

## Australian Broadcasting Corporation Melbourne accommodation project, Southbank, Vic

- 7.1 The Australian Broadcasting Corporation (ABC) proposes to relocate its Melbourne-based television production and administrative functions from sites at Gordon Street and Selwyn Street, Elsternwick, to a new building consolidated with the existing ABC Centre at Southbank.
- 7.2 The purpose of the project is to support the ABC's Strategic Plan, and therefore meet the ABC Charter obligations.
- 7.3 The cost of the project is \$176.4 million.
- 7.4 The project was referred to the Committee on 21 March 2013.

### Conduct of the inquiry

- 7.5 Following referral to the Committee, the inquiry was advertised on the Committee's website, by media release and in *The Australian* and the *Australian Financial Review* newspapers.
- 7.6 The Committee received one submission and three supplementary submission from the ABC. The Committee also received submissions from various organisations and individuals. The list of submissions can be found at Appendix A.
- 7.7 The Committee received a private briefing and conducted a site inspection, a public hearing and an in-camera hearing on 30 April 2013 in Melbourne.
- 7.8 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.<sup>1</sup>

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1 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>

## Need for the works

- 7.9 There are significant deficiencies in the existing Elsternwick sites.<sup>2</sup>
- 7.10 The ABC television studio complex located at Gordon Street, Elsternwick was constructed in the 1950s and would need considerable refurbishment at significant cost simply to provide reasonable levels of operational efficiency, health and safety, serviceability, and functionality.<sup>3</sup>
- 7.11 The Selwyn Street, Elsternwick site includes a heritage-listed fire station, two storey office accommodation, the outside broadcast garage and factory sheds converted to garaging and storage for equipment, props and sets. There is also a considerable need for refurbishment of the building's ageing ICT infrastructure. As there is already growing local pressure to limit the hours of usage for the site, the ABC anticipates that there would be significant residential objection to redevelopment of the site.<sup>4</sup>
- 7.12 The Southbank Boulevard site was completed in 1994 and has undergone various office accommodation modifications and technology infrastructure upgrades. Much of the engineering infrastructure in the Southbank building will need to be refurbished to meet the higher level aims of the project. Additionally, the power distribution infrastructure does not have a dual power supply which would ensure the level of business continuity required for a 24 hour broadcasting organisation with emergency broadcaster responsibilities.<sup>5</sup>
- 7.13 The Committee is satisfied that there is a need for the works.

## Scope of the works

- 7.14 The works will include the following facilities:
- Construction of a new five storey building which will include office space, television studios and supporting technical facilities.
  - A gross floor area over the consolidated building of 31,663m<sup>2</sup>. This represents a reduction in the total gross building area currently occupied by the ABC in Melbourne of approximately 5,000m<sup>2</sup>.
  - Some refurbishment of the existing Southbank building to address ICT functionality, accommodation and business continuity.
  - Construction of a basement car park for approximately 77 ABC operational vehicles.

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2 ABC, Submission 1, pp. 20-22.

3 ABC, Submission 1, p. 20.

4 ABC, Submission 1, p. 22.

5 ABC, Submission 1, p. 23.

- Integration of the new and existing building including upgrade of services and office accommodation to address current functionality issues.
- Construction of new studios for television production, which include:
  - ⇒ A major television production studio of approximately 800m<sup>2</sup> which can be used to produce a broad variety of programs including audience based entertainment and drama.
  - ⇒ A new 250m<sup>2</sup> studio for a broad range of News and Current Affairs programs.
  - ⇒ A smaller production studio of 162m<sup>2</sup> for ABC 3 - Kids and general programs.
  - ⇒ A smaller studio primarily for the use of Australia Network News production.<sup>6</sup>

7.15 The Committee finds that the proposed scope of works is suitable to meet the need.

## Cost of the works

7.16 The project cost is \$176.4 million. The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with the proponent agency on these costs.

7.17 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

## Project issues

### Co-location of facilities in Southbank

7.18 The project proposes to co-locate ABC staff at new and refurbished facilities in Southbank. The ABC's submission indicated that a number of reviews have been undertaken on this issue:

The consistent conclusion from all of these reviews has been that the most cost-effective and strategic accommodation solution for the ABC in Melbourne is consolidation of all Melbourne-based operations (excluding the television outside broadcast operations) at Southbank.<sup>7</sup>

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6 ABC, Submission 1, pp. 38-39.

7 ABC, Submission 1, p. 19.

7.19 ABC stated that co-location has significant benefits:

The benefit of bringing our various production activities together into the one location is the increased sharing of ideas and collaboration across the platforms. When television is housed separately from radio and new media teams, they tend not to interact. What we have seen up at the Ultimo building – it took a while to take hold but it is definitely alive and well today – is increased collaboration between project teams, program teams and mastheads. A great example is JTV. JTV is a collaboration between Triple J radio and television to create a late-night version of Triple J on TV. ABC Grandstand is another example, where a radio masthead has become a digital, online service, a new media service – very different teams operating within the organisation.<sup>8</sup>

7.20 Physical co-location will increase collaboration:

What we hope to achieve in this building by bringing those program teams together and creating an environment that has fewer walls and fewer boundaries, and more space where people will interact and collaborate, is greater sharing of ideas across the organisation that allows the different programming units to leverage that content. We have seen it happen in Perth, when we brought our news and radio people together onto the same floor and created a common, wet-service area, a lounge sort of area, where they could mix. Over time, those programming areas have tended to share their ideas more and then collaborate on their content. So, for the ABC, it generates a much richer leveraging of the content and ideas. For the audience, it enables them to see across all the platforms, with traditional mastheads, brands or content being taken on to the newer platforms.<sup>9</sup>

7.21 Further, the design of the new facilities will enable increased casual interaction, which will in turn increase formal collaboration:

Probably the greatest learning we have seen in our own buildings and in other buildings that we have looked at around the world, like the BBC's, is that the more opportunity you can create in a building for people to run into each other and have a coffee, that sort of casual interaction, particularly in our industry, the greater opportunity there is for a sharing of ideas and content. That is definitely what we want to achieve in this building: fewer walls,

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8 Mr D. Pendleton, ABC, *transcript of evidence*, 30 April 2013, p. 2.

9 Mr D. Pendleton, ABC, *transcript of evidence*, 30 April 2013, pp. 2-3.

more open-plan areas and more spaces where people can more casually engage with each other.<sup>10</sup>

7.22 Co-location provides financial and administrative savings, with only a small reduction in staff numbers. The new facility will also provide for possible future staff expansion of up to seven per cent.<sup>11</sup>

7.23 Additionally, the ABC explained the need for an inner-city location:

Yes, you could take them into far outer, rural or suburban Melbourne, but as a facility that necessarily would not work, because of where the industry is – where the production companies are, where the talent is. They will not necessarily travel to outer suburban locations. That facility would need to be within that 10-kilometre rim of the centre of the city to operate effectively.<sup>12</sup>

## Committee comment

7.24 The Committee acknowledges that the value of co-location is difficult to quantify. However, the Committee notes the ABC's experiences with co-location and the benefits that it has provided to the ABC and to its audience. Further, the Committee is aware that many reviews have recommended co-location and that the ABC purchased the Sturt Street property with the intention of co-locating its Melbourne operations.<sup>13</sup>

7.25 The Committee recognises that Melbourne is the last remaining capital city location to complete this strategic initiative, and acknowledges that co-location and consolidation will provide equal accommodation standards and increased cohesion for ABC staff in Melbourne.

## Final Committee comment

7.26 The Committee notes the significant work health and safety issues at the Gordon Street site, particularly the widespread presence of asbestos in the fabric of the building. This causes extensive administrative protocols and workarounds, and prohibits most work refurbishment work at the site. This emphasises the need for the ABC to abandon the Gordon Street site.

7.27 The Committee was satisfied with the evidence provided by the ABC regarding the proposed project. The Committee is satisfied that the project has merit in terms of need, scope and cost.

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10 Mr D. Pendleton, ABC, *transcript of evidence*, 30 April 2013, p. 3.

11 Mr D. Pendleton, ABC, *transcript of evidence*, 30 April 2013, p. 5, p. 6.

12 Mr D. Pendleton, ABC, *transcript of evidence*, 30 April 2013, p. 5.

13 See ABC, Submission 1, p. 19.

- 7.28 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee requires that a post-implementation report be provided on completion of the project. A template for the report can be found on the Committee's website.
- 7.29 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

### **Recommendation 6**

**The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Australian Broadcasting Corporation Melbourne accommodation project, Southbank, Vic.**