

## Issues and Conclusions

### Project Timing and Contingency Planning

- 3.1 According to the Bureau of Meteorology submission, construction of 700 Collins Street commenced in September 2002 and is due for completion in December 2003. Pending Committee approval, construction of the Central Computing Facility will commence in July 2003 and will be completed in October 2003, while general fit-out will commence in August 2003 for completion in January 2004<sup>1</sup>. Handover of the tenancy is scheduled to take place in March 2004, allowing the Bureau to establish operations at the new premises prior to the expiry of its current lease at 150 Lonsdale Street on 31 March, 2004.
- 3.2 The Committee was concerned to note that there was some uncertainty surrounding the timely completion of 700 Collins Street, particularly in relation to the Bureau's budgetary provisions and planning should a significant delay occur. It is likely that such a delay would occasion the necessity of a new lease at 150 Lonsdale Street or a move to interim premises before final relocation to Collins Street.
- 3.3 In their submission to the Committee, Macquarie Office Management Limited asserted that:
- "...given the current progress in construction of 700 Collins Street, it is likely that the Bureau of Meteorology will either

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1 Appendix C, Submission No. 1, paragraph 156

need to relocate twice (as a result of 700 Collins Street not being completed on time) or seek a medium-term extension at 150 Lonsdale Street”<sup>2</sup>

At the public hearing, Macquarie Office Management expanded upon their concerns regarding the progress of construction at 700 Collins Street, stating that they had:

“...received independent advice that the basic building program is currently between 12 and 13 weeks behind<sup>3</sup>.”

- 3.4 Doubts as to the timely completion of 700 Collins Street were also raised in the verbal evidence supplied by Mr Phillip Ilton of the Association of Professional Engineers, Scientists and Managers Australia (APESMA), who stated that he did not believe that it would be possible for the Bureau to execute its planned relocation in the time frame specified. He added that APESMA:

“...had intelligence, just as the owners of 150 Lonsdale Street have indicated, that the Building project is quite well behind.”<sup>4</sup>

- 3.5 In the face of this evidence, the Committee questioned the Bureau about the timing of the construction project and the likelihood of non-completion. When asked:

“So, is the construction of 700 Collins Street currently proceeding to schedule?”

the Bureau initially responded:

“It is.”<sup>5</sup>

When questioned further on the matter at a later point in the proceedings, the Bureau conceded that:

“...the construction program might be about two weeks behind schedule.”<sup>6</sup>

However, the Bureau believed that this delay would be made good by the developers.

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2 Volume of Submissions, Submission No. 2, p. 3

3 Appendix D, Hansard transcript, p. 18

4 op cit, p. 24

5 op cit, p. 8

6 op cit, p. 27

- 3.6 The budget estimate submitted by the Bureau contains a five percent contingency allowance, which incorporates both contingency and escalation costs<sup>7</sup>. According to the Bureau, the contract governing the construction of 700 Collins Street also contains a penalty clause, effective if the building is not completed on time for handover in March 2004<sup>8</sup>.
- 3.7 In supplementary evidence supplied to the Committee following the public hearing, the Bureau stated that the funds stipulated under the penalty clause would be sufficient to cover their costs if a delay in construction of 700 Collins Street were to be occasioned by the property developers. This would not be the case if the Bureau itself should be responsible for any delay.
- 3.8 The Committee was concerned to note that no comprehensive contingency plans had been formulated to address the accommodation and funding problems that may arise in the event of a delay.
- 3.9 The Bureau stated that they did have contingency plans for the relocation of their super-computer. They attested that their reason for scheduling the fit-out of the Central Computing Facility ahead of the general fit-out was to allow sufficient time for the facility to be operational prior to full relocation of the Bureau's services. In order to ensure a continuance of operations, some functions will also be duplicated at the Bureau's regional office in Brisbane<sup>9</sup>.
- 3.10 Both the Bureau and Macquarie Office Management Limited indicated to the Committee that there had been some discussion regarding the negotiation of a lease renewal at 150 Lonsdale Street in the event of a delay in relocation to Collins Street<sup>10</sup>; however no firm arrangements had been made.
- 3.11 Macquarie Office Management informed the Committee that they were attempting to sell the Lonsdale Street property and whilst they would be willing to negotiate a medium-term lease with the Bureau, they did not believe that a short-term lease would be in their best commercial interest<sup>11</sup>.

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7 Appendix D, Hansard transcript, p. 13

8 ib id

9 Appendix D, Hansard transcript p. 13

10 op cit, p. 13 and p. 18

11 op cit, p. 18

**Recommendation 1**

**The Committee recommends that the Bureau of Meteorology produce a formal contingency plan, complete with cost provisions and accommodation options, to come into effect in the event that relocation to 700 Collins Street can not occur by 31 March 2004.**

**Budget**

- 3.12 During in-camera deliberations regarding the budget estimates presented by the Bureau of Meteorology in relation to the proposed fit-out of 700 Collins Street, the Committee was very concerned at the degree of uncertainty surrounding a number of specific budget elements, which was much greater than might reasonably be expected from a project soon to go out to tender.

**Recommendation 2**

**The Committee recommends that the Bureau of Meteorology clarify in detail the budget for the proposed fit-out of 700 Collins Street, and that a copy of the revised budget be supplied to the Committee at the earliest opportunity.**

**Consultation Process**

- 3.13 The Bureau of Meteorology's submission to the Committee detailed the consultations undertaken with both internal and external stakeholders throughout the planning process of the proposed relocation to 700 Collins Street and described the mechanisms by which staff and union representatives have been able to contribute to, and comment on, the fit-out planning process. The submission states that:

“...specific major concerns advised by staff and unions have been relatively few”<sup>12</sup>.

- 3.14 The written and oral evidence supplied to the Committee by the industrial organisations APESMA and the Professional Officers'

Association (Victoria) (POAV) highlighted two significant staff concerns; namely the amount of work space allocated under the new fit-out to APS Level one to six employees and car-parking provisions for shift-workers<sup>13</sup>.

- 3.15 In verbal evidence given to the Committee, Mr Philip Ilton, the industrial officer representing APESMA, stated that his organisation had not had detailed discussions with the Bureau regarding the workspace allocation and parking issues. He noted that while some APESMA members sat on staff committees, which received a considerable amount of information about the project, there was limited opportunity to provide feedback<sup>14</sup>.
- 3.16 Mr Ilton stated further that, following a meeting between his organisation and the Bureau on 29 November 2002, the Bureau agreed to consult regularly with POAV, but that this consultation did not eventuate, as the Bureau believes the existing staff committees to be a sufficient mechanism for consultation<sup>15</sup>.
- 3.17 Senior officers of the Bureau of Meteorology confirmed their satisfaction with the Bureau's existing consultation mechanisms in oral evidence given before the Committee. Whilst prepared to commit to ongoing consultation with staff and industrial organisations, Dr William Downey of the Bureau added he believed it to be:
- “...a question of whether we need a separate mechanism to the things we already have in place.<sup>16</sup>”
- 3.18 The Committee noted that an apparent impasse had been reached between the Bureau and the industrial bodies in respect of adequate and effective consultation regarding the space and parking issues in particular and to the proposed relocation in general.

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13 see Volume of Submissions, Submission No. 3 and Appendix D, Hansard transcript pp. 20-22

14 Appendix D, Hansard transcript p. 23

15 ib id

16 op cit, p. 30

**Recommendation 3**

**The Committee recommends that the Bureau of Meteorology establish a separate and formal mechanism to effect meaningful consultation with relevant staff and industrial organisations, with a view to resolving outstanding staff concerns relating to space allocation and parking at the proposed new premises.**

**Recommendation 4**

**The Committee recommends that the proposed fit-out of new leased premises for the Bureau of Meteorology proceed at the estimated cost of \$22.8 million pending the satisfaction of the preceding recommendations.**

Hon Judi Moylan MP  
Chair  
26 March 2003