

Year in Review

Overview of Activities

- 2.1 The Committee's workload increased as the year progressed with the majority of its inquiries occurring in the second half of the year. This situation coincided with two members of the Committee being absent from Australia because of other parliamentary committee responsibilities. As a result, the Committee made greater use of Sectional Committees as provided for by section 10 of the *Public Works Committee Act 1969*. This ensured that inquiries were completed in a timely fashion.
- 2.2 In July three members of the Committee attended the Annual Conference of Public Works Committees. The Conference brought together parliamentarians and key staff from public works committees throughout Australia. It provided a unique opportunity to discuss issues of mutual interest and to report on activities. A more detailed report is presented later in this Chapter.

Reports Tabled

- 2.3 During the year ended 31 December 2000 the Committee tabled 13 reports. This was the same number of reports presented to the Parliament in the previous year. Appendix A provides a detailed list of the reports tabled during 2000.

- 2.4 One referral received just prior to the end of 2000 was advertised and will be reported on in 2001. The referral related to site filling, stabilisation and construction of infrastructure for the Defence site at Ermington, Sydney, NSW.
- 2.5 A Defence proposal relating to the Delamere Air Weapons Range in the Northern Territory was referred to the Public Works Committee on 29 June 2000. A hearing date was set for 15 November 2000 which the Committee later postponed due to unavailability of transport. Shortly after the Committee had postponed the hearing date, a letter was sent from Defence, advising that the proposal had been withdrawn. The Committee will report separately on this matter.

Summary of Reports and Government Responses

- 2.6 This section provides brief summaries of the 13 reports tabled during 2000 together with the Government's response to each report.

CSIRO/University of Queensland Joint Building project St Lucia, Queensland (First Report of 2000)

- 2.7 The First Report of 2000 presented findings and recommendations in relation to a proposed work at St Lucia, Queensland sponsored jointly by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the University of Queensland. The work comprised a new eight-level laboratory complex with a total gross floor area of approximately 35,000 square metres.
- 2.8 Associated site works included a two-to-three-level car park with capacity for 295 cars, independent of the building, and site works, together with service infrastructure upgrades, road works and landscaping.
- 2.9 When referred to the Committee, the project had a budget of \$106 million, of which the CSIRO component was \$50 million. The Committee's report noted that following the referral on 2 September 1999, the estimated cost was revised to \$110 million to include costs associated with the construction of car-parking facilities. However, the CSIRO component remained at \$50.
- 2.10 It was proposed that the complex incorporate:
- biology laboratories;
 - shared chemistry laboratories;

- information science laboratories;
 - specialist laboratories; and
 - administrative support.
- 2.11 The Committee recommended the construction of the CSIRO/University of Queensland Joint Building Project at St Lucia. The Committee also noted that there are benefits to be gained by the construction of the proposed joint research complex. Chief among these were the efficiencies and research synergies which would be facilitated by the collocation of the University's Institute of Molecular Biosciences and the CSIRO's Divisions of Tropical Agriculture, Plant Industry, Health Sciences and Nutrition.
- 2.12 In its report, the Committee expressed concern at the inadequacy of community consultations. The Committee recommended that, in future, there must be adequate public consultation processes for projects of this nature.

Government Response

- 2.13 The Government responded to the Committee's report by way of a motion moved in the House of Representatives on 17 February 2000, by the Parliamentary Secretary to the Minister for Finance and Administration, the Hon Peter Slipper MP.
- 2.14 Mr Slipper commended the proposal to the House and noted that the proposal had a budget of \$106 million, of which the CSIRO component was \$50 million. He said that associated site works included in the \$106 million were an independent structured car park, with capacity for 220 cars, together with service infrastructure upgrades, road works and landscaping.¹

Proposed ABC Sydney Accommodation Project, Ultimo, NSW (Second Report of 2000)

- 2.15 The Second Report of 2000 reported on a proposal for new accommodation for the Australian Broadcasting Corporation (ABC) in Sydney, NSW. The work involved three related, but distinct, parcels of work. They were:
- the construction of a basement and tower to be built upon the under-utilised carpark adjoining the current Ultimo building;

1 The original referral had a budget of \$106 million, of which the CSIRO component was \$50 million. This figure was later revised upwards to \$110 million to include costs associated with the construction of carparking facilities. Car parking facilities were part of the original referral.

- the reconfiguration of approximately 30% of the existing Ultimo building; and
 - the redevelopment of the remaining Lanceley Place portion of the Gore Hill site.
- 2.16 The estimated cost of the proposal was \$109.5 million. The figure excluded Goods and Services Tax (GST), loose furniture and fittings, broadcasting technical equipment, related installation costs and the cost of staff relocation.
- 2.17 The need for the new accommodation was justified by:
- the dilapidated state of Gore Hill;
 - the introduction of digital television;
 - organisation and strategic objectives of the ABC; and
 - a co-located radio and television presentation centre to manage multimedia functions.
- 2.18 The Committee recommended that the proposed ABC Sydney accommodation project proceed at a cost of \$109.5 million and concluded that:
- the conditions for people working in many areas of the Gore Hill complex were very unsatisfactory;
 - the Gore Hill complex would require major work over a number of years to ensure total compliance with current building standards and to enable the efficient utilisation of modern technology; and
 - the collocation of television, radio functions and staff, together with support functions, would deliver efficiencies and benefits to the Australian Broadcasting Corporation.

Government Response

- 2.19 The Parliamentary Secretary to the Minister for Finance and Administration, the Hon Peter Slipper MP moved an expediency motion in the House of Representatives on 13 April 2000.
- 2.20 Mr Slipper advised the House that the Australian Broadcasting Corporation welcomed the Committee's support for the Sydney accommodation proposal and agreed with its specific recommendations. They would be implemented, as appropriate, throughout the course of the project.

HMAS Albatross Stage 2 Redevelopment, Nowra, NSW (Third Report)

- 2.21 The Third Report of 2000 presented findings and recommendations in relation to a Department of Defence proposal to further develop the Royal Australian Navy Air Base at Nowra, NSW by implementing a second stage of construction. The estimated cost of the project was \$41 million.
- 2.22 The purpose of the proposed work was to provide purpose-built facilities and services that would improve the operational reliability and organisational functionality of the Base. The referral noted that these works were a natural continuation of the major development of HMAS *Albatross*, which was agreed to by the Committee in April 1998.
- 2.23 The Committee made a number of comments about the appropriateness of the proposed project and recommended the proposed HMAS *Albatross* Stage 2 redevelopment proceed.

Government Response

- 2.24 The Parliamentary Secretary to the Minister for Finance and Administration, Hon Peter Slipper MP, moved an expediency motion in the House of Representatives on 11 May 2000.
- 2.25 Mr Slipper noted that the new facility at HMAS *Albatross* would provide for the relocation from Sydney of 170 Defence personnel in the Naval Aviation Logistics Management Squadron to Nowra, New South Wales. He added that, subject to parliamentary approval, construction would commence in mid-2000 and be completed by December 2001.

Housing Development at Parap Grove, Darwin (Fourth Report of 2000)

- 2.26 The Fourth Report of 2000 presented findings and recommendations in relation to a Defence Housing Authority (DHA) proposal to acquire 50 house-and-land packages in the Parap Grove development in the suburb of Parap, Darwin, NT.
- 2.27 The proposal entailed 50 DHA houses being constructed by a developer, Bayview Homes, a DHA pre-qualified contractor, and then sold via DHA's 'Sale and Lease Back Scheme'. DHA advised that the houses were required for the December 1999 - January 2000 posting cycle for the Australian Defence Force. The estimated cost of the proposal was \$17.5 million.
- 2.28 On 11 August 1999 DHA sought urgent in-principle approval from the Committee for it to enter into a house-and-land contract for 50 houses at Parap Grove.

- 2.29 Under section 18 of the *Public Works Committee Act 1969*, exemption can be sought from referral to the Committee on a number of grounds, including urgency and works of a repetitive nature. Having considered the request, the Committee advised DHA that the Parap Grove development would not be considered a repetitive work unless so recommended in writing by the Minister.
- 2.30 On 23 September 1999 the proposal was referred to the Committee. Regrettably the submission was insufficiently detailed and there was a discrepancy between the cost of the project when referred, stated as \$17.5 million, and the cost in the submission, which gave the cost as \$17.0 million.
- 2.31 The Inquiry was advertised on 29 September 1999 and a public hearing held on 29 October.
- 2.32 Following the hearing, the Committee asked DHA to provide information. In December 1999 it became necessary to request additional information and on 17 February 2000 DHA representatives appeared before the Committee to discuss projects being developed in Darwin. During questioning, DHA representatives advised that a voluntary administrator had been appointed for Bayview Homes on 14 February.
- 2.33 In response to a written request about the impact this action would have on the Parap Grove proposal, DHA advised that it no longer wished to pursue the Parap Grove development. The reasons cited were the voluntary administration of Bayview Homes, additional responsibilities given to DHA by Defence and the urgent need for the project no longer being critical.
- 2.34 Towards the conclusion of the Inquiry it was revealed that the DHA Board had not given final approval for the project when it was referred to the Committee. It appeared that the appointment of a voluntary administrator had triggered a re-examination of what was seen as a poorly prepared proposal hastily brought before the Committee. The Committee found the situation unsatisfactory.
- 2.35 The Committee's examination of the proposal revealed inadequacies in DHA's processes. The Inquiry also served to highlight the need for parliamentary scrutiny of major public works no matter how urgent they may be perceived or represented to be.
- 2.36 In the Committee's view, the proposal was poorly managed, and given the possible serious ramifications, it recommended that the matter be referred to the Australian National Audit Office for further investigation.

Government Response

- 2.37 While DHA's withdrawal of the proposed work removed the need for an expediency motion, the Committee was nevertheless interested to receive written advice from the Minister for Finance and Administration that advised the Government did not propose recommending the Auditor-General conduct a performance audit of DHA. The Minister advised that a new Managing Director had been appointed and an internal audit of the Authority had rectified any inadequacies brought to light by the Parap Grove reference.
- 2.38 Further comment on this matter is provided in Chapter 3 at paragraphs 3.31 and 3.32.

Defence Science and Technology Organisation Rationalisation Project, Melbourne (Fifth Report of 2000)

- 2.39 The Fifth Report of 2000 presented findings and recommendations in relation to a Department of Defence proposal to rationalise and consolidate the Melbourne facilities of the Defence Science and Technology Organisation (DSTO).
- 2.40 DSTO conducts research and advises on application of science and technology best suited to Australia's defence and security needs. It is the second largest Commonwealth funded research organisation after the Commonwealth Scientific and Industrial Research Organisation (CSIRO). DSTO has a central office in Canberra and two laboratories:
- the Aeronautical and Maritime Research Laboratory (AMRL) in Melbourne; and
 - the Electronics and Surveillance Research Laboratory (ESRL) in Salisbury, South Australia.
- 2.41 The AMRL operates from a number of sites throughout Australia. Its two principal sites are located at:
- Fisherman's Bend in Melbourne; and
 - Maribyrnong, VIC.
- 2.42 The Committee was advised that the dual site arrangement presented significant operation and cost inefficiencies to Defence. The proposal included the relocation and consolidation of existing capabilities and the integration of technologies. The cost of the proposed work was estimated at \$56.171 million.
- 2.43 The Committee recommended the project should proceed. It was the Committee's opinion that the relocation, refurbishment and consolidation

of existing capabilities would provide operational efficiencies, result in recurrent cost savings, and allow for a multi-disciplinary team approach to be implemented.

- 2.44 In recommending the project, the Committee sought an assurance from the Department of Defence that:
- effected parties to the sale of the Maribyrnong site, including the Maribyrnong City Council and the Federal Member for Gellibrand, would be consulted; and
 - the National Trust of Australia (Victoria) would be consulted regarding appropriate person/s to be engaged for the survey of Fisherman's Bend and Maribyrnong sites of historic, natural or indigenous values.

Government response

- 2.45 The Parliamentary Secretary to the Minister for Finance and Administration, the Hon Peter Slipper MP, moved an expediency motion in the House on 29 June 2000.
- 2.46 Mr Slipper stated the Department of Defence agreed with all of the Committee's recommendations and that construction would commence in the middle of the 2000 and be completed some 2.5 years later.

Navy Ammunitioning Facility, Twofold Bay, NSW (Sixth Report of 2000)

- 2.47 The Sixth Report of 2000 presented findings and recommendations in relation to a Defence proposal to construct a Navy ammunitioning facility at Twofold Bay near Eden, New South Wales. The aim of the proposed work was to support ammunitioning and de-ammunitioning of ships of the Royal Australian Navy.
- 2.48 It was proposed that the ammunitioning facility would provide the Royal Australian Navy's long-term east-coast ammunitioning requirements following the closure of the arrangements in Sydney Harbour at the end of 1999. The current facilities at Homebush were to close in order to make way for the Sydney 2000 Olympics. The estimated cost of the project was \$40 million.
- 2.49 The Committee recommended that the proposed Navy ammunitioning facility, Twofold Bay, NSW proceed on the grounds that:
- the Sydney Ammunition Pipeline had closed and the Navy needed a permanent ammunitioning facility operationally preferable to Point Wilson;

- Twofold Bay was an appropriate location to site the ammunitioning facility due to the natural advantages of a deep bay with a site away from population centres. It also delivered economic benefits to the Navy due to the close proximity to the Fleet base at Sydney Harbour and the Navy exercise area.

2.50 The Committee recommended that the:

- Navy strongly consider holding a public meeting in Eden every two years to report to the community on the state of the environment surrounding the facility. This meeting should be advertised widely throughout the community; and
- when moving the expediency motion for the work to proceed, the Minister should provide a guarantee to the House that all the recommendations made under the *Environment Protection (Impact of Proposals) Act 1974* be implemented.

Government Response

2.51 In an expediency motion moved in the House on 29 June 2000, the Parliamentary Secretary to the Minister for Finance and Administration, the Hon Peter Slipper MP that the Department of Defence agreed with the Committee's recommendation. In particular, he advised that Defence would implement recommendations made in relation to an environmental assessment report.

CSIRO Energy Centre at Steel River, Newcastle, NSW (Seventh Report of 2000)

- 2.52 The Seventh Report of 2000 concerned a proposal to develop an Energy Centre at Steel River, Newcastle, NSW by the Commonwealth Scientific and Industrial Research Organisation (CSIRO). The Centre was to accommodate a total of 110 research staff from CSIRO's Energy Technology Division. The proposed work was estimated to cost \$28 million and comprised buildings of approximately 9500 square metres in gross floor area.
- 2.53 The Committee did not receive any adverse submissions and concluded that the proposed development would overcome shortcomings in existing facilities. The Committee was also of the view that the development had the potential to provide long term benefits to current and potential CSIRO customers, the Newcastle region and CSIRO.

- 2.54 The Committee was concerned, however, that the land title to the proposed site had not passed from BHP to CSIRO. Therefore, the Committee recommended that the construction of the proposed development not commence until land title had passed from BHP to CSIRO.

Government Response

- 2.55 In a motion to the House on 1 November 2000, the Parliamentary Secretary to the Minister for Finance and Administration moved that the work should proceed.
- 2.56 The Hon Peter Slipper MP advised the House that there would be a range of 'customer benefits' from the proposal. They included:
- better access to world-class facilities for conducting research into energy generation using hybrid energy systems;
 - closer collaboration with existing power generation and coal companies located in the Newcastle region;
 - scope to demonstrate the capabilities of new energy technologies and how they can be integrated into existing energy supply systems; and
 - the possibility of working with small and medium companies in a technology park environment at the Steel River site as these companies emerge to develop new products for the sustainable energy market.
- 2.57 Mr Slipper also indicated there would be three main benefits to the Newcastle region. First, there would be economic benefits associated with the initial construction cost of the buildings and the ongoing direct and multiplier effects of the salary and operating cost of the division. Secondly, social benefits would arise from the jobs created during the construction phase and the injection of a trained work force into the growing knowledge economy of the region. Thirdly, there would be environmental benefits such as the opportunity to demonstrate energy efficient building construction techniques and leading edge energy generation within the same complex.
- 2.58 Mr Slipper noted that consultation with local Federal and State parliamentarians, City councillors, industry leaders and residents had been continuous. Also, City councillors, led by the Lord Mayor of Newcastle, had been extremely supportive of the proposal. Mr Slipper advised that tenders would be called in early 2001, with completion scheduled for 2002.

RAAF Base Edinburgh, Redevelopment Stage 1, Adelaide (Eighth Report of 2000)

- 2.59 The Eight Report of 2000 presented findings and recommendations on a proposed redevelopment project that comprised the relocation and consolidation of a number of Defence facilities.
- 2.60 The project included:
- relocation and consolidation of the Aircraft Research and Development Unit (ARDU) into new administrative and support facilities on the Base;
 - new Central Store and administrative facilities for Joint Logistics Unit (South) (JLU – South) and rationalisation of the supply functions on the Base;
 - new Maritime Patrol Logistics Management Squadron (MPLMSQN) facilities;
 - upgrade of the trunk engineering services predominantly in the Technical Area of the Base; and
 - removal of asbestos and demolition of redundant facilities.
- 2.61 The Committee recognised the significance of RAAF Base Edinburgh and was of the view that present facilities warranted the redevelopment proposal.
- 2.62 The Committee observed that in most, if not all cases, the facilities had passed their economic life and did not meet the working standards acceptable to the modern Australian workforce. In all respects, they were no longer effective in meeting the needs of an important and modern defence establishment. The Committee's inspection of RAAF Base Edinburgh provided compelling evidence of the need for this project.
- 2.63 The Committee qualified its recommendation to proceed with the project until the Department of Defence had settled the issue of private finance.
- 2.64 The cost of the proposal was initially advised at \$37.7 million. This figure was revised upward to \$39.9 million. The Department of Defence explained that the initial figure was an estimate based on December 1999 costs and that the revised figure was based on April 2003 estimates.

Government Response

- 2.65 The Parliamentary Secretary to the Minister for Finance and Administration, the Hon Peter Slipper moved an expediency motion in the House on 30 November 2000, advising that the proposed work should proceed.
- 2.66 Mr Slipper informed the House that, in keeping with the recommendation of the Public Works Committee, the Department of Defence had agreed to defer the affected elements of the Joint Logistics Unit-South requirements from the proposed logistics facilities until the outcome of the market testing was known. He added that, in the interest of not unduly delaying other elements of the project, the Department of Defence intended to tender the construction works with an option to include or exclude elements of the works that may be affected by the logistics market testing.

Fitout of New Leased Premises for the Australian Bureau of Statistics, Belconnen, ACT (Ninth Report of 2000)

- 2.67 The Ninth Report of 2000 presented findings and recommendations in relation to the fitout of a new Central Office building for the Australian Bureau of Statistics (ABS) in Canberra. The proposal comprised 35,277 square metres net lettable area of floor space in a new building purpose-designed for the ABS as sole tenant.
- 2.68 The new building was being constructed at Belconnen, ACT, on land adjacent to the ABS' present location. The building would be privately developed and owned by Challenger Property Nominees Pty Ltd (owner) and Bovis Lend Lease (builder). The fitout proposal would be in accordance with commercial office standards and the special operating requirements of the ABS.
- 2.69 The Committee found that the provision of the new premises for the ABS received Government approval on the basis that the project would be budget neutral. The ABS would meet part of the cost from its Accommodation Reserves built up since 1997-98 in anticipation of accommodation requirements and the balance of funds would be obtained through a commercial hire agreement arranged by the landlord/developer. The funding arrangements are between the ABS and the Department of Finance and Administration.
- 2.70 As part of a previous reference, the Committee had been asked to consider an amount of \$6.25 million to upgrade facilities at the Cameron Offices, although the building was being considered for sale to private developers. The Committee rejected that proposal. A subsequent figure of \$4.15 million, later revised to \$3.8 million, was then used to upgrade a

range of facilities at the Cameron Offices. The Committee did not consider the works as the revised figures fell outside the provisions of the *Public Works Committee Act 1969*.²

- 2.71 The Committee concluded that the arrangements entered into by the ABS for the fitout of new leased premises at Belconnen, ACT represented value for money and met the needs of its Central Office and approved the proposal.
- 2.72 The Committee recommended that in the interest of contestability and transparency, the ABS carry out an independent audit to demonstrate that the Bovis Lend Lease estimate was competitive. The Committee was of the view that other Commonwealth organisations bringing proposals before it should adopt a similar practice.

Government Response

- 2.73 On 8 November 2000, the Parliamentary Secretary to the Minister for Finance and Administration, the Hon Peter Slipper MP, advised the House of Representatives that, in accordance with the provisions of the *Public Works Committee Act 1969*, it was expedient to carry out the proposed fitout of new leased premises in Belconnen for the Australian Bureau of Statistics.
- 2.74 Mr Slipper referred to the background of the ABS' proposal to refurbish their accommodation at the Cameron Offices. He noted that a proposal to improve the short-term situation of the ABS was developed and submitted to the Public Works Committee. This occurred before the Government had decided to secure new accommodation for the ABS when it was selling Belconnen properties for redevelopment by the private sector.
- 2.75 Mr Slipper advised the House that in its report the ABS had agreed to the recommendations made by the Committee and that it would carry out an independent audit of the project management fees to demonstrate that the Bovis Lend Lease estimate was competitive.

Development of 90 Apartments in Darwin (Tenth Report of 2000)

- 2.76 The Tenth Report of 2000 presented the Committee's findings and recommendations in relation to Defence Housing Authority (DHA) sought in-principle approval from the Committee to proceed to contract for the design and construction of the development of 90 apartments in Carey Street, Darwin, NT. The estimated cost of the original proposal was \$31

2 The Committee's Sixty-Third General Report provides details of the proposal to refurbish the old ABS building.

million in July 1999 prices. In DHA's revised April 2000 submission, the estimated cost was \$27.5 million at April 2000 prices.

- 2.77 The original Carey Street proposal was referred to the Committee in the context of an urgent need for housing for Defence personnel and their families in Darwin. As with other similar proposals, the Committee commenced its Inquiry with a view to completing its examination expeditiously. However, a number of factors worked against this.
- 2.78 First, the process was complicated by a significant change in the nature of the project midway through the Inquiry.
- 2.79 Secondly, difficulties associated with DHA's Housing Development at Parap Grove, Darwin provided a basis for the Committee to examine the Carey Street proposal with a greater degree of caution.
- 2.80 Thirdly, from the Committee's point of view, it was regrettable that DHA's initial submission on Carey Street lacked detail and was unconvincing in its justification of the proposal. DHA's revised submission, which was submitted to the Committee in April 2000, represented a marked improvement and facilitated more detailed consideration by the Committee.
- 2.81 Fourthly, a significant issue for the Committee was the quality of evidence provided by Defence during the Inquiry in relation to the Defence Force Requirement. The Committee found inconsistencies in the evidence it received and that presented to Senate Estimates Committee A. This did not inspire confidence and remained a matter of concern to the Committee.
- 2.82 Inevitably the poor quality of evidence led the Committee to seek more detailed evidence and to seek to corroborate this evidence with that provided by DHA. This meant holding further public hearings.
- 2.83 The Committee stated that it was a matter of regret that Defence, DHA's primary client, had experienced difficulty in stating and justifying its accommodation needs. The Committee was firmly of the view that the provision of clear, soundly based evidence would have enabled it to consider the merits of the Carey Street proposal and to conclude its Inquiry in a much shorter timeframe.
- 2.84 In the Committee's opinion, these process-related issues had a significant impact on the time it took for the Committee to fulfil its statutory role.
- 2.85 The Inquiry highlighted tensions associated with scrutinising a Commonwealth organisation that is required to operate in a commercial fashion.

2.86 After months of investigation the Committee still had serious concerns about aspects of the proposal and the need as outlined in the Report. The Committee believed DHA must do more work before the Parliament could endorse the proposal. The Committee concluded that the development of apartment towers in Carey Street, Darwin by the DHA should not proceed until all the Committee's concerns, which were incorporated in its recommendations, were met. The Committee recommended that the DHA report to the Committee when it had complied with all the recommendations.

Government Response

2.87 As at the end of 2000, DHA was still considering the Committee's recommendations.

Construction of Mixed Residential Dwellings at Block 87, Section 24, Stirling, ACT (Eleventh Report of 2000)

2.88 The Eleventh Report of 2000 presented findings and recommendations in relation to a proposal by the Defence Housing Authority (DHA) to develop 50 dwellings on a site known as Block 87, Section 24, Division of Stirling in the Weston Creek area of the ACT. The site is located to the east of Streeton Drive and between the junctions of Darwinia Terrace and Bangalay Crescent, Stirling, ACT. The site measures approximately 28,762 square metres.

2.89 The development comprised:

- 8 detached residences with 3 bedrooms plus study of around 165 square metres;
- 14 courtyard houses with 3 bedrooms plus study of around 150 square metres;
- 21 townhouses with 3 bedrooms plus study of around 150 square metres; and
- 7 two storey townhouses with two bedrooms plus study of around 140 square metres.

2.90 Aside from traffic calming issues, the general tenor of the Weston Creek community was supportive of the project. Members of the ACT Legislative Assembly, local business people and peak community bodies expressed the view that the development would provide a welcome and appropriate stimulus to Weston Creek. Proponents of the development also believed that the Weston Creek district had the necessary infrastructure to support the families that may live in the development.

- 2.91 In contrast to this support, the Committee received a number of submissions opposing the development. The main concerns raised in these submissions were that:
- the development would cause unsafe traffic conditions;
 - the construction of 50 dwellings would result in a very high density development which was not consistent with the surrounding neighbourhood;
 - the development would add considerably to traffic noise for Streeton Drive residents; and
 - the development would devalue properties in the area.
- 2.92 The Committee noted the objections to the proposed development, but in the end was satisfied that it should proceed at the estimated cost of \$11.5 million.

Government response

- 2.93 The Parliamentary Secretary to the Minister for Finance and Administration, the Hon Peter Slipper MP moved an expediency motion in the House on 6 December 2000, proposing that the project should proceed.
- 2.94 Mr Slipper informed the House that the project would have a positive effect on the local economy during the construction period, with up to 150 people working directly on the site and many more off-site supplying material, plant and equipment. He said that construction of an additional 50 houses in Stirling will provide a boost for local businesses. The project would make a contribution to the commitment of the ACT Government to high quality urban renewal in the older areas of Canberra, where existing social and physical infrastructure would benefit from new families and quality housing.
- 2.95 Mr Slipper concluded that, subject to parliamentary approval, construction would commence in January 2001, with completion of the works by the end of December 2001.

ABC Perth Accommodation Project, East Perth, Western Australia (Twelfth Report of 2000)

- 2.96 The Twelfth Report of 2000 presents findings and recommendations in relation to new accommodation for the Australian Broadcasting Corporation in Perth, WA.

- 2.97 The proposal comprised a two-level office and technical zone, with undercover parking, an acoustic zone, an area for technical workshops, stores, a communication tower and parking for radio and television outside broadcast vehicles. The site for the development was on 5,696 square metres of vacant land located in East Perth, approximately 2km to the north-east of the Perth CBD. The cost of the project was estimated at \$25.7 million at August 2000 prices, which included escalation costs, contingencies and professional fees and charges, but excluded GST related costs.
- 2.98 At the time the proposal was referred to the Committee the site was vacant and had been developed as a sub-division by the East Perth Redevelopment Authority. The ABC advised the Committee that while no significant future development was envisaged for the proposed site, it would be possible, within the current planning regulations, to add further accommodation of approximately 600 square metres.
- 2.99 The ABC's existing premises at 191 Adelaide Terrace, Perth also provided accommodation for the West Australia Symphony Orchestra (WASO). However, the site for the proposed development had not made provision for WASO. This was a significant issue in the Committee's examination of the ABC proposal.
- 2.100 The Committee concluded that while it would be physically possible for the ABC to include WASO on the site for the proposed development, it would significantly impact on the way the site functioned as an ABC facility. The Committee recommended that WASO receive from the ABC relocation funding at least commensurate with that received by the Tasmanian Symphony Orchestra. The Tasmanian Symphony Orchestra also relocated to new accommodation.
- 2.101 The Committee also recommended that Federal, State and local governments consider funding options for the permanent housing of WASO in the proposed Music Access Centre, in an arrangement with the University of Western Australia, on land to be provided by the University of Western Australia. The Committee recommended for the project on the basis that the construction of the proposed facilities represented value for money and had the potential to provide long term benefits to current and potential ABC customers, Western Australia and the ABC.

Government Response

- 2.102 The Parliamentary Secretary to the Minister for Finance and Administration, the Hon Peter Slipper, MP moved an expediency motion in the House of Representatives on 6 December 2000.

- 2.103 Mr Slipper informed the House that the ABC agreed with Recommendations 1 and 3. However, Recommendation 2, which concerned funding options for the relocation of the West Australian Symphony Orchestra, would be referred to the ABC Board for further consideration.
- 2.104 Mr Slipper noted that the cost of the project, when referred to the Committee, was \$27.5 million. However, the estimated total cost, including relocation costs, ABC project team costs and loose furniture, was \$28.5 million. He concluded that subject to parliamentary approval, construction would commence in March 2001 with completion and occupancy scheduled for December 2002

Reserve Bank of Australia Proposed Head Office Building Works (Thirteenth Report of 2000)

- 2.105 The Thirteenth Report of 2000 presented findings and recommendations in relation to work proposed by the Reserve Bank of Australia (RBA) for the Bank's Head Office in Martin Place, Sydney.
- 2.106 The work was described as a 'consolidation' of current accommodation at Head Office rather than a refurbishment. The cost of the project was estimated at \$21.5 million. The main works included:
- improving access to the upper floors;
 - converting Level 16 and above from workshop, plant and recreation area to accommodation space;
 - reconfiguring the RBA's accommodation to free up the equivalent of six floors of standard commercial office space appropriate for external tenants; and
 - minor works to Basements 2 and 3 to improve the use of available space by the RBA.
- 2.107 While the Committee supported the project, it recorded its concern that in the last ten years more than \$100 million had been spent on the 30-year old building. The current value of the building was estimated to be \$132 million and the projected value in two years time (after the completion of the proposed works) was estimated to be \$153 million.
- 2.108 The Committee expressed some concern that the organisational changes that led to the current project were being muted during large-scale refurbishment of the building in 1990. The Committee was surprised that an organisation such as the Reserve Bank of Australia was unable to show sufficient foresight at that time to integrate into an \$80 million project some of the features it was currently proposing.

- 2.109 The Committee noted the annual revenue likely to be generated from tenants was estimated to be \$3.5 million and welcomed the RBA's commitment to an entrepreneurial endeavour. The Committee indicated that it would look forward to examining other building proposals that displayed similar initiative.
- 2.110 The Committee recommended that the building works proceed after features of heritage and historical value, identified by the National Trust of Australia (New South Wales) and the City of Sydney had been photographed and appropriately documented.

Government Response

- 2.111 The Hon Peter Slipper MP, Parliamentary Secretary to the Minister for Finance and Administration moved a expediency motion in the House on 6 December 2000.
- 2.112 Mr Slipper noted that the Committee had recommended that the project proceed after features of heritage and historical value identified by the National Trust of Australia, New South Wales, and by the City of Sydney had been photographed and appropriately documented. In particular, the Reserve Bank agreed to the recommendation made by the Committee.
- 2.113 Mr Slipper advised that it was planned to commence detailed design in January 2001 and start work on the base building and tenancy works packages simultaneously in April 2001. Completion of the last of the tenancy consolidation works was scheduled for late 2002.

Conference of Public Works Committees

- 2.114 The 2000 Conference of Public Works Committees was hosted by the Northern Territory Legislative Assembly and in particular, by the Assembly's Sessional Committee on the Environment. In conjunction with the Conference the Assembly also hosted the Annual Conference of Environment Committees. The two Conferences were held over three days (17 July-19 July 2000).
- 2.115 The Committee was represented at the Conference by the Vice Chair, the Hon Janice Crosio MBE MP, Mr Collin Hollis MP and Senator Shayne Murphy. The Committee Secretary, Mr Trevor Rowe and Inquiry Officer, Mr Michael Ross also attended.

- 2.116 The Public Works Committee Conference provided an opportunity for oral reports by each Committee about their activities in the year since the last Conference and included presentations by local experts about issues of interest to the visiting parliamentarians.
- 2.117 As part of the Conference, delegates undertook an inspection of the new East Arm port facility at Darwin, which will be the terminus of the new north-south railway line. The project is termed a 'BOOT' project, that is build, own, operate, and transfer. The estimated cost is \$1.2 billion. Delegates were advised that the new line and expanded port at Darwin were expected to significantly affect the Australia-Asia trade route. The line would enable a four-day movement of freight from southern Australia to Asia compared to eight or nine days at present.
- 2.118 The national conference highlighted the range and diversity of parliamentary committee activity across Australia in the areas of public works. For example, the NSW Public Works Committee told delegates about a recent inquiry into office accommodation management by government agencies in the Sydney central business district (CBD).
- 2.119 The NSW Government leases ten per cent of office space in the CBD and the Committee found that the Government was not obtaining appropriate value from its lease arrangements. This was because agencies did not possess expertise in handling contracts for building leases and did not have a central referral body to go for advice. As a result of the inquiry, the NSW Government had improved the capacity of the Department of Public Works to oversight office leasing arrangements in the CBD for all NSW Government agencies. The Government would also examine moving some offices to locations other than the CBD in order to reduce the overall cost of housing public servants.
- 2.120 At the suggestion of the NSW Minister for Works, the NSW Public Works Committee had begun an inquiry into the acquisition and maintenance of asset infrastructure. The inquiry, in part, is intended to make suggestions about how to reduce instances of duplication among agencies.
- 2.121 Delegates raised the perennial issues of the role of the private sector in providing public works and the degree to which legislators are able to scrutinise proposed capital works.
- 2.122 In relation to the first issue, delegates again discussed aspects of BOO (build, own and operate) and BOOT schemes. The South Australian Public Works Committee referred to its experience with the 'alliance' (or collaborative) method of project delivery, which was being used for an extension to Adelaide's Entertainment Centre. This method of project delivery was used for the new National Museum at Acton in the ACT.

- 2.123 There appeared to be general agreement with the observation by the Chair of the QLD Public Works Committee that ‘the jury was still out’ on the merit of private sector involvement in public works projects.
- 2.124 In relation to the second issue, delegates noted the problems associated with:
- scrutinising ‘off-Budget’ capital works³;
 - problems with obtaining ‘whole-of-life’ costings for each proposed project;
 - problems with ensuring that a ‘net present value’ financial analysis is used by all government agencies when proposing new works⁴; and
 - problems arising when the public sector perceives that anything other than a cursory degree of legislative scrutiny leads to delays and uncertainties in delivering projects on time.
- 2.125 An additional issue for many jurisdictions concerns the cut-off limit, in dollar terms, for legislative scrutiny and the degree to which large projects might be divided into component parts to ensure they came below the financial figure that requires parliamentary attention.⁵
- 2.126 As part of the Conference, delegates were given a presentation on the Northern Territory’s land information system. It links the following data sets: reference data; Cadastre; land tenure; topography; administrative boundaries; administrative interests; aerial photography; and development activity. Its coordination involved:
- a lead agency (nominated by Cabinet) role agreed to by other agencies and endorsed by the Government;
 - Memorandums of Understanding with other agencies;

3 For example, the SA Public Works Committee noted that the SA Premier had argued that he did not need to refer a proposed capital work to the Committee (even though it exceeded the Committee’s \$4m threshold figure) because it was being financed by a loan rather than by direct budgetary allocation. The Tasmanian Public Works Committee observed that it was permitted only to examine capital works funded directly by the Budget; hence, it could not examine capital works funded by lease-type arrangements.

4 The Chair of the SA Public Works Committee advised that the Committee had managed, over recent years, to convince most senior public sector managers – and even some Ministers – of the usefulness for sponsoring agencies to detail their net present value (and internal rate of return) assumptions. As a result, all projects coming before the Committee now include this information in their financial background.

5 The threshold figure for the Commonwealth Public Works Committee is for a proposal estimated at more than \$6m; for the SA Public Works Committee, it is \$4m; and for the Tasmanian Public Works Committee, it is \$1m.

- nomination of a coordination group, with working groups for specific issues;
- focus upon land information management;
- cross-agency programs; and
- Intranet/Internet sites.

- 2.127 The Committee found this presentation to be highly informative and found a demonstration of the system beneficial in terms of understanding issues relating to a then current inquiry into development proposal by the DHA at Carey Street in Darwin.
- 2.128 The Committee gratefully acknowledges the hospitality extended to delegates by Speaker of the Northern Territory Legislative Assembly, the Hon T R McCarthy MLA, the Chair of the Sessional Committee on the Environment, Dr Richard Lim MLA, their parliamentary colleagues, and the staff of the Northern Territory Assembly. The Committee particularly thanks Mr Graham Gadd, Clerk Assistant for his work in ensuring the success of the Conference.
- 2.129 The Committee notes that it will host the 2001 Conference of Public Works Committees.