of Australia SA CEO Pat Gerace told *InDaily*: “The Government’s decision to reduce the residential component will mean that no stone can be left unturned in activating the space so it’s a vibrant place to be during the night and the weekends.”

“The scale and location of the site has the potential for something truly special and the real challenge will now be in Adelaide having an open mind about doing something iconic.

“The Government needs to be brave and bold in its vision ... we can’t afford for the next iteration to be nothing at all and it’s imperative we get on with a real growth strategy.”

Master Builders SA chief executive Ian Markos urged the Government to “get on with the job”.

“It is disappointing that the relationship between the State Government and the consortium has broken down, but the important thing now is that we get things moving,” said Markos.

“This is a rare opportunity to create an exciting new precinct in Adelaide’s CBD, and to create thousands of jobs at the same time.

“One upside of a Government-led and staged development is that it gives the opportunity for multiple companies, medium and large, to win work, as we saw with the land division and development at Bowden.

He said many of the association’s members would “welcome the chance to be involved in such a significant project”.

“However, the Government must get on with the job – delivery must commence immediately to ensure thousands of construction and ongoing jobs are created as part of the redevelopment.”

As part of today’s announcement, the Government opened expressions of interest processes for the heritage buildings to be retained on the site – plus a registration of interest process on a 5-star hotel.

A competition, to begin in October, will be held to design the proposed contemporary art gallery on the site – however, Weatherill said it was still not a certainty that the institution would get the go-ahead because the business case for it was still under development.