



COMMONWEALTH OF AUSTRALIA

**JOINT PARLIAMENTARY
COMMITTEE**

on

PUBLIC WORKS

**Reference: National Museum of Australia and the Australian Institute of Aboriginal
and Torres Strait Islander Studies**

CANBERRA

Friday, 13 March 1998

OFFICIAL HANSARD REPORT

CANBERRA

JOINT COMMITTEE ON PUBLIC WORKS

Members:

Mr Tuckey (Chair)

Senator Calvert
Senator Ferguson
Senator Murphy

Mr Richard Evans
Mr Forrest
Mr Ted Grace
Mr Hatton
Mr Hollis

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JOINT COMMITTEE ON PUBLIC WORKS

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Islander Studies*

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Present

Mr Tuckey (Chair)

Senator Murphy

Mr Forrest

Mr Hatton

Mr Hollis

Committee met at 8.34 a.m.

Mr Tuckey took the chair.

CHAIR—Welcome to this meeting of the Joint Committee on Public Works. In accordance with subsection 17(3) of the Public Works Committee Act 1969:

In considering and reporting on a public work, the Committee shall have regard to—

- (a) the stated purpose of the work and its suitability for that purpose;
- (b) the necessity for, or the advisability of, carrying out the work;
- (c) the most effective use that can be made, in the carrying out of the work, of the moneys to be expended on the work;
- (d) where the work purports to be of a revenue-producing character, the amount of revenue that it may reasonably be expected to produce; and
- (e) the present and prospective public value of the work.

I thank you ladies and gentlemen for your attendance here today at the continuation of the hearing on the construction of the National Museum of Australia and the Australian Institute of Aboriginal and Torres Strait Islander Studies. I now declare this resumed public hearing open and would like to begin by making a bit of a statement relative to the progress of this hearing.

As some witnesses and members of the committee are aware, this inquiry commenced on 9 December 1997. Today the inquiry virtually starts again in terms of the project before us. The evidence to date establishes the following facts: firstly, that the department conducted a competition to select an architectural team with a set of criteria where the design brief was costed by their own consultants at \$80 million, the budget available was \$60 million and the successful design was costed at approximately \$90 million; secondly, it was this design that was presented to this inquiry as the basis of the project notwithstanding the reference to this committee that the turnout cost of the project was \$133 million which did restrict the construction costs to the order of \$60 million; thirdly, that to meet time constraints and presumably to achieve a more reliable outcome, the method of the project management was to be a new and, in terms of the building industry, untested arrangement called alliancing, the details of which in the early submissions were sketchy to say the least.

The consequence of the above required substantial time for the inquiry to establish these facts and to convince the department that it is not the role of this committee to approve blue-sky proposals.

Over the brief break—that is, the Christmas break—the department and the

architects have taken advice overseas and re-ordered their planning, producing a substantially different design and building size. Glazed areas in particular appear to be reduced.

My committee in terms of its efforts to conclude this matter in recognition of the very considerable time constraints have conducted a number of private meetings with the department so that members of my committee would be able to satisfy themselves on matters of the new proposal and in that regard we have made some progress.

We are aware that time is of the essence and we do wish to put on the record that had the current proposal been the starting point the inquiry might have concluded in a day. To achieve that situation now requires the department today to categorically and I underline that, categorically, commit itself to the following: firstly, that the new proposal can be constructed at the costings indicated in the new submission; secondly, that the new design is adequate to deliver the services and display areas commensurate with the National Museum of Australia—I think those words say it all; thirdly, that there will be no more reduction in the size or amenity of the buildings due to cost cutting operations; fourthly, that the alliancing concept is the department's chosen construction process and it is of the view that it will deliver the best outcome to deliver this building on time and on budget. Without these categorical assurances, I do not believe my committee can unconditionally approve this project.

Today the committee will hear evidence from Emeritus Professor D.J. Mulvaney and the Department of Communications and the Arts. I want to repeat, both to the committee and to the members present, that we want to get this thing resolved today in terms of the conclusion of evidence. Quite obviously my committee will have to discuss that evidence in the normal fashion before preparing their report. We do not want to be back again and I say to members of my committee that I think the constraints I have just established should be the focus of our attention, and if those particular commitments are given then it is up to the department to proceed with the project and come up with the results that they have committed themselves to because time is a problem for all of us.

[8.40 a.m.]

MULVANEY, Emeritus Professor Derek John, 128 Schlich Street, Yarralumla, Australian Capital Territory 2600

CHAIR—Welcome, Professor Mulvaney. Would you please state the capacity in which you appear before the committee.

Prof. Mulvaney—I am a member of the Canberra Community Action on Acton and I was a member of the Pigott inquiry. I was a member of the interim council of the National Museum and for three years before that I served in an honorary capacity as an adviser on purchasing and other issues relating to the museum.

CHAIR—Thank you. The committee has received a submission from you dated 22 January 1998. Do you wish to propose any amendment to that submission?

Prof. Mulvaney—No, but I would like to speak to it.

CHAIR—It is proposed that the submission be received—

Prof. Mulvaney—I am sorry. I did have a handwritten addition at the end of the letter which I wish to retract. It was in error.

CHAIR—You wish to have the handwritten component of that submission excised from it as not being correct?

Prof. Mulvaney—That is correct.

CHAIR—Thank you. It is proposed that the submission and the response from the Department of Communications and the Arts be received, taken as read and incorporated in the transcript of evidence. Do members have any objections? There being no objection, it is so ordered.

The document read as follows—

CHAIR—I now invite you to make a short statement in support of your submission before we proceed to questions.

Prof. Mulvaney—I would like to emphasise the difficulties faced by a layperson such as myself in commenting. Obviously I could only comment on what was available to me. I was commenting on that and I must continue to comment on it. I do have to say that the response to my letter of 22 January might have been written by Sir Humphrey Appleby. It is glib and it is brief and evasive. It produces information which was not available to me so in a way the goalposts have shifted to ensure what seems to be departmental omniscience. One finds quoted an appeal to anonymous experts and statements that it is an ideas based museum. It seems to me the nature of any cultural institution should be ideas based.

In evidence it was stated that I am 25 years out of date, and there were earlier rumours that my angry old man comments are sour grapes. As I have advocated a national museum for 25 years, I certainly do want quality. There are many serious issues respecting the decision to abandon Yarramundi's broad acres for the restrictions imposed by the Acton site, magnified by the pressures of time. First of all, the haste with which it has been proceeded may convert the potential jewel in the crown into what will be known as the cut-price museum. I must echo Mr Hatton's observation on page 418 that the conceptual plans available for comment 'may bear zero relationship to what we may actually end up with', and this is the difficulty of anybody passing comment on it.

Compromises and pressures on decision making are to me unworthy of a national project. On 9 December, Mr Service stated 'No, nothing has been taken off at this stage,' yet in the departmental response to my letter of 22 January all the items referred to in that context had been cut or modified. It is significant that a recent note from the Friends of the National Museum re membership renewals states:

Our aim is to ensure that we will have the best possible museum and that the concept of the National Museum will not be compromised.

All compromises save money, even though it is claimed efficiency is the objective. To have built a phased or staged museum at Yarramundi would have saved the scramble to build quickly and economically, but both the Keating and the present bureaucracy seemed to use blackmail: shift or have nothing.

The second point I want to make is that 'building for 30 years' is reiterated throughout the report, whereas all prior advice was to consider centuries, for this is a national institution to serve future generations. I would direct your attention to the fact that, after only 16 years, the National Gallery of Australia has undergone at least two major reconstructions, partly because architects did not liaise sufficiently with curatorial staff. The conservation lab there was simply imposed. Now, after 16 years, it has added a 1,012 square metre extension.

I am concerned that present plans will inhibit future legitimate development. The display area is 5,600 square metres, I believe. By comparison, New Zealand has 15,000 square metres. I note that the mezzanine floors have been deleted to save some money and I venture to suggest that in a number of years those will be put back again at greater cost.

I will refer to costs very briefly. I refer to Mr Jack Kershaw's evidence concerning the sleight of hand which established that it was cheaper to occupy Acton than to install infrastructure at Yarramundi, which of course is not so. We are assured that smaller display areas are adequate because there will be speedy turnaround of exhibitions and frequent travelling exhibitions. That is fine. But I submit that this is one of the most unrealistic aspects of planning. The costs of changing collections are a major factor facing all museums. It is a really major issue. This will be accentuated by the need to update electronic facilities and computers over the 30-year period.

The departmental response to my comment on this was the bland: 'The cost of computing technology has been taken into account.' Well, I hope so. This was certainly not the case with the early generation of push-button museology, which went far beyond cost expectations in numerous institutions, as we found on our committees. Invariably in building projects, when costs need cutting it is the backroom facilities which lose out. Yet the adequacy of staff, technical facilities, handling space, et cetera, can determine the morale and achievement of staff. I trust that those principles are remembered.

I turn to the implicit philosophy of exhibits. I trust that the curators will rise above the limits of the planning as set out in all available documents—firstly, the continual reference made to 'stories' and to 'celebration' of Federation. The agreed intention over 20 years was to avoid dogmatic certainty or storytelling in favour of problems and conflicting interpretations, for example in environment, the for and against of irrigation; in Aboriginal studies, a very topical move, traditional hunting versus conservation laws; and in history, the problems of federation—not all states were happy, and what were the for's and against's. I trust that that will be possible. But these are not stories.

The decision to restrict collection building and rely on loans is fine in some areas—certainly in the Aboriginal area—but not in Australian history since 1788, because very few Australian museums began collecting until recently. In relation to electronics and catering for, as Winifred Rosser has stated in the evidence, the 30-second attention span of many of the present generation, surely we should aim above the lowest common denominator. On this, Sir Neil Cossons, Director of the British Science Museum, recently said—and I do emphasise this:

It is very easy to create a museum that is hands-on and minds-off as a place of entertainment without intellectual or scholarly foundation.

In other words, that is a Disneyland.

On the issue of research, nowhere other than in the Australian Institute of Aboriginal and Torres Strait Islander Studies is research referred to. In fact, specifically it is said that they are not collecting research collections elsewhere. What sort of curators are going to survive in such an anti-intellectual world, where the museum is specifically said to be not a research museum? I hope that is not what is intended, because research on all collections, no matter whether they are limited historical objects, is still a research museum. I cannot see anywhere in the plans that were first available where anyone would do research, other than in the Institute of Aboriginal and Torres Strait Islander Studies library.

I would like to make a comment on Aboriginal culture. I think this is very important. As always accepted, traditional Aboriginal life ways are outdoor. Like the Mexican Museum of Anthropology, Yarramundi was intended to link regional internal display with outdoor vistas and exhibits. I suspect that present Aboriginal advice comes chiefly from south-east Australian Aboriginal people for whom post-1788 holds tragic, but more, significance. So traditional and pre-1788 societies are being less emphasised in some museums, and I could document that. Overseas visitors, however, will expect archaeology and traditional cultures to be highlighted, and certainly contemporary traditional art. I do hope that this museum is not just going to emphasise the later path of Aboriginal history.

We have no details given anywhere of how the ACT Cultural Centre fits into planning. This is relevant to your committee. For example, I would like to know: is quality control in that centre assured, what are the provisions to access that area outside hours, and so on. I think that is quite a significant issue in an institution that is not, in a sense, part of the National Museum.

Turning to conservation, I am delighted to see that there is a conservation lab being retained at Acton—a small one. The main conservation lab will be at Mitchell, presumably. I have had a lot of connection with the War Memorial conservation lab; in fact, I could claim to be the person who alerted the department back in 1973 to the shocking standard of storage and conservation at the War Memorial. I know that having the main conservation staff out at Mitchell has separated them very deeply from the daily goings-on at the War Memorial. I think this is a matter that requires very deep thought.

If I may refer to some heritage aspects that arise, I cannot work out, on the available material, how the Uluru line conforms to the line of heritage trees. In other words, I trust there is no adverse effect on the alignment of one line and the other. I have no idea. Secondly, committee members referred to decrepit ANU buildings nearby. They are the actual surviving evidence for the first federal administration and therefore part of the federal story, if we use that word. So the aesthetics, or lack of aesthetics, of those buildings should not really be taken as the guideline. One would hope that the museum might, in some way, lead to discussion with the ANU to do something about incorporating them. However, the inadequacies of site selection should not be used as a lever to acquire

ANU land, demolish their buildings or change their roads.

Finally—and I conclude on this because I do feel bound to do so as I have been mentioned a bit in the evidence—it has been stated that only a few of the Friends of the National Museum resigned after the 10 February 1997 meeting which approved the change from Yarramundi to Acton. This is so; I am one of the few who resigned. Yet it was presented as a *fait accompli* at that meeting by the committee, who had decided for Acton without first calling a general meeting, and it was known they intended to resign if that did not come to pass. Mr Service certainly influenced the meeting very greatly with an emotional speech in which he assured members that it was his friendship with the Prime Minister which gained his support and anyone who opposed it, as I recall his words, ‘should be ashamed’. This seems an unworthy reason for approving this diminished prospect at Acton. Thank you.

CHAIR—Thank you, Professor.

Mr FORREST—Professor, you mentioned your concerns about quality assurance. Are you referring there to the building quality or to the display quality?

Prof. Mulvaney—I am referring to everything, I suppose. I foresee problems for the museum in the future if there is not a very strong arrangement reached. I do not doubt the building will be of quality. It is more how the building is to be managed thereafter and how it is to be used. At the risk of sounding very anti-Aboriginal, which I am not and I hope my career shows that, but I am realistic: what happens if Aboriginal people decide that this place rather than Old Parliament House is a good place to camp to make a point? I would have thought the museum needs to have some kind of understanding over that. So quality control does relate over a wide field, I think.

Mr FORREST—You made reference to the comparable size of the museum in New Zealand. You would be aware that the cost spent on that facility was nearly twice what has been proposed here.

Prof. Mulvaney—Three times, probably. But, originally, in earlier years one imagined a phased building program where you did not spend all that money in one go. The decision was reached some time ago to change and to have an all-out, all-in-one museum.

Mr HATTON—I might summarise the case against you that was put previously. It was that, in effect, you are out of time and out of context with regard to this proposal. What you have been pushing for at Yarramundi Reach was a staid and old-fashioned vision of what a museum of Australia should be, with a great deal of settled exhibits and almost a re-creation of Old Sydney Town or something like that. What is your view, and the view of the friends, of the kind of museum that you were trying to achieve? How outdated do you think that is?

Prof. Mulvaney—We considered that we were proposing a museum that was well ahead of its time. In fact, one of the things we proposed was that it should be called the museum of Australia. We did not want ‘national’. It is very interesting that the New Zealand museum is now the Museum of New Zealand, I think. The ‘national’ was put in many years later because it was conventional. We were trying to be unconventional. I agree that a reading of the interim council report might suggest that it was old-fashioned. There was a lot of discussion after that, of course.

It was not my understanding that we would reconstruct villages and shearing sheds and so on. The idea was that it would be a repository for very important historic buildings—for example, the ANU buildings that I mentioned. If the ANU decided they were to be knocked down, I would say that they should be transferred to a site like that. I was very keen on things like our space interests when Tidbinbilla becomes unfashionable. Orroral Valley had all kinds of valuable material which helped put man on the moon—I think it was the Orroral Valley—and that was just demolished, everything. There was an amazing amount of computing material that would have reflected the time of putting the first people on the moon.

We assumed that we would have an indoor display relating to many of these outdoor structures. I would repeat that even Aboriginal society does have a great deal of outdoor arrangement. One of the ironic things is that among the gems of the National Gallery are the Tiwi mortuary posts. In reality, they would have been erected outside and all the beautiful decoration would have gradually disappeared. What we would have wanted were re-creations which did allow for the general deterioration. That is an example. I am sorry, I may not be answering your question.

Mr HATTON—You have gone part way to that. Let us consider the comparison between what you envision with the space for expansion that is there at Yarramundi Reach, and the fact that you could do a phased development, versus the restrictions in relation to this site and the original design in terms of future expansion at this site—and I might note that there has been an update in this new one, so the mezzanines are back. Would you like to comment further in relation to these two things: firstly, the problems in terms of expansion of the national museum over a long period and what you see as particular problems here; and, secondly, connected to that, the restriction of what we have here with the problem of on-costs that you mentioned previously in relation to the changing exhibitions because not enough is in situ.

Prof. Mulvaney—This is a different one. When we were on the Pigott inquiry—of course, this is going back to old times—wherever we went on our round-the-world trips, we found that museums had been erected mainly in the 18th century on central areas which could not expand. They were heritage buildings and they could not be changed. We were very convinced that we should think in terms of centuries and not just present employment, or whatever it might be. Therefore, we did come down for a large area. You could say that Acton is a large area, certainly compared to overseas museums.

The other thing is—and this is one of the advantages that perhaps the Acton museum does hold—the buildings are fairly unpretentious and perhaps they can be knocked down. I am pleased to see that it is a relatively low-key museum. I suppose there is always the chance of expansion by knocking the thing down and starting again, and there is room for some expansion.

But the expansion I was talking about in the earlier context of being able to place objects, or structures that we do not know at the moment we might want, you cannot anticipate. Ideas and interests change. We are now saying that this museum will be a social history museum. Nobody would have thought of putting a social history museum up 100 years ago—ideas do change. I think that we were wanting the flexibility, as it is a national institution, and national institutions do tend to grow. Again, I refer to the National Gallery which obviously is forced to expand. I am sorry, that is probably not an answer.

Mr HATTON—That has gone fairly well. Thank you, professor. I am glad you had the opportunity to put your case to the committee.

CHAIR—I have a single question. You mentioned your concern at the suggestion that there be frequent changes of the actual displays and the cost involved. I can understand that. But in terms of Australia's population and the number of those who might wish to visit a display being limited by international comparison, isn't it going to be an imperative anyway that the displays change more frequently? Otherwise, nobody will come to look at them, having seen them—or those who are interested having seen them.

Prof. Mulvaney—Yes, but I am simply worried that the interest in getting the museum up is leading to a certain lack of reality about what it will actually cost when it is running. I was secretary of the Academy of Humanities for seven years and in that time we had to re-equip with computing three times. That was only an infinitesimal amount in our academy, but to re-tool the electronics of a museum as rapidly as electronics are changing over this 30-year period is going to be, I suspect, very considerable. Unless it is changed, it will certainly impact upon a computer conscious audience more perhaps than an unchanging fixed display.

CHAIR—In terms of the electronics, unfortunately you are stating the obvious: technology is moving at such a pace there will be little choice if you have an electronic involvement and, of course, the modern day probably guarantees it. Thank you very much for those comments. No doubt you will be choosing to stay because, as is our practice, we will ask the department's representatives if they wish to comment during their evidence on any of your comments.

[9.08 a.m.]

ASHTON, Mr Stephen, Director, Ashton Raggatt McDougall Pty Ltd, Architects, Level 11, 522 Flinders Lane, Melbourne, Victoria

BERENTS, Mr Derek, Project Manager, TWCA Pty Ltd, Level 11, 121 Walker Street, North Sydney, New South Wales

CASEY, Ms Dawn, Executive Director, Construction Coordination Task Force, Department of Communications and the Arts, 54 Marcus Clarke Street, Canberra, Australian Capital Territory

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SANTAMARIA, Ms Cathy, Deputy Secretary, Department of Communications and the Arts, 54 Marcus Clarke Street, Canberra, Australian Capital Territory

SERVICE, Mr Jim, AM, Chairman, Construction Coordination Committee, Construction Coordination Task Force, 38 Sydney Avenue, Forrest, Australian Capital Territory

TAYLOR, Mr Russell, Principal, Australian Institute of Aboriginal and Torres Strait Islander Studies, Acton House, Marcus Clarke Street, Acton, Australian Capital Territory

THOMSON, Mr Graham, Partner, Mallesons Stephen Jaques, Level 28, 525 Collins Street, Melbourne, Victoria

WEHNER, Mr Martin, Associate, Ove Arup and Partners, 24 Thesiger Court, Deakin, Australian Capital Territory

CHAIR—Welcome, ladies and gentlemen. We also have some people at the back who may be called upon to give evidence, and we will get their names. The committee has received a supplementary submission dated 4 March 1998 and a number of documents

from the department. Does the department intend to propose any amendments to those documents at this time?

Ms Santamaria—No.

CHAIR—It is proposed that the submission and attachments not marked ‘In Confidence’ be received, taken as read and incorporated in the transcript of evidence. Do members have any objections? There being no objection, it is so ordered.

The document read as follows—

CHAIR—I invite the departmental witnesses to make a short statement before we proceed to questions. I am very anxious that we continue to address this proposal in its present form, and that is a message to committee people. I am not too keen for us to go back over old ground; it will serve no purpose. The purpose is to establish the credentials of this proposal and for us to consider its capacity to deliver.

Ms Santamaria—I have a couple of points in reference to our statement. We would like to put on record again that this project is one which the Prime Minister and the Minister for Communications, Information Economy and the Arts are strongly committed to; that is, to the building of the National Museum and the other facilities on the Acton Peninsula.

You raised three issues which you said you would like confirmed today. They related to completing the building within the money allocated, not to reduce any space for cost cutting reasons and your final point related to alliancing. Following extensive research, alliancing has been confirmed at least by us at this point as the most appropriate delivery method. However, as we said in our statement, if the negotiations following tendering do not produce the best result, we would revert to the lump sum delivery option. All of this, of course, depends on the outcome of today so I would like to turn immediately to Steve Ashton to provide the committee with an overview of the design.

Mr Ashton—Is it all right if I walk around?

CHAIR—Please do.

Mr Ashton—I would like to give the committee a very brief overview of what we have been doing since we last met in December. Essentially, what we have been doing is the normal design process of testing and modifying the design and the functional brief which, of course, is a normal iterative process that all designs pass through. We have been assisted in that process by on-going discussions with our stakeholders: the museum, the AIATSIS administration and council and the representatives of the ACT government with regard to the Cultural Centre. We have also been assisted by the opportunity to have further interaction and discussion with and advice from a range of museum experts and exhibition design experts. That has all been taken into account in the development of the design to date.

Probably the main developments which are the drivers of change in so far as it has occurred are the fact that there have been about 20 heritage trees listed on the site by the Australian Heritage Commission; the significant input and development of the museum brief, which I have mentioned to you; and the fact that there has been some scope reduction in the cost of the external works, which is something that we undertook at our last meeting that we would be seeking to address.

With regard to the issue of the heritage trees, I would like to take the opportunity to assure Professor Mulvaney that this has no impact on heritage trees. There were a number which were significant, but by far the most significant are these two trees here, which are apple boxes. As a consequence of those and our concerns about the previous location of the AIATSIS, we investigated a number of options for resiting AIATSIS to avoid those trees. You can see that the option that we adopted is one which is essentially a flip of the plan. It is basically the same plan as it was previously. The functional brief area is the same and the building area is the same, and it has been reordered internally to a degree in order to take account of the different siting.

A couple of other implications arose from that. The road in this area has been moved a little further away than it was previously. These trees, you may recall from your site visit, are at the moment down in a hole, which is quite an unusual way of looking at trees but it relates to the fact that there has been quite a lot of fill put in that area for flood control in previous years. This rearrangement allows us to move the wetlands which were here in the earlier scheme further this way and relate them to this lower level through a water feature. You might recall that previously there was the idea of a water feature on the other side of the building. We think that actually allows us to order and locate this building and give a sense of rightness to the way all that is located now. The ACT Cultural Centre has been move slightly to avoid these trees here but the internal planning is identical. There have been some adjustments to the footprint of the museum where necessary to avoid those trees. I should say with regard to AIATSIS that the architectural thematics and the design of it are basically the same.

With regard to the museum, there has been some internal reordering which reflects the information that we have had and the discussions we have had about the museum briefing. There are subtle adjustments to the footprint. There are some alterations to the briefed area, which I know you have some detail on in your papers. The briefed area has been reduced by about eight per cent. There is a significant increase in the building efficiency, which has gone from about 56 to 66 per cent. That in combination has reduced the total floor area of the museum by about 20 per cent, but most of that reduction has come from an increase in building efficiency, as you can see. There is an increase over the brief in the external exhibition areas.

With regard to the external works, as we have said, there have been a number of scope reductions which have sought to reduce the cost of the external works. They consist principally of a refinement of both the costing and the design of the Garden of Australian Dreams, which nevertheless will be producing a very satisfactory outcome from our point of view; the wetland size has been reduced over what was proposed previously; and there are a number of other minor alterations to the design in order to reduce that scope. We believe that we have now got a floor plan which is going to work very well for the museum. I would be happy to answer detailed questions about that, but I would like to emphasise that you will see that conceptually the design is very similar to what we had before. The footprint is virtually identical and, apart from the efficiency gains which we

have talked about and the reinstatement of the mezzanine concept for the exhibition, which is illustrated in this drawing over here, we believe we have actually made substantial moves forward both in the efficiency and the functionality of the museum. We look forward to answering questions on that if you have any.

Ms Santamaria—Next I would like to ask Graham to give us a further overview about alliancing.

Mr Thomson—Mr Chairman, I am confident that you do not want me to repeat anything I have said before, so I will keep this very brief. We have provided a further written submission that we hope addresses some of the commonly asked questions in relation to alliancing.

The key point I would like to make in relation to alliancing is—and I am repeating myself—that the department has considered many project delivery options. It is conscious that alliancing is not a proven delivery option in the building industry, so it has weighted the risks associated with that decision very carefully. The department is not a client that moves without a high degree of caution, and there are many individuals that have been involved in the decision to adopt alliancing as the preferred approach for the delivery of this project.

Those individuals include people with a lot of experience in the building industry such as Mr Service; the project managers; Mallesons, who advised on many forms of contract and, in fact, in most instances would not suggest alliancing for the delivery of many projects but, in relation to this particular project—on the basis of all the advice and the risks associated with the project—the collective view is that alliancing is the best delivery project. We look forward to answering any questions the committee may have.

CHAIR—I guess then in that regard we are looking at tab. 2 in the submission before us.

Mr Thomson—That is correct, Mr Chairman.

CHAIR—Fine.

Ms Santamaria—At this point, Chair, we would like to take questions.

CHAIR—Thank you. Senator Murphy, considering your very considerable interest in this, we will start with you.

Senator MURPHY—Mr Pegrum, I would like to ask you some questions with regard to what you were requested to do at the outset. Can you tell me what you were required to do and then how you went about developing the functional brief?

Mr Pegrum—I have prepared a number of functional briefs, and this one was different, perhaps because of the time, perhaps because of the fact that there were three clients, nominally. The department engaged me to liaise with these clients and to prepare a brief which would both describe the wishes of these clients, which could be both physical and operational, and also a document which would be helpful to the architects who at that stage had not been selected but who would be chosen to go into this stage of the competition.

I have the letter of commission. The agreement is not specific as to the number of pages that are required, or the precise content of the brief. It was something which was expected to evolve, which did evolve and which went through many stages of discussion and negotiation over a period of nearly three months.

Senator MURPHY—You say you have a letter?

Mr Pegrum—I have a contract.

Senator MURPHY—Could I be provided with a copy of that?

Mr Pegrum—I could give you one, or maybe the department should give you one.

Senator MURPHY—Could I ask you then, in terms of developing the brief, in particular for both stage 1 and stage 2, you prepared those, didn't you?

Mr Pegrum—I do not know what you mean by stage 1 and stage 2, Senator. You mean volume 1 and volume 2?

Senator MURPHY—Yes, sorry.

Mr Pegrum—I am sorry. No, I wrote parts of volume 1 and most, if not all, of volume 2—or the copy that I have.

Senator MURPHY—How did you arrive at the required floor space, for instance?

Mr Pegrum—The museum, and separately the institute, provided me with areas that they wished to have included, and the numbers were justified by the clients as being the areas that they needed.

Until such time as they had been aggregated, there was no way of knowing, for instance, how big the building would be. There was an order of area given in a document to me very early in the piece—I cannot remember the numbers—that the museum be of an area of such, an institute of such. But the figures that I was given were the figures which I transcribed. They were modified over periods of time. Steve has described architectural design as being iterative. Writing and balancing the client's requirements is an iterative

process.

Senator MURPHY—I understand that. You say, though, with regards to the floor space for exhibition areas and whatever, the requirements might be for various artefacts, et cetera, that you were advised by the specific groups.

Mr Pegrum—That is correct.

Senator MURPHY—I am just trying to understand what we are getting at the end of the day. If people say, ‘We need this,’ what research went into that to ascertain that was the requirement? Was it a real requirement, or was it just a hopeful, wishful requirement? Where did all of this come from? I assume you were paid to do a job?

Mr Pegrum—I was.

Senator MURPHY—Because if you go through all of the documents, what worries me about this is that there is statement after statement made that ‘This will be the museum; it will have a net minimum floor space.’ One has to assume that somebody has said somewhere that this is what is required in terms of developing a national museum for this country. One of the concerns that I have, and I think many of the members have had, is that it seems to be a shrinking process.

Mr Pegrum—It has been said by others to this committee, and it is true that people do sometimes ask for more than they are likely to get—and that is my experience in other projects—not in order to be silly, or wishful, or whatever but, at the time that the information is collated, that is the expectation of the space that is required. It will necessarily alter. It may well increase.

Senator MURPHY—Mr Ashton, can I ask you, with regards to the iterative process, how have we ascertained that this new design, this building proposal we have now got before us, is of sufficient area in respect to all of the requirements that were set out? The stage 2 brief was fairly definitive. There were points made that the brief must be adhered to. I will get to that in a minute. But, Mr Ashton, can you tell me, with the proposal that we have before us, how does that now meet—and how have we ascertained that it will meet—the requirements of a national museum in terms of housing all of the goods and chattels that go in a national museum?

Mr Ashton—Certainly, Senator. The life, if you like, of a functional brief extends well into the project. There is an initial phase where a functional brief is drawn up, and that is what Roger Pegrum has done. I should say that there are many projects built without functional briefs. Most projects, in fact, are built without functional briefs, and they just emerge through discussions, through designs, through showing people things, and people react to them. This project has an excellent functional brief, better than most projects I have been involved in. So that is a terrific starting point. But it is a starting

point.

I think it might be helpful for the committee to understand the process of arriving at a functional brief. There is a user who usually has a mental picture of what it is that they require. They then try to translate that mental picture into words for someone who is writing a functional brief, who then tries to translate that into words to an architect who then tries to translate that back into a picture. We should never be surprised if the final picture that the user who told the words to the brief writer sees is not what they thought it would be. That is why it is an iterative process. They will always say, 'I didn't realise when I said put the door over there that it meant that. I did not mean that, I meant this.' That is a very common occurrence through the process, and that is why it is an iterative process.

You get the functional brief at the start, you do some work and you show it to all of the stakeholders. The stakeholders usually have lots of comments at the first cut, if you like. The functional brief is then modified. The design is reworked, and so it goes. That can be going on even well into contract documentation—it is not unusual but, obviously, it is at a smaller scale of detail. We have been testing the functional brief through our design process.

The vast majority of the spaces within the museum's functional brief are the same as the functional brief. There have been some shifts and those shifts have been tested both through design and then showing the design to the stakeholders and discussing it and so forth. Also there have been those discussions that are referred to with both museum experts and with exhibition design consultants.

In the areas where there has been a principal change that has been thoroughly discussed but there are not that many areas. The principal areas are that the permanent exhibition space has been increased from about 2,000 square metres to 2,600 square metres, through the introduction of the mezzanine concept. That has been tested with the exhibition designers and with the museum senior staff and council and everyone is very comfortable with that approach. So that is an alteration which we have tested in that way and which we now believe can be accepted.

The main hall has been reduced from the briefed area of 1,500 square metres to 1,000 square metres and that reduction was made through a series of discussions, again, with the museum and with some consultants that the department had who were experts in the area of retail catering and looking at what the commercial viability would be of that space. As you know, there was an expectation in the museum's brief that their great hall would have commercial uses as well as museum uses—that it could be used for ceremonial functions and other kinds of celebrations.

The advice that came back, and was accepted, was that 1,500 square metres in the Canberra market is actually too big and that there would not be enough uses for that space

at that size. The other thing is that 1,500 square metres is a number and when you show a number to someone who is not an architect they say, 'Well, that sounds good.' We got some people to look at the great hall here in Parliament House, which is 1,100 square metres, and once they understood what 1,500 square metres meant in volume, they understood how big that was, people were then very comfortable about saying that they thought 1,000 square metres was enough. They are a couple of examples of how we have tested those alterations.

I think we feel very comfortable that there has been enough of a process at this stage of the design process that the alterations to the functional brief are sound and are warranted and that everyone is happy that they are going to work properly.

CHAIR—I want to get this matter settled. The fundamental issue here, and I think Senator Murphy has said it, is that space reductions have been supplied but is the current arrangement going to be adequate? Is it going to meet those criteria that I set down? Mr Pegrum, correct me if I am wrong, but from what has been said I understand that you are not employed as an expert in museums. Your job is to translate the views of the stakeholders into a functional brief for the information of the architect. Is that a reasonable summation of your task—that you are not an international expert on museums?

Mr Pegrum—No I am not, Mr Chairman. My task was to work—which I did daily, and they were very long days over a large number of weeks—as the adviser, in some ways, on architectural matters, but in a sense as an amanuensis for the clients in creating in words, numbers, diagrams and other ways—because the document has a series of layers of meaning; it is not just areas, it is other things—the sort of document that the clients could feel comfortable with as representing their spatial requirements and the broad functional expectations, so that an exhibition space or a conservation laboratory was just that.

The technical specifications for those spaces are included in the brief—that is, some areas, such as conservation laboratories, must be free of vibration; other areas have higher than normal acoustic requirements; and some people asked for windows to be opened, et cetera. So there is that level. Without in fact saying what the process of conservation was that was going to go on in that space, or what the exhibition was that was going to be mounted in that space, it is possible—and I believe the brief does it—to stipulate something which describes the qualities of that space, in height, dimension, outlook, location, which could be useful to the designers and would allow the experts in those areas to then advise the successful architects on how those areas might best work.

CHAIR—So if we want any more expert advice on those specific areas, Ms Santamaria, whom should Senator Murphy direct his questions to as to the adequacy of the various areas?

Mr Service—I would like to make a brief comment about that, and I speak in

respect of the museum, not AIATSIS or the cultural centre, because their bodies have responsibilities for their needs. So far as the museum is concerned, it is the council of the museum, ultimately, that has responsibility to decide what the museum needs. It clearly has a statutory duty under its act to do that. The council, with its management, has gone through that process very extensively. I have to say that we have had some changes of mind, and I think that has been a very good thing. I suspect we will probably have a few more.

I equally suspect that Professor Mulvaney is right: in 30 or 40 years, the then council, if there is a council, will have quite different views from the views of the present council, and some further changes will be made. That simply is life. But we have had a very extensive process within the museum to, as best we can, refine the needs of the museum to deliver what the council of the museum believes it is obliged to deliver to the Australian people.

CHAIR—If I can just take that point, because I am trying to get down to who should be giving evidence on these matters to us, it is my assessment that your council, and members thereon, advised Mr Pegrum of their needs and he brought that together as a functional brief, as the middleman, if you like.

Mr Service—That is perfectly correct.

CHAIR—Good. Well, in that regard, are you the sole representative of those experts—I am not being critical about this; I want this for the record—who is going to give evidence to this committee as to the fact that the proposal as we have it now will meet the needs of the various interest groups within your council? Are you that person? That is the first question.

Mr Service—There probably are a number of people that need to speak to different elements of that. But, yes, I can say that the design, as it is developing, is satisfactory to the council; it is meeting the needs of the museum. That is our view. There will be some further refinement. It is very important that people understand that. As this process goes on, there will be some further refinement, as Mr Ashton said, but those refinements will become smaller and smaller; they will become finer and finer refinements.

As to the detail of how the museum will operate in those spaces, Dr Jonas is the executive director and he has the responsibility for the running of the museum, within whatever budget the government of the day chooses to give us. That has been an issue that has caused very significant interest to my council, because it is not only just putting up the buildings; generations ahead have to run them. As Professor Mulvaney has pointed out, there is a lot of cost in doing that. So one of the things we have been trying to think about very carefully is not only a museum that we think looks nice and will be well received by those who use it, but also the fact that we actually have to be able to afford to

run it. One of the many concerns of the committee that chose this site as against Yarramundi was that very issue, that the cost of operating at Yarramundi, because it is a very large site, was a very serious concern.

CHAIR—Okay. I want to get back to Senator Murphy, who quite clearly has a concern as to the adequacy of what is now before us. Is Dr Jonas the person who is best equipped to answer that question?

Mr Service—He is going to have to run the museum in these buildings if you approve them.

CHAIR—Without inviting Dr Jonas to talk, I will refer back to Senator Murphy, but I think the questions have to be directed to the people who can give us categorical answers.

Senator MURPHY—Is that advice, Mr Chairman?

CHAIR—What I am really saying is that it is no good asking someone who says, ‘Well, I was the middleman.’ Please, for instance, go to the organ-grinder.

Senator MURPHY—We have been trying to get to the organ-grinder for a long time. But I also think it is Mr Pegrum, in part, as the person who put this together. I should probably remind Mr Service that on a number of occasions—I cannot remember the specific day of the hearings—the emphasis with regard to the net usable floor space was bought up and that, in whatever form it might finally take, it was going to be delivered for \$133 million. The committee has to sit here and consider what we have been given, and we were given a range of things. We were given a proposal that had two briefs—one initial costing by Mr Pincott at \$68 million, subsequently re-costed, when he was able to look at the stage 2 brief, at \$82 million—so that we could understand what you were proposing to us as the cost and what we were going to get for the dollars expended. I have to say that, sitting across here, that has not been easy. It has been a moving feast.

That is why I am curious about the effort that Mr Pegrum put into writing this functional brief, particularly the one that sets down the floor space, by square meterage, that is required. One has to assume that was somehow arrived at. That was why I asked Mr Pegrum how he arrived at that. He says it was on the advice of the various operators and Dr Jonas. Maybe, Dr Jonas, you might like to add on what basis you or your people advised Mr Pegrum and on what basis that information was provided, as to the expertise or otherwise of it.

Dr Jonas—We set up a functional brief team, which was in fact operating before Mr Pegrum came on board. It consisted mostly of the heads of the various sections of the museum, such as curatorial, conservation, registration. Over a period of some months they

were putting together what we thought were spaces that would best suit our needs. I have to be honest and say that, as part of that process, there is always a bit of an ambit claim involved, with people always wanting more and wanting the best.

When Mr Pegrum came on board he attempted to translate that into architectural terms, meeting daily, over many periods, with the staff and refining figures. Eventually, that was put into some forms which then were matched up against dollars per square metre—what could be afforded. Then there were more iterations that took place: ‘Okay, you cannot have that amount of space because there just is not that amount of money available. Can you do with less?’ There were some areas where it was: ‘No, we cannot do with less, we just have to have this much space. There are other areas where, yes, we probably can come down a bit.’

Senator MURPHY—Was that decided before Mr Pegrum put this stage 2 brief together? Is that something you worked out prior to the finalisation of this brief that was to be provided? Did you work that out?

Dr Jonas—I cannot give you a definite answer there because, to me, it has been a backwards and forwards process. The process that I am describing took place up until that brief emerged, yes.

Senator MURPHY—I just want to understand—in terms of the across table toing-and-froing, daily discussions, et cetera—that in so far as the ambits were concerned and then square meterage worked out against dollars available, et cetera, did you conclude those processes of discussions and so on before the writing of this document?

Dr Jonas—Yes.

Senator MURPHY—You did. So can I understand then that you essentially arrived at a minimum required area for the museum, with Mr Pegrum, which is contained in this brief?

Dr Jonas—Yes, knowing that the hard work probably began once the design at this stage was actually selected, that there would still be a lot more work done after that, because it really is at quite a broad level here that that brief is dealing.

Senator MURPHY—But I just want to ask you this again: the meterage and the various things—as I say, it has group entrance, group ticketing and we go through the cloakroom, and so on, which has down there a square meterage of floor space that would be required—are all the things that you worked out through your process with Mr Pegrum.

Dr Jonas—Yes, that is right. Knowing that, as part of this—

Senator MURPHY—There is no ambit in here.

Dr Jonas—No, but knowing that things might be rearranged.

Senator MURPHY—I understand that. I am not saying that you determined where the cloakroom would be, et cetera. With my limited knowledge of these things, I do understand that this is a concept, and we then turn it into something, as Mr Ashton has pointed out, which you can work out over time. But, on the basis of information and discussion between Pegrum and yourselves, you determined that there were minimum requirements for certain things.

Dr Jonas—Yes. Can I just add one more thing there, Senator. We did that knowing that even at that stage there would still be some testing of things with experts, and part of that process has continued as well.

Senator MURPHY—When you say ‘testing of things with experts’, who do you refer to?

Dr Jonas—Other museum experts, both here and overseas. For example, one of the examples that was given before was the size of the theatre. We had talked about a 500-seat theatre. A part of the discussion always was could we actually support a 500-seat theatre—maybe it will be a 300-seat theatre; maybe it will be a 400-seat theatre. After we had talked to people in Sydney, after we talked to some people involved in the theatre world and after we actually had consultations with people overseas, it seemed perhaps more realistic that it would be 300.

Senator MURPHY—When did those consultations take place?

Dr Jonas—From about November until January.

Senator MURPHY—November last year to January this year?

Dr Jonas—Yes.

Senator MURPHY—So it was after this process?

Dr Jonas—Yes, that some of those things got further refined.

Senator MURPHY—Why would you not have done that before? I do not want to labour this point but, if there is no ambit in here, I would have thought that you would have gone through this process and concluded whether you wanted a 500- or a 300- or a 400-seat theatre a bit earlier on.

Dr Jonas—It is not in there as an ambit claim. In fact, some areas have gone up. It is, basically, as I see it, part of the process that, while you have still got time to refine things, you will do that.

CHAIR—If I can interrupt again, there is a limit to the amount of time we can spend on this.

Senator MURPHY—Yes. I am not going to pursue it any further.

CHAIR—I think the evidence that is now on the record is sufficient for the committee to make a judgment on that matter. Can we proceed?

Senator MURPHY—Yes, Mr Chairman. As I said, I do not want to labour that point any further. But I do just want to make the point that the difficulty that we have been confronted with in so far as the floor space is concerned, in so far as the designs that were submitted, is for us, as a committee, to try and understand where all of this was at.

I will just go to the ARM proposal. When questioned about the supposed requirement to meet the stage 2 brief—that is, to design something that had a net usable floor space of X, whatever it might be—what I find rather curious, Mr Chairman, is that the department have submitted to us—and there was a requirement to meet the brief in evidence given to us before, and we have been presented with documentation as recently as this week—that the ARM proposal as submitted was never measured in terms of its floor space.

I want to go back to what was put on the record, both in the Senate estimates and before this committee. In the Senate estimates, when answering a question about the winning design, Ms Casey said, ‘The winning design provided all the floor space required by the brief.’ Before the public works committee, Ms Casey said her recollection was that the winning design was slightly under in providing the floor space required by the brief. In answer to a question here, you said, Ms Casey, that the ARM design provided 30 per cent more than the required brief, yet I think it was on Monday of this week that we were provided with a document that says the ARM design was never measured. Now I just put that on the record, Mr Chairman, as an indication of the difficulty that this committee has been presented with in regard to trying to ascertain exactly what we are getting and exactly what it is going to cost us.

Let me state categorically that Australia deserves a national museum of a standard and a quality that will ensure that it is something that the ACT and Australians can be proud of. But you people have done an appalling job even getting to this stage. The public record speaks for that. I still have to say that I am at a loss to understand it at this point in time, and I am still not sure that we are going to get a museum that we deserve, regardless of cost.

CHAIR—Thanks, Senator Murphy. This might be a good opportunity, nevertheless, now that we have identified those who should be able to advise us in an expert fashion in this regard, possibly, as Mr Ashton, Dr Jonas and Mr Pegrum. My second requirement for getting this matter to a satisfactory conclusion is a categorical

assurance that the new design is adequate to deliver the services and display areas commensurate with the National Museum of Australia. Dr Jonas, are you prepared to advise us on that?

Dr Jonas—Yes, it is adequate. Reference has been made to the new museum of New Zealand, for example. I went over there for the opening of that, although I had been over before to see developments of it. They have more floor space, more exhibition space, than ours. But you have to remember that they are an art gallery as well. If you combined our National Gallery with our museum, you might be getting realistic comparisons.

Secondly, they do not have the equivalent of the large state museums that we do have here in Australia. Thirdly—I guess I do not mind this being written into the *Hansard*—I think that their new museum is truly magnificent but, talking to somebody from our National Gallery here at the airport as we were waiting to catch the plane home, I said, ‘When we bring off what we are going to do, ours is going to be better.’

I believe that what we are provided with here is quite adequate for a national museum of Australia which is—and I would like to quote you something here, if I may—‘charged with telling the stories of Australia’. It is perfectly adequate for doing that through the three themes of indigenous culture, Australia’s social history and people’s relationship with the environment, using the collections that we have got and using the wonderful modern technology which is available to us to enhance the stories that our objects can tell. I believe that the space that we have got here is more than adequate to do that.

CHAIR—Mr Pegrum, in terms of the advice that you received during the formation of your brief, how would you answer that question?

Mr Pegrum—Until today, I have not had anything to do with the competition or the commissioning. The last drawings that I saw were the ones submitted for the competition. I suspect that that plan on the top left is the one I saw, but I am not familiar with these other diagrams at all.

CHAIR—I think you are right. I think that is the progression.

Mr Pegrum—Yes, I understand that, but I am just saying that I cannot answer the question because, at the time, they were different plans.

CHAIR—Okay. I have mentioned Mr Ashton, but I am going to go to Mr Service first as he is the spokesman here for the council.

Mr Service—I am very satisfied with it. Some months ago, somebody said to me, ‘Look, down in Victoria they are spending twice as much money as you are talking about on their museum. What would you do if you had that much money?’ I said that I did not

think we would do anything very different. We might add a few fancy bits, but the fact is that we do not have, and we will never have, I hope, collections which would justify museums the size of either the national museum in New Zealand or the new museum in Victoria.

After all, this is a federal nation, and much of our history is collected around the country, and that is where it ought to stay. It would be a dreadful waste of the taxpayers' money for us to duplicate in collection terms the sorts of things that are available in Sydney, Melbourne and elsewhere—which, I might add, they are very happy to lend to us from time to time. We will be able to do a very good job there, provided that future governments continue to fund the operation of the museum.

I repeat: it is not just this building, but how we actually run it for the next X number of generations, and that is going to take money as well as other things. Successive governments may have different views about arts policy in general and institutional policy. That is always a risk, however well we do this. That is fine. I am happy with it, and my council is happy with it.

CHAIR—Mr Ashton, admittedly you are here with an interest, but I think you should make a comment for the record.

Mr Ashton—For the record, we are very satisfied with the way the design has progressed since the competition entry. Certainly, the feedback that we get from the museum council, the museum senior staff and the exhibition designers is all very positive. We are entirely satisfied that the building as it is being proposed can satisfy the functional brief.

CHAIR—Fine. Another issue, which I think has to be addressed by other witnesses, is whether the new proposal can be constructed at the costings indicated in the new submission. I note that we have an additional expert in that regard.

Mr Ashton—Yes, it is Stephen Grimes from Slattery Australia. They are our cost planners.

CHAIR—So we now have both the department's and your cost planners.

Mr Ashton—That is correct.

CHAIR—Would it suit you, Senator Murphy, to talk to them at the moment?

Senator MURPHY—The cost has not been an issue from my point of view, providing that it is adequate. I note that the Prime Minister said in the House yesterday or on Wednesday that \$147 million had been allocated for the National Museum—

CHAIR—Looking at the aggregate of \$151 million, I do not know whether we

won or lost on that statement.

Senator MURPHY—No. Maybe you might be able to check that out.

CHAIR—Yes.

Senator MURPHY—Could you provide me with a copy of the ad which was placed in the national papers, I assume, for the conduct of the design competition. Could I also have a copy of the brief and the contract that was provided to Mr Pegrum. Mr Pegrum, I think you said that you solely did the volume 2 brief, but you did not do volume 1.

Mr Pegrum—Volume 2 is primarily a technical list of services and spaces. Volume 1 contains what is called the functional brief, and it also contains some other documents, including an open space design brief, an environmental overview, AIATSI design concept et cetera, which I did not write. I wrote that bit.

Senator MURPHY—Could I be advised as to who wrote the other?

Ms Casey—I think the open space one was prepared by the NCA.

Senator MURPHY—You can take that on notice. If you could just provide me with the answers as to who wrote what, and so on.

Ms Casey—Yes.

Mr Service—Chairman, could I just repeat something that needs to be very clearly understood. Mr Pegrum, and I say this with great respect, was not a decision maker in this process. He was simply somebody who put together in technical form the requirements that were expressed by the museum, by AIATSI and by others. He was not in any sense a decision maker. So if the museum had said to him, 'We want this to be 40 storeys high,' if I can take a ridiculous example, he would have written in the brief, 'This is to be 40 storeys high.' He may have thought we were idiots but, nevertheless, he would have put it in the brief.

CHAIR—I think he and I agreed he was the middleman in the process, to use my common terminology. So that is on the record.

Mr Service—So if anyone is to be criticised, I am just protecting Mr Pegrum. It is not his fault.

Senator MURPHY—No, I am not—

CHAIR—Could I just intervene. What has got to be recognised here is that the

purpose of this inquiry is to get the evidence. The committee has a responsibility thereafter to just study the evidence and write a report for the parliament. Senator Murphy is currently asking to be supplied with certain pieces of information which I assume he thinks are significant to the evidence. I welcome him doing that. If he has got any more requests on that, he should make them, but then let us move to other aspects.

Senator MURPHY—It may not be significant to the evidence of this committee, Mr Chairman.

CHAIR—Anyhow, you have an absolute right as a member of the committee to ask for such evidence as you want and ask questions which bring out evidence. Is that the limit of your questions in this regard at the moment? I think Mr Forrest wants to ask a question.

Senator MURPHY—Thank you, Mr Chairman.

Mr FORREST—I would like to move on to where we go from here, because I have still got some very serious concerns about the program and whether it is achievable by whatever method. I have some concerns about the floor shapes and designs. I am looking for some assurances on all of those. So that is where I am heading, Mr Chairman.

The first issue that I have is with respect to what I see as very inefficient use of floor space. I refer particularly to the AIATSIS floor plan, particularly the wing at the western end of that building where we have got room shapes which I estimate dimension-wise to be about five metres by about three or four metres, with angular shapes. That has to be the most inefficient use of floor space. I am wondering what justification you could have, given that we are spending a lot of money to get every square metre, to have room shapes of that size. I am not sure who the question ought to be addressed to—perhaps the designers.

Mr Ashton—Yes, Mr Forrest. The rooms that you refer to are offices. The shape of them is still under review. It is important that the committee understands that what they are seeing here is a snapshot—a frozen moment in time of a continuous process.

CHAIR—We are a bit worried about that, Mr Ashton. I think that is one of the fundamental areas of concern.

Mr FORREST—We are talking about this process running in parallel with construction. You have actually hit on where I am heading.

Mr Ashton—If I could clarify that, the design process takes a long time. We will not be finished the design process for some months. The committee is seeing a step in the design process. As Mr Service indicated, we are not here saying, ‘There will not be one skerrick of change to what we are presenting here.’ There will be continuing refinement.

We take on board the comments that Mr Forrest makes about those rooms. That is something we would be very happy to review. It makes no difference whatsoever to the floor area of the building or to the functionality of the building. If that is an improvement, we are happy to talk to our clients about it and consider it. I think there is some merit in what you are saying, Mr Forrest.

Mr FORREST—The other design area that I have got concerns about is the shape of the roof plan associated with the gallery of Aboriginal art, where that zigzag area is on the plan.

CHAIR—At the end of the snake shape, right at the end.

Mr FORREST—Just imagine the structural problems associated with that to get floor space, which up the end there I estimate off the plans to be two or three metres wide. That cannot be an efficient use of material, a wasted use of structural components. I am just wondering what possible design intent leads to an inefficient use of construction material to achieve that. It is a waste of money to achieve such small areas of floor space. I am going to be moving on to the construction program. The reason I am raising this is because we have got this design process going on at the same time presumably when concrete has to start being poured. I have got very serious concerns about where all this could end up.

Mr Ashton—First of all, let me put your mind at rest on that, Mr Forrest. There will not be a design process going on while concrete is being poured. The program does not say that. Perhaps Mr Berents might want to clarify the program for you in a later question.

Mr FORREST—We will get on to that now. Firstly, just tell me why we have gone for that odd zigzag shape and such an inefficient use of material to achieve it.

Mr Ashton—Could I get up and point to the plan?

CHAIR—Yes, please.

Mr Ashton—First of all, I would like to point out that, in particular, looking at the roof plan of this area can be misleading because, yes, the roof shape is like that when you are looking at it from above, but in fact the principal exhibition area of the gallery of Aboriginal Australia is actually that shape there, and it is a very large space. It is about an 800 or 900 square metre space. It is not much smaller than the Great Hall of Parliament House. There is actually one very large space there. There is space here, which is of a different character, which is narrower, although not narrow. Again, it is important to understand the scale of these drawings. I am not sure what the width of that would be; about 10 metres across there. A very significant width, not a narrow space at all.

That provides for a different kind of exhibition environment where you might exhibit smaller objects; objects that would be lost in a large space. You might exhibit objects which were more sensitive to light, so you could have an area like that. You might have a lower light level as you walk through. It also gives you an opportunity to modulate the whole exhibition experience. You do not want the exhibition experience to be a one-liner—walking into one room, one square room, which would be the most efficient use of space, and that is it; it has gone. You actually want the exhibition experience to be a series of experiences that can be used over the years by exhibition designers to create sequences, to create phases in storage, to create a sense of narrative—all of those things. We are not obviously being primarily driven in this area of the plan by efficiency. If we were being totally driven by efficiency, we would design a square box. That is the most efficient you can design.

In this area, you make a judgment. You say that the architectural issues relating to the need to modulate the exhibition experience outweigh the call on efficiency. At the end of the day, that all washes out in a budget. If we can achieve what we need to do within the budget then we can do things like that. We believe they are justified in this instance.

CHAIR—Can I just interrupt, because I think what is difficult is which drawing we should be looking at. Does the drawing at the top designate just the roof structure and the valleys—

Mr Ashton—That is correct.

CHAIR—We have got to look below that roof to see what is underneath it?

Mr Ashton—That is absolutely correct. This is simply a bird's eye view of the roof, if you like; nothing more.

CHAIR—The yellow areas are the actual customer space?

Mr Ashton—If you take the gallery of Aboriginal Australia, it is on two levels. There is a large upper level here, which is the yellow area I am indicating. A bridge goes through this two-storey high yellow area here. So that is the principal exhibition space of the gallery of Aboriginal Australia. It is, I think, eight metres high or thereabouts. A very significant floor plate also forms part of the exhibition and it is also the exit as you leave the gallery of Aboriginal Australia to get back out into the garden and also on your way back to the main entry of the museum, to the great hall.

Senator MURPHY—Is that the green bit?

Mr Ashton—This bit here, Senator?

Senator MURPHY—Yes.

Mr Ashton—That is all the back of house area: the storage, curatorial areas and so forth.

Senator MURPHY—That is underneath?

Mr Ashton—That is on the ground, as is that.

Senator MURPHY—Right.

Mr Ashton—You arrive in the gallery of Aboriginal Australia through this upper level circulation and then down a stair or a lift onto that floor and then leave into the garden at ground level.

Mr FORREST—You say that one section you pointed at was 10 metres wide. According to the scale on the plans that are submitted to us, it would be 8 metres wide but the last section of it is much narrower than that. I would continue to maintain that is not an efficient use of building material. There are additional difficulties with airconditioning to get the circulation of air into shapes like that. Given that we have got a very limited budget, I am very concerned that somewhere down the track when you get to real cost push pressure that will get changed substantially to reflect a more efficient approach to the use of material. I understand your desire to have a walk-through but that could be achieved with a different style. It is a grossly inefficient use of material to achieve that zigzag shape. That is just that point.

The other issue is related to all of this because these are design changes on the move. I think we could probably all agree that all of the conventional approaches to construction will not achieve the deadline. I think that probably has to be taken as given; we all understand that. The committee is being asked to consider a novel approach, a new approach that has never been used in a construction project of this nature. This is a building project. It is not an infrastructure engineering project where we understand that alliancing has been used before.

In the submission we were given two programs. One was in respect to a more conventional approach, a lump sum package delivery with a design documentation phase and then construction. It shows an opening ceremony in about April 2001. But the program that is submitted that relates to the alliancing method only appears to save us about two and a half months. We are being asked to take risks with a new approach that has never been tried for a period of just two months. I am wondering whether the program that is the alternative to the conventional method is accurate. I have got some concerns about whether it is. Why should we be subjected to an approach never tried just to save two months? Would it be better to accept the fact now that we will not make complete opening by the date, which we all hoped for and wanted to achieve, and take it from there rather than try an approach that does not save us much time at all?

CHAIR—I think Mr Thomson needs to speak to that but I understood that time was not the principal reason for proposing alliancing. There are other aspects but Mr Berents and Mr Thomson might want to speak to that.

Mr Berents—Maybe I can clarify, Mr Forrest, in terms of the overall program. We have never made any excuse. The program is very tight. No matter which way we go, it is going to be a very tight program. The issue with alliancing is not only to save two and a half months, it is also to minimise the risk for the department of other pressures that could be around in that time—industrial pressures, cost pressures, et cetera. I would ask Mr Thomson to maybe clarify some of those issues further.

Mr Thomson—One of the advantages that the department sees of alliancing is, for example, under a traditional arrangement where the department is going to be involved in ongoing design development within a very tight time frame. If it was a lump sum contract of any form, it sees the recipe would be there for dispute. It is the right arrangement here to have dispute work because of the time pressures and the potential further input for the department as more technology and the like becomes available and that might impact on the design arrangement.

Studies indicate that if it were a lump sum arrangement, senior project management on projects like that spend in excess of 50 per cent of their time looking after the contractual posturing between the parties. Fifty per cent of the best project management time available is not focused on actually delivering the project. It is not focused on project outcome. It is simply focused on protecting the individual parties' positions vis-a-vis the financial and commercial arrangements between them.

Alliancing gets rid of that arrangement. Alliancing stops the sending of a whole bunch of contractual letters to each other. Alliancing is simply focused on putting all your effort into project outcomes because the reward comes from achieving project outcomes. One of the benefits that you obtain is to focus all the project management effort onto delivering project outcomes.

Another benefit is that you avoid duplication of project teams because you have a single team with the best person for the job. An extra benefit is that there are no contingencies built into the contract price. Any savings that are generated by the parties are shared on a pre-agreed basis between the project sponsor, the department and the alliance participants. In this particular transaction where we are trying to get the best bang for buck, the department can reinvest its share of the savings back into the job, whereas under a traditional contract if there is a saving like that it just simply goes to the contractor participants.

There are quite a number of reasons for the department considering that alliancing is the best form of delivery for this project, excepting, as you quite rightly say and it is in the department's evidence, that it has not been used before in a building contract. This

will be a first. There is a high degree of caution associated with that which the department has considered very carefully.

CHAIR—One of the things that stuck in my mind is that you have made the point to us in earlier evidence that with project management and fixed price, the theory is basically bid low and litigate high. The opportunity for litigation between the parties and the customer is removed in this arrangement. Is that a matter of fact?

Mr Thomson—That is correct, Mr Chairman.

CHAIR—Thank you.

Ms Santamaria—Mr Chairman, the committee might like to speak to Mr Ron Guthrie.

CHAIR—Yes. We may do that. But I just wanted to clarify that point because of Mr Forrest. By the way, when Mr Forrest has finished his questions at this stage I intend to have a short break. Would you like to have that particular witness come forward now?

Mr FORREST—Attempt to satisfy me first. I am only raising concerns that I am looking for assurances on.

CHAIR—Yes. Would you like to hear from Mr Guthrie?

Mr FORREST—Is he already sworn?

CHAIR—I think so.

Mr Guthrie—Ralph M. Lee is a national electrical construction company working in both the building industry and the engineering construction industry with projects across Australia. I gather I have been asked to give evidence here because we have considerable recent experience in alliancing.

Mr FORREST—Perhaps Mr Guthrie could start off by indicating to me what experience he has had and make the distinction between projects of an infrastructure nature and the detailed building nature, like this one.

Mr Guthrie—For a start, if anybody is telling you there has been a true alliance done on a building contract, they are lying to you. There has not been anything in this country to my knowledge.

Mr FORREST—Nobody has said that.

Mr Guthrie—There have been several attempts at partnering and various

agreement to work together, but they are a long way away from what I believe true alliancing to be.

Could I just run through very quickly—and I do not know whether I can call anything infrastructure—the projects we have done to date on an alliance basis. They include the Boyne Island aluminium smelter in Gladstone, and the Roxby Downs project at Olympic Dam. Another one is BHP's HBI project at Port Hedland. We also have a maintenance and small modifications project which is ongoing with Alcoa at Kwinana. In that case we have taken over their regular small work and maintenance on an ongoing basis and put it into an alliance. They are the main ones that we have done, and there have been a couple of minor things. None of them is in the building industry, and none is what I would call infrastructure, but I would have to say that, in my experience, the large industrial projects are a lot more complex than either building or infrastructure.

CHAIR—Is that, therefore, a suggestion that an alliance might be easier or more difficult in this concept than, say, the Gladstone refinery?

Mr Guthrie—I think more difficult. The main thing about alliancing is that it requires an attitude shift. My personal opinion of the way we do building work in this country is not very high. It is very confrontational. It is set up such that individual parties in it can only make money at the expense of the other parties. That does not happen so much, or did not come with the same sort of background, in engineering contracts, although it was still there. You may find that more of an attitude shift is required. But there are people around now who are prepared to make that shift and there are building companies that have had experience on larger engineering projects on alliancing, and I know that they are anxious to pursue it as well.

CHAIR—Can I take you a step further in that regard: is there sufficient in the contractual arrangements to guarantee the attitude shift?

Mr Guthrie—I believe so. It has in our experience. You could not get anything much more difficult at the moment than BHP's HBI project. BHP are going through a fair amount of agony on that for their own budgetary reasons. But the attitudes on that project are very good. Everybody is very focused towards the end goals of the project and there have been no disputes.

Mr FORREST—I just wanted to go back to the way an alliance team operates. You say that a large infrastructure project like the rehabilitation of the precipitators at Hazelwood power station in Victoria is much more complex. I put it to you that it is not, because you are dealing with larger entities of proprietary items which have to be assembled together, but in a project like this, you are talking about everything from major structural steel superstructure concrete right down to taps in the toilets and the quality of the balustrade—and in a project like this there will be literally hundreds of metres around all of the mezzanines.

As the process goes through, at the start, these detailed standards are not well documented. Money gets used up on the way through somebody forgetting to put sewer pipes in or whatever. At the end of the day, the last detail is the things that people see—the quality of the tiles in the toilets, the pans and the balustrades—and the cost pressure is really on. All of the big ticket items are buried. I am concerned that, in a project like this, where the design phase has been compressed, some of it is still being conducted at the stage when the concrete is being poured—and I beg to differ with Mr Ashton, unless this program presented to us is wrong—and the design documentation is still continuing after the award of the first contracts.

Mr Ashton—I said design, Mr Forrest, not documentation. Documentation may well be continuing, yes.

Mr FORREST—It is the documentation that specifies the standards of fittings and all of that. To go back to Mr Guthrie, to make maximum use of his experience, how is all that put together in a project like this? Can you extend your experience in an infrastructure and engineering project to how that could be put together in a building project?

Mr Guthrie—I take your point in terms of finish—obviously a much higher grade of finish is required in a building such as this than on an iron ore plant or something like that. We have done fairly extensive work in hospitals—not on an alliance basis, I hasten to add—but the finish on a hospital is pretty important—maybe not the architectural finish, but the finish in terms of detail of equipment.

The main difference for us as an electrical company on a building work is that very little of what we do shows in the end. There will be a few light fittings and things like that, but most of the work is hidden in the end. Most of the work is generic. All the wires are the same. When you are on a large infrastructure plant, each wire is an individual. It has to be tracked as an individual. We are used to doing that sort of thing and that is the sort of detail management and tracking you need when you are trying to achieve what you are trying to achieve here.

If I can just answer your second point, Mr Forrest, the way you look after the detail work towards the end of the project is to make sure that on the way through you are continually adjusting your budget. As I understand it—and I am not too familiar with this project—the design will be developed on the way through in terms of finish and the finishes selected. They will have a cost impact. The way I understand this, you have got a set limit that you want to spend and you do not want to go over that. The alliance process allows you to trade things off.

If you are continually properly budgeting on the way through, and you decide you need gold-plated taps everywhere and they are going to cost you another \$100,000, then rather than that being an extra on the end over and above what you want to pay, you can track that early enough to say, ‘Well, okay, we must have the gold-plated taps. What have we got for \$100,000 that we can drop out?’ Where I see you in trouble on the lump sum

tendering basis on such a prestige project is that, with lump sum tendering and the way we do it in Australia, and the way we try to pass all the risk down to the person most incompetent to manage it, you are not going to get the quality of finish you want.

Mr FORREST—Mr Chairman, do you want to have a break now?

CHAIR—Yes, this is probably a good opportunity to have a short break.

Proceedings suspended from 10.27 a.m. to 10.43 a.m.

CHAIR—Ladies and gentlemen, we will resume.

Mr FORREST—Just to take advantage of Mr Guthrie's experience: in all of the projects that you have worked on, have they been basically associated with private enterprise, large mining companies, or were there any projects where there has been taxpayers' money involved, where there has had to be real focus on the probity?

Mr Guthrie—No, there are none where there has been taxpayers' money involved.

Mr FORREST—That you have worked on?

Mr Guthrie—I cannot say for others. I know there is one at the moment that Sydney Water are doing on the northside storage tunnel project. But that is in the early stages.

Mr FORREST—Could you just explain to us simply—and it has been explained before and we have got lots of evidence about the way the process works, and presumably your firm gets an invitation to participate in a short-listed way in a negotiation—how does that negotiation operate?

Mr Guthrie—I can only tell you the way it has been done on the ones that we have been in. Essentially, the selection is no different to selecting a contractor; it is just that the criteria are different. On a lump sum basis, the selection criteria very quickly degenerate to just price. Price does not give you any lead at all on an alliance basis because, the way it works, you are essentially reimbursing the direct costs and you are looking for a company that can best manage those costs. So, if there is a differentiation between the companies on a fee, say, and however you structure that fee, it will be a very minor part of the overall cost. If you are going to select somebody on the basis of how big their fee is, I would suggest to you that is the wrong thing to look at. You need to select the person who can best manage the biggest bulk of the cost you are going to spend.

So the criteria tend to be the past record of the person you are selecting, CVs and interviews of the people they put up, what management systems they bring to the project and what particular skills. In that regard, I mentioned earlier one of the key things on this

project that you need to do is have a running, detailed budget of what you have committed which is constantly changed by the design and choices you make on the way through. So you need somebody with sufficiently sophisticated cost systems to be able to manage that for you.

The next thing is the attitude, and that is a very hard one to assess. Not everybody can work in an alliance. The history, as I say, of building work in this country is very confrontational. There are lots of people that have worked their whole life in that way and cannot change. There has been quite a number of casualties from the teams that we have worked in, on both our side and the client side in the alliances, with people who just cannot hack the different way of doing things.

You then get down to the harder criteria to assess. You have got to be able to trust the people you are dealing with, and that is probably the hardest hurdle to get over. You absolutely must have commitment and ongoing involvement from the chief executive of the company you select, because he/she is your final appeal point. They are the common things that I have seen used as selection criteria.

Mr FORREST—But at what stage do you get to negotiating your required profit margin and the details of the dollars? Once you have been short-listed, presuming all of those credentials are established—

Mr Guthrie—There is no set way of doing it.

Mr FORREST—Why I am concerned is it needs to be explained to me that you do not start negotiating after you are selected. There is a negotiation that occurs, comparable to a tender, with some alternative organisation to yours. Does that happen?

Mr Guthrie—Yes.

Mr FORREST—It does.

Mr Guthrie—Not on all of them, but it has on most of them.

Senator MURPHY—How does that work?

Mr Guthrie—Just across the table. You do it, obviously, with each individual contractor. If you were selecting, say, three electrical contractors like us, and you were trying to negotiate a fee or that sort of thing, or the terms of payment—is that the sort of thing you are asking?

CHAIR—I think, basically, Mr Forrest wanted to know what the profit margin amounts to. That is around the table—

Mr Guthrie—Sure.

Mr FORREST—You are told, ‘Look, it is a project with \$133 million; that is the budget’, and then somehow or other you get involved in the negotiation to establish how much of that \$133 million you get. I want to know when that starts.

Mr Guthrie—That can start as early as you like. In fact, it must start very early with your services contractors and your builder because you want them to have an input to your design. One of the things that you get out of this process, if you can take them on early, is that they sit with the designers and advise on buildability. So you want to do it up-front.

It is very easily done. There is no set formula for it, but, if you want to come along to me and say, ‘Ron, we are considering you for the electrical package for this job; it is going to be worth \$40 million in round numbers—how would you suggest we pay you? We are going to do it on an alliance basis so we will reimburse your direct costs. What sort of a fee do you want?’ I would sit down and say, ‘We want X per cent to cover our overheads. We suggest you use a fee structure like this that reimburses us more for saving you money and less for losing you money. We suggest that, if time is important to you, you put a couple of time incentives on it’—and we could nominate those numbers.

You could go next door to one of our competitors and say, ‘How would you propose it?’ Or you could work through that yourself with a bit of advice from your experts and agree yourselves on the way you might want to structure it. That is the approach that Bechtel have used, for instance, on Boyne Island and also Roxby. They have come up with a little package themselves that says, ‘Okay, we are going to pay you direct costs, and direct costs are these,’ and they spell it out specifically. ‘Regardless of what your actual company overheads are, we will pay you seven per cent, because we believe that to be the industry average. No correspondence entered into, that is the deal. We will pay you between this range of percentages for profit, depending on performance. Do you want to be in it?’

Mr HOLLIS—What if the design changes when they have put this to us? You said that the negotiation starts very early in the piece. What if you had been in the negotiations for the first plan that was put to us in December and you had negotiated for that and then come back in March and it was a totally different plan? What happens if the plans change? Where do the costs become locked in, or are there allowances there for basic changes—not minor changes but basic changes—in the electrical work? That must be a huge variation in cost.

Mr Guthrie—Well, it could be. What you have got so far is an overall figure on this project, as I understand it. You have done some design work and you have had experts give you their view of what the costing is. That is the best number you have got at the moment. Those people should be able to come up with numbers that cover what it is buildable for. Where a project usually comes off the rails is people building more into it or not being concerned with what is happening to the electrical when they make an

airconditioning change or a building change. But you must start with that industry best guess from experience of what the overall dollars are. Then you continually monitor it on the way through as the design comes out. If you have got a problem—in my example, \$40 million worth of electrical—the design comes out. You then sit down between you and cost that out to get a budget. As you are firming up your budgets, it comes to \$45 million. ‘Okay, boys, we have got a problem. How do we fix it? What can we drop to get the \$5 million back?’ Or, ‘Yes, that is exactly as we have got to have. Where else out of one of the other packages can we find \$5 million?’

Mr Ashton—Could I just add to that answer, Mr Hollis, one of the advantages of alliancing, say, over a fixed lump sum contracting method in the instance you mention of significant design change? If Ralph M. Lee, for example, were the electrical contractor, they are being paid on the basis of their costs, in the Boyne Island example, a percentage for their overheads and profit depending on performance. That all stands exactly as it is, as I understand it, if there is a design change. Their costs may change because of their design change but they are reimbursed those costs—

Mr Guthrie—So you do not have to renegotiate—

Mr Ashton—And they still have the responsibility for performing against the preset criteria for the overall job, which means that they would have an incentive to do whatever they could to minimise any deleterious effects of such a change and to take advantage of any positive effects of such a change within the alliance structure. On the other hand, in an instance where they were on a fixed price lump sum contract, what you would have is a big variation. I am sure you would know that if you are trying to take out of a lump sum contract something by variation, you are trying to take out \$100 and the builder will offer you \$50 and if you are lucky you might get him up to \$75. If you try to put it in, it will cost you \$200 and if you are lucky you might get him down to \$150. That is the problem with lump sum contracts. And you will probably get a claim for a time extension while you are at it, with prolongation costs. However, under an alliance none of that applies, and that is the real advantage of it, I would have said, in that situation.

CHAIR—I would just like to ask one question of Mr Service in this regard. It becomes very obvious that the client must have a very adequate monitoring system that Mr Guthrie has referred to. What are the arrangements proposed in that regard?

Mr Service—They would be absolutely standard arrangements, because those requirements exist, of course, whatever kind of contract you enter into. If you as the client make change, somebody has to pay. That is inevitable—

CHAIR—What I am really asking of you is that the department of the arts has clearly not got those sorts of practices within its normal operation.

Mr Service—Of course.

CHAIR—As the client in the alliance, how do you intend to manage that overseeing role?

Mr Service—In the standard process using an external cost consultant and the architect, the architect and the other technical consultants have a responsibility to look at and understand the cost of changes that they propose. If the architect says, ‘Look, I really think you should not build this bit like this, you should build it like that,’ they have then got to say that that is going to cost you money or is not going to cost you money, as the case may be. Then the independent cost consultant actually applies his or her professional mind to it and says, ‘Yes, if you go down that track it is going to cost you, in my opinion, another \$134,000,’ for example. In an alliance you then have, as part of that process, the contractor who is actually going to spend the money, and the contractor has a responsibility to confirm, ‘Yes, \$134,000 is right’ or ‘It isn’t right, because I have been talking to my electrical subconsultant, for example, who says, “No, you cannot do it for \$134,000, it is actually going to cost you \$172,000.”’ So you end up with an actual agreement about what it will cost, and then it is the client’s responsibility to say, ‘Yes, we will spend that money’ or ‘No, we won’t.’ If the government has only appropriated \$133 million and if that is going to run over \$133 million, you have got to say, ‘We cannot have it unless the government chooses to give us more money.’

Senator MURPHY—How is that different from the lump sum thing we just had explained a minute ago?

Mr Service—It is not. The process of control is exactly the same. The difference is that the contractor, as part of the alliance, has no incentive to, if you like, inflate the cost of variation. The standard greatest problem in the construction industry in this country, and indeed overseas as well, is that issue. If you are a contractor and you have got an opportunity to add to your profit, of course you will do it. That is absolutely natural. But in the alliance process variations do not add to your profit. There is no mechanism for them to add to your profit because all you get paid is the actual cost, and the actual cost is a disclosed thing. It is not the contractor’s private information, it is actually on the table. They had to pay \$50 for this bit of concrete and \$400 for that bit of glass, and there are all the documents. That is who got paid. In a fixed lump sum contract, of course, that is the contractor’s private information. If you say you agree with him that the variation costs \$134,000 and he is actually able to do it for \$100,000, the \$34,000 goes into his pocket.

Senator MURPHY—Can I just have explained again to me how you determine the profit?

CHAIR—You negotiate it, I thought we were told.

Mr Service—At the beginning. The profit is a fixed sum subject to performance. If you produce—let me crudely describe this—an average performance, there has been an

agreement that your profit is \$2 million. I am just pulling numbers out of the air. If you produce an extraordinary performance both in terms of delivery time and all of those sorts of things and you save costs, your profit actually may go up to \$3 million or \$4 million.

Senator MURPHY—What is the profit worked out against?

Mr Service—It is agreed at the beginning. The base profit is agreed as a fixed sum and then you agree a formula that reflects either better or poorer performance.

Senator MURPHY—I assume the profit is going to be part of the cost total.

Mr Service—Of course, yes.

Senator MURPHY—I am just trying to understand how you get that figure, whether it is one, two, five or 10 million. How do you arrive at it?

Mr Service—I think that was what you were talking to Mr Guthrie about before. The contractors who are involved will normally say, ‘If you want me to do this job, that is the profit I want,’ and then you have a negotiating session. You may say, ‘That is a pretty reasonable figure’ or you may say, ‘Go away, that is absolute robbery. You have said \$2 million and I am only going to give you \$1 million, and if you do not like \$1 million, thank you, you are not going to get the contract.’ That is just standard negotiation stuff.

CHAIR—Mr Guthrie has already given us evidence that Bechtel in fact said, ‘Your project will be seven per cent—take it or leave it.’ That is part of the negotiation.

Mr Service—Then some, of course, may leave it.

Mr Guthrie—For instance, on the BHP project at Port Hedland, that was a negotiation over a protracted period with advice to the owner as to what the level of project should be, but it was sorted out between the parties.

CHAIR—Mr Forrest, this was your line of questioning. Have you got anything further?

Mr FORREST—I want to thank Mr Guthrie for his responses. The next question is a broader one that may have to go to other members of the panel. I just need to be assured about how the proper probity and transparency of this process can be preserved. I have issued a lot of contracts as a result of tenders. If you have had nine tenderers, there are always eight unhappy people who make all sorts of allegations that they were not fairly treated. We are dealing here with taxpayers’ money. How is the probity process preserved? How is the transparency of it dealt with, given that you are dealing with information that is commercial-in-confidence, an individual firm’s profit which they do not want the whole of the world knowing about? Assure me that proper probity operates right

through this process. Perhaps Mr Service can answer.

Mr Service—I would have thought that it is a process where it is in fact easiest to maintain probity because it is a totally transparent process—all the dollars, where they went and why are all on the record. Whereas if you have a fixed lump-sum contract, the taxpayers' dollars go to the builder, but where they go after that is the builder's affair and there is no transparency about that. Not that there is anything improper about that, but that is the process.

With alliancing, every dollar finally has a home, and it is on the record, because the contactor has to disclose all of those things and they are audited. The other part of probity which is also very important is the selection of the contractor or contractors in the first instance.

Mr FORREST—I am not concerned about after the process—you are right: everything will be accounted for—but the probity of selecting the person who is going to do the job, up to the point of awarding, the joining of the alliance. That is the probity process, so that someone does not say, 'We didn't like the negotiation—it was given to us as: take it or leave it.' How is the transparency of that process preserved?

CHAIR—I do not know that anybody would have the right to complain about the 'take it or leave it' offer, because you can leave it!

Mr Guthrie—I do not know what is precisely proposed on this project, but I think that is fairly simple to do. All you have got to do is precisely spell out the selection criteria you are going to use: we are going to select on the basis of experience in alliancing, quality of people you put up, quality of systems and, if you like, the size of the fee. You publish that beforehand, you keep records and you are subject to audit. You have to stand up and be counted with your decisions on each of those criteria.

Mr Service—It might be helpful for Mr Forrest and the committee if Mr Thomson said something about this, because the process we propose to use to ensure the very issue that Mr Forrest has rightly raised is the one that Sydney Water has recently adopted. I think Mr Thomson could just run through that quickly. It might be helpful to the committee.

Mr Thomson—Yes I can. Sydney Water faced exactly the same issues when they decided on the northside tunnel project to adopt project alliancing. The model that we would be proposing to use, subject to the committee's approval of alliancing, very closely follows the Sydney Water model. If I run through that model that might answer some of your questions, Mr Forrest.

As Mr Guthrie said, the approach is, first off, to set out a tender package which sets out the criteria for selection. The first thing you are trying to do is select contractors

that are going to deliver a quality product at the lowest price. So you are looking for high performing contractors, people who can manage their costs well, because you are going to reward them on delivering this project at low cost.

The next thing, as Mr Guthrie said, is that you need to assess their ability to alliance and their affinity to alliance. To do that you are not looking at talking to business development people and marketing people. You are looking at two levels of the organisation. First, you are looking at the chief executive officer. You want the chief executive officer of the organisation to be absolutely and totally committed to alliancing, so that he understands what it is about and the obligations and responsibilities of the organisation that he is taking on. Next are the individuals that are going to form part of the team. So the alliancing selection process goes through a couple of tiers. If I talk about the probity aspects, then come back to the tiers, that might be the better way of doing it.

As far as probity is concerned, in New South Wales we ran the selection process through the Independent Commission Against Corruption. We took them through the whole process and they were satisfied with the process that was being adopted. We also, for probity reasons, used internal and external probity auditors on the selection process, so at all stages through the process—at every meeting with contractors—it is determining the actual timing of the process and the weighting of the scores for the selection criteria. Probity auditors were present at each and every phase. That is exactly the same process as proposed to be adopted by the Department of Communications and the Arts. Of course, there are external advisers such as ourselves and also on the legal aspects and alliance facilitators as well, so there is a well supported process in terms of ensuring that the selection process is beyond challenge at the end of the day.

That is a pretty high objective but that is the objective that Sydney Water set for themselves in probity requirements. They said, ‘We want a process here that is beyond challenge,’ and these are the steps that were put in place. At the end of the process we also engaged in a debriefing ‘lessons learnt’ session with each of the bidders, whether successful or unsuccessful, to try to get the lessons learnt so as to further the process.

That is the probity side, and I will now go back to the process. The first pass at information that comes in is really focused on the quality of the organisation: their resources, the people they propose to put forward, their track record, their history and their experience with alliancing. But not many companies have experience with alliancing at the moment, of course, so on the first pass through that is weighted lower than just the ability of the company to produce a result.

Instead of being a normal interviewing process, it is more a discussion and workshopping process. Normally you would expect to get, say, eight tenders for a project of this sort. You might weed out the first couple because you say that on the surface they do not have the competence to deliver on the job, so you might go from eight to six, for example.

Then you have a series of discussions with each of those six preferred tenderers and you look more carefully at their ability to do the job and their affinity to alliance, and on the Sydney Water model that came down to two preferred alliance proponents. They workshopped with each of the two alliance proponents for two days to really determine the final weighting between how they were going to perform technically, which is quite well known by the time you enter into that workshop, and how they were going to perform as an alliance partner.

At that workshop you have brought together the people who are going to be actually doing the job and the chief executives of all the participants including, in this case, the Department of Communications and the Arts. At the end of that process you negotiate with the preferred alliance proponent the risk-reward curves.

Mr FORREST—Let me interrupt you for a moment. Is all of that conducted one on one—individually—and in confidence?

Mr Thomson—Alliance groups have come together; with each alliance group, you are doing that individually in confidence. That is correct.

Mr FORREST—So you could be narrowing it down to a number of alliance groups. A couple of people there could work together and there is another one here, so you would negotiate with that one separately to the other group.

Mr Thomson—That is correct.

Mr FORREST—Okay. Thank you.

Mr Thomson—So you have come down to two detailed workshops with two preferred proponents. At the end of those two, two-day workshops you have decided you have got the guys that you would like to work with, subject to a satisfactory commercial arrangement being able to be negotiated with that party. So you do your negotiations immediately following those two, two-day workshops with the preferred proponent that arises out of the two separate workshops. You then negotiate your risk-reward structure, percentage profit, overheads and the like. That negotiation is taking place in light of the knowledge that you have got another proponent sitting directly behind the preferred proponent that you can do the same negotiation with. The negotiation takes one to two days, so you are not talking about a long period. If the negotiation is unsuccessful in terms of the commercial arrangements, you just go to the fall-back position of the second runner, and in everyone's view it is very unlikely that you are not going to be able to negotiate.

I will run through the Sydney Water experience of negotiating profit because that is one of the questions that a couple of committee members have raised. Because of the advantage of alliancing being an open book, when it came to negotiating the profit that was going to be paid Sydney Water simply said, 'Show us over the last five years on

every major project that you have tendered on what your tendered profit was and what your actual profit was.’ So the participants came up and said, ‘Okay, here are all the projects we have done. Here is the tendered profit and here is the actual profit that we achieved on those jobs.’

Obviously this is confidential, so I will not put any figures forward, but the tendered profit was in a certain band. We could see that. They said that in terms of alliancing, ‘We would like our profit to be in that range.’ Sydney Water had a slightly different view. They said that with alliancing—it was the first and the first government organisation—there were reasons that you should take a lesser than usual tendered profit. They had that discussion, so they actually ended up agreeing a profit that was less than that band that was demonstrable as being the tendering range for profit.

So it is, as Mr Guthrie said, a negotiation in relation to profit, but it is very much an open book negotiation and it does take into account factors such as that it is alliancing and the like. On the probity aspect, through all that, probity auditors, internal and external, are sitting through every stage of that process and have written up probity reports, as you would imagine, and the like. When it comes to agreeing figures such as percentage overheads, what are direct costs and what are overheads, external accountants such as Peat Marwick or Arthur Andersen or someone like that would come in, verify that those figures are appropriate figures and provide the sign-off on that, if it is not an arrangement such as Mr Guthrie suggested of actually imposing an overhead figure on the parties.

CHAIR—While you are commenting on that, there are two points that arise in terms of the successful operator. I presume direct costs include labour costs?

Mr Thomson—That is correct.

CHAIR—How do they present on their labour costs and, for instance, their buying power? If he is a bigger and stronger competitor in the marketplace, can he deliver you cheaper light switches as a result of that and do you know that in your negotiation?

Mr Thomson—If there are elements like that, that comes out in the commercial negotiations. An example could be that, on an infrastructure project, someone actually has an item of plant that you need to carry out the work and someone else has got to hire it in. An appreciation of the competitive differences of that would need to be explored during the tender selection process.

CHAIR—How do you arrive then at labour rates in this fixed cost arrangement? Are they agreed? Or does it become a competitive advantage for the guy that says, ‘I pay less’?

Mr Thomson—You generally pay the direct costs for labour. So if it is under an enterprise bargaining agreement, you would look at the individual’s agreement. If

company A was 10 per cent higher in labour rates than company B, that would be a factor that would distinguish the parties in the selection process.

CHAIR—Fair enough. I am sorry to have interrupted, John.

Mr FORREST—I am satisfied by that, Mr Chairman. There is one last issue that I would like to deal with: after we have got the selection and the job is rolling on, there is the ongoing quality control. I will leave it to Mr Service to appoint who will respond on this. I will try and explain my concerns by saying that with a lot of the big ticket items, such as the steelwork, you can say at a very early stage that everything must satisfy a certain Australian standard or whatever detail. But when we get down to the last things that are done, such as the quality of tiling, the floor coverings—the things that the general public see—if money is being used up on the way on some of the big ticket stuff, how, at an early stage, do we manage the quality control on the finished product? For example, I have seen some terrible ballustrading, where it has come down to compromising quality, and that is the thing that the general public will be seeing. When is that standard set?

I note from the program that is in the submission to us—we are about to advertise this alliancing process—that complete documentation will not be completed until the middle of next year. So I need to be assured on how that process all works.

Mr Service—I can make a preliminary comment, then the architect might like to add to it. There are two elements across quality control. One is the initial selection, the design process, where you actually say that in this particular place we need gold-plated taps and somewhere else we need very cheap taps. That is a decision making process which, broadly speaking, is under the architect's control. Of course, for the mechanical plant, for example, it is the mechanical engineer who says, 'It's no use putting that bit of equipment in because I know it will fall to bits in two years time. You really have to have this bit, which costs more.'

The follow-up to that, of course, is to ensure that you actually get that which you said you were supposed to get. The primary responsibility for that is with the project manager, with input from the architect and the other professional consultants, who are able to say, 'Yes, that is actually what I expected to see. Yes, that quality of paintwork is what we specified.' But it is the project manager first who is, crudely put, on site all the time and who actually sees what people do. What you have to worry about really in terms of quality is not the visible quality, because it is easy to see whether that is all right, but the quality of the hidden work—and it is the hidden work where most of the money goes.

Mr FORREST—That is my point. My wife is always telling me that you never see the work that civil engineers do; it is always buried. That is where all the big dollars go and you are left with a small amount to get the quality where it counts, which is what the general public sees: the quality of light fittings, wall coverings, partitioning in toilets—all that sort of thing, which is what they see and how they judge their reaction to the

museum.

Mr Service—The primary control of that is with the project manager.

Mr FORREST—And when is it established in the program? When does everybody sign up in the program that we will have gold-plated taps? Where is that process set?

Mr Service—The people who form the alliance partnership at the beginning commit to deliver what is in the design documents at that stage. The one thing that clearly has to be agreed at that stage is levels of quality. If after that the client chooses to change its mind about the quality, we then go back to the issue Mr Hollis rightly raised before of how you manage variations. If the client changes its mind, that is a variation. It may be a variation down as well as up, of course, but my experience is that it is usually up, unfortunately.

Mr FORREST—I do not think you understand what I am saying here. My concern is that, as this cost pressure occurs, at the end of the job it will be the department being asked to compromise on quality because there are just not enough dollars left. Each of the players in the alliance will be saying, ‘Oh, but I want my profit and therefore I am going to give you stainless-steel balustrades and not chrome-plated.’

Mr Service—There is no provision in alliancing for contractors to do that. That is what contractors do in fixed price contracts. In alliancing there is simply no process where a contractor can do that. If the documents have said stainless-steel balustrades, that is what they have to deliver. If we get towards the end of the project and we suddenly find that we are running out of money, that is because we have managed the budgetary process badly at the beginning.

Mr Ashton—If I could add to that, I think I understand what you are driving at, and it particularly refers to lump sum contracts where you get caught at the end in a squeeze, with a contractor who is running out of money and will not do anything other than the letter of the contract and a client who usually becomes very interested in the visible quality at about that time and is often trying to raise that quality level wherever they can. If there is no money left, it gets very awkward. We have the responsibility to have a very good cost planning process and we will have a very good cost planning process. That is what our quantity surveyors assist us with and what is checked by the department’s quantity surveyors, so we have got a higher than usual level of surveillance over the cost planning process. By cost planning process, I mean that the level of detail of costing that we have now increases all the time through the process so that by the end of the schematic design phase we will have a reasonably detailed document that spells out all the major elements and how much money is allocated to each of those elements. By the end of the design development phase that will be a very detailed document, and that document is then monitored by the quantity surveyors and the project manager as we

move through the documentation phase.

The real point of that, and that is why it is called cost planning, is that you pick up those sorts of changes before you get into that squeeze at the end of the job. If you know, for example, that you strike rock when you are doing your sewer and it is causing you to overexpend against the cost plan on the sewer, you know you have got to fund that from somewhere else, whether it is from a contingency or whether it is from a design change to some other part of the project, in order to make sure that that does not fall on the visible quality items at the end. So it is about the competence of the cost planning process. If your cost planning process is strong and it is competent, you should not have that problem at the end.

The other thing is that if you are in an alliance the incentives are all the other way around. There is no incentive for the builder to cut costs; it is irrelevant to them. Their incentive is to meet the project objectives, and in this project I know one of the things we are going to try to do in our alliance structure is to have objectives which very strongly tie all the performance to quality. We want them to be motivated by achieving something on time, achieving the functional brief and achieving as high as possible a level of quality within the budget we have got. That is really what we want everyone to be motivated by. If they are motivated by that and our alliance is correctly structured then those sorts of issues should never arise, through a combination of planning and incentives.

CHAIR—I just think Mr Forrest's concern is a very relevant one. I am not saying this other than as a matter of record. It is a matter that will probably get some comment in our report. But I hope all participants recognise how important that aspect is in a prestige building of this nature.

Mr Service—Can I make one comment about costs. The one thing that has worried me about this project in terms of cost control from the beginning, and I have got to say it still worries me, is actually those issues which are outside our control and indeed are not totally soluble under any form of contracting. That is the risk of cost inflation. Particularly there is pressure on the building industry, quite plainly, from the Olympic project. There has been a lot of debate with the Department of Finance and Administration about how much should be allowed for that. I am sure this committee knows from previous projects that it is the one thing that is, in a sense, uncontrollable or is uncontrollable by any of the parties. If we suddenly get building cost inflation of 15 per cent per annum we are going to have a problem. It does not matter how we contract, we have a problem.

Senator MURPHY—I thought that is what we had a contingency for.

CHAIR—I think there is a fear that the contingency allocated by the Department of Finance is at the bottom end. Let me say that if alliancing is going to be successful the people you appoint should be able to establish that at the beginning of a project even of

this length, because of their knowledge of the industry.

Mr Service—I suggest that the greatest advantage of alliancing is that all the parties then have an incentive to do their best to overcome sudden rapid rises in building costs. Given that this project has quite a long time to run yet, I have to say that nobody can in fact predict what the rate of inflation in building costs will be. They can predict it but they are not going to be accurate.

CHAIR—Let me quote to you some of your own evidence, which is that within alliancing, as I understand it, and I might say for myself, and I hope for my colleagues, that I think this morning we have a much better understanding of it than we have had in previous evidence. But you are really asking people of expert knowledge to come before you and nominate costs such as labour, which is a significant factor in the cost of any project, and materials, and whether, in their opinion at that time, they anticipate some bottlenecks in the building industry that would tend to push up costs, probably of labour more so than equipment. I doubt that in an international context we would find it hard to buy gold-plated taps somewhere in the world.

The reality is that, if you are going to convince me about alliancing, I would want to think that the people involved should know that at the beginning of the project more likely than at the end. Nothing is predictable, I know, and the concept of massive blow-outs in labour costs and so on are less likely today than they were some time ago. But, in terms of demand for labour, quite obviously a plumber who can get three jobs is going to tell you at the beginning of the job that he wants more, but you will know that, or should know that.

Mr Service—Yes, I agree with all of that. My point really was to say that the alliancing process is better at dealing with that problem but it is not a total solution, and there is not a total solution.

Mr FORREST—I suppose that is about all. I would like to go back to Mr Ashton's point about the finalisation of all of this. There could be a good reason to have gold-plated taps, but what we do not want at the end of the project is to get plastic taps.

Mr Service—I think we have made that point.

Mr FORREST—In the program it is proposed to have an alliance team up and running before the end of May. The design documentation process does not finish until almost May next year, so how does negotiation proceed when so little of the documentation about expectation of the client, which is the department, is not documented? The schematics are there, but there is a lot of detail involved from those drawings there down to the nitty-gritty of finishes.

Mr Ashton—I understand your point. By the conclusion of the design development

phase—and I am at a disadvantage because I have not got the program in front of me, but I would think that was in about August or September—the client and, indeed, the whole design team, have a very good idea of what all those sorts of allowances ought to be. By then we will know what the external finishes are, what the internal finishes are, what the structural system is, where all the doors and windows are, how big they are—everything is known to a reasonable degree of accuracy at the conclusion of the design development phase. That would be reflected in the cost plan that is approved at that stage.

The final finish package of work—the gold taps, if you want to use that example—would not be documented and let until a fair bit later on in the process. We would already know, though, that we were aiming for the kind of finish in those kind of areas, and that would be in the design development cost plan. If, subsequent to the approval of that cost plan, we had a cost problem in reality somewhere that was unforeseen and which could not, for some reason, be coped with through contingency, we would still have the opportunity, well ahead of the time of documenting the tap package, if you like, to make adjustments in the remaining part of the work to try to cope with that outcome.

Obviously, you still have to make a judgment about the relative importance of things, given that there is a fixed total amount of money, but there is still more than adequate time to plan that kind of thing. You would actually know at that design development phase that that was the level of finish and therefore the level of cost you were aiming to achieve in that element. The alliance team would be formed and operating then, and if it had a problem with the rock and the sewer or whatever, the alliance team would be able to decide and recommend what was the best way to handle that and still not compromise the final finish. That is the way the process ought to work, and I think it will work that way.

Mr FORREST—The whole of the building industry will be watching this as the first alliance approach in the building sector. I just wish a Commonwealth project was not the first!

CHAIR—Nevertheless, you might go down in history.

Mr HATTON—My questions initially go to aesthetics, functionality, flexibility and utility. Mr Ashton, it has been pointed out that we are dealing with a series of snapshots in this process. This is a bit unusual for the committee, as we usually get the album with the pictures already pasted in fairly firmly, so we have got this project very early. We have had snapshot 1 and then snapshot 2.

Given that you will not be finished the schematics until May, we can expect a final schematic snapshot in May and then, running through to the end of September, the nuts and bolts of that laid down. We have gone from snapshot 1 as a set of ribbon waves on the lake, to modified egg cartons in the current one, and I think people might be suggesting that we want to go to Lego blocks in terms of utility and functionality—I do

not think that is the case, though.

So we have gone this far. I want to ask some questions related to the changes. Some of the things in relation to those changes are not yet apparent as to why they took place, from what I have heard and what I have seen here. You have in your documentation a series of falls, I think, of 4.5. If we may compare these two, the original was very much down on the lake; we now have the site moved up. You have a great deal of terracing and so on, and a series of indications that you have got falls in the site. Can you explain what happened there, apart from the heritage trees?

Mr Ashton—I might need to get up and point to things, perhaps.

Mr HATTON—Yes, please.

Senator MURPHY—Mr Ashton, have we got the original drawings such as the floor plan drawings of the first plan that was put to us?

Mr Ashton—No, I do not have them with me; I am sorry, Senator.

Senator MURPHY—Because I actually requested that they be brought.

CHAIR—That has answered that question. They, no doubt, form part of the evidence, I assume.

Mr Ashton—Mr Hatton, you will probably have to help me with the detail of your question.

Mr HATTON—If we run to the bottom here where you have indicated the terracing—the second one down there—there is a lot of terracing that you have done. It looks as though there has been a major change in terms of where the buildings will actually be sited. There is an indication of falls of 4.5 in a series of different places, which I did not notice previously.

Mr Ashton—That might be a misunderstanding because that is just a view taken at quite a different angle to that view, and it would probably give an incorrect impression if you were going to compare them that way. If you do compare the site plans, though, you will see that the proximity of the building to the lake—the footprint of the building and the location of the building on the site—is virtually the same. It might have moved back and forward by a few metres here and there, but it is really very similar.

In this scheme, we still had a terrace here and a set of steps which went down to the lake edge. Here, we still have a terrace and a set of steps going down to the lake edge. Really, that is in pretty much the same location that it always was on the site. The gap to the lake edge from the buildings around here is a little more generous in this scheme than

in that scheme.

That has partly come about because one of the elements of the redesign which came out of the work we did with the exhibition designers changed the width of the exhibition halls. We were able to reduce the width of them and eliminate some corridors, which is why the building has become more efficient. We have chosen, in reducing that width, to allocate the extra space released to the site to this area. So it is a little further away there, although not a lot. I would actually argue the changes are very minor in terms of the siting of the building and the treatment of the site perimeter around the building. Is that the question you were asking?

CHAIR—Mr Ashton, for the record because it has been drawn to our attention, you talk about efficiency and the loss of corridors. I understand there is now an additional loading ramp which has contributed to that. Could you advise us on that for the record.

Mr Ashton—Certainly. In the competition scheme, we still had two loading bays. We had one loading bay here and another loading bay here which was for the temporary exhibition space. The location of the temporary exhibition space there had led us to include a service corridor which ran right around the perimeter of the exhibition space. This gave access from the back of house area to the temporary exhibition space without the need to close off any of the permanent exhibitions so it could be used for service access. The loading bay here was simply for large objects which could not be transported through that service corridor.

Senator MURPHY—Is the service corridor the narrower line around the front?

Mr Ashton—Here?

Senator MURPHY—Yes.

Mr Ashton—No, that is a canopy. The service corridor on this scheme took up about a three-metre width in from this line that I am indicating with my finger here.

Senator MURPHY—Okay.

Mr Ashton—In the revised scheme, one of the significant changes which has occurred is that we have swapped the location of the theatre, which was over here and is now here, this circular theatre, with the temporary gallery. That has meant that we are able to have a loading dock for the temporary gallery, which we regard as an improvement. That means we still have two loading docks. We still have a main loading dock down here for the back of house which services the permanent exhibition area and a loading dock here which services the temporary gallery, so that has not changed in principle. However, we no longer need that corridor, and that is one of the efficiency gains that we have made in replanning. So that is how it has come about. I hope that has answered your question.

Mr HATTON—In the first design, there was a lot of glass. This looked out to the lake and out to the city. It seems as if this next stage—the next snapshot—has turned back in on itself and closed in. We are losing a lot of the glass and a lot of that openness. If that is so, why were those decisions taken and what are the merits of the design changes you have made? What is the effect in terms of airconditioning loads and so on, particularly within the actual permanent exhibition space?

Mr Ashton—It is probably a misreading of the original scheme to think that there was a lot of glazing out of exhibition spaces; there was not. What was really driving this design was that we needed the service corridor for functional reasons at the stage that we were at with this design. We took the opportunity of that service corridor to provide a glaze appearance on the outside because we could, whereas you cannot have lots of glazing in exhibition areas for reasons of airconditioning and light control and for the reason that you need walls in exhibition areas, not windows, generally speaking. Even in that scheme, there were no windows from the exhibition areas looking out over the lake.

In this scheme, we have been able to achieve some more opportunity for views over the lake in two ways. One is that when you enter from the great hall and arrival area, which is this orange colour, you can either go into the theatre to view an introductory film related to the museum which obviously has to be commissioned or, if you are an impatient type and you do not want to go and look at the temporary gallery or the cafe or whatever, you can go up around this long, gradual stair which wraps around the outside of the theatre and which will be substantially glazed. It offers very good views out over the lake. That is one mechanism you can use to do it.

The second thing is that we have introduced into the middle of this exhibition experience an intermediate point, or a respite area you might call it, where, whilst in the principal exhibition areas there will be no or very little glazing because of the airconditioning constraints, at this point here we anticipate having substantial glazing. This is the point where you can change levels between the various exhibition levels and you would have views from this point both out over the lake and into the garden. It would also give you an orientation device for when you are moving through the exhibition and the opportunity to have the view out at an intermediate point. Also, you can have a break from the constant information that you get in a significant size of exhibition. I think that is an improvement in the scheme over what we had previously and there are no negative effects in terms of the environmental performance within the exhibition spaces.

Mr HATTON—If I could ask about the changes in the garden areas, has there been an increase in the outside areas in terms of what has been done there?

Mr Ashton—You might be thinking there is an increase over the briefed outdoor exhibition area?

Mr HATTON—Yes.

Mr Ashton—This area here, which we have been calling the garden of Australian dreams, is around 6,000 square metres. We are saying that that is our outdoor exhibition area in principle for the museum although there obviously are other opportunities. That is significantly bigger than the briefed outdoor exhibition area which I think is about 1,800 square metres.

Senator MURPHY—Seventeen hundred.

Mr Ashton—Thank you, Senator. The changes that have occurred in this area between that scheme and this scheme are changes of design refinement and costing refinement. The cost planners, when they had this information, had to make a lot of assumptions in costing it and, as cost planners usually are, they were very conservative when they did that. More information has been available with this scheme in terms of being able to brief the cost planners more accurately. It has been simplified compared with that scheme, but it is still obviously a highly designed piece of landscape. We think it will be one of the best pieces of landscape design in Australia. But we have been able to reduce the costs of it while we have been going through this process.

Mr HATTON—In terms of possible future extension, you have got an area marked out next to the back of house area. What is the size of that area and what do you think its functionality could be in the future?

Mr Ashton—The footprint of that area is 2,290 square metres and obviously that is somewhat notional. It could be a slightly different shape for example. It is in the order of 2,300 square metres. That is if it were a single-storey structure. It would be quite possible within the overall look and feel of the scheme to consider a two-storey structure there or a partially two-storey structure, so the total available for expansion could be up to 4,600 square metres depending on the final design, which would compare fairly well with the building which currently has 5,600 square metres of exhibition space. That is a substantial percentage expansion which could be achieved in that area.

One of the things that we have paid particular attention to in continuing to develop the design is to make sure that expansion can actually happen. On the design competition scheme there was a shape which was a major plant area. We have been able to relocate that plant area to a second level above the back of house area here, which means that we do not have plant and stuff which is expensive to relocate in the event that you want to do an extension. We have got the circulation system working in such a way that to do an extension there at some future point is really quite a simple exercise. It connects into the main museum circulation system properly. It is of significant size. It is as big or bigger than any of the other galleries and it could be a lot bigger if you went to the two-storey option. They would be decisions you would make at the time but not now.

We believe that there is a substantial provision there for expansion that can definitely work. It piggy-backs off the loading dock here, so it piggy-backs off the service of this back of house area and the area of site that is available there is quite suitable, so we think that is a realistic allowance. I should say, though, that in discussions with the museum council their feeling is that expansion is an option which is not immediate, not by a long way probably. We feel that we have made sufficient allowance for it in a practical sense through the site planning and through the reorganisation of the internal planning for some future generation of architects to take it on as a project.

Mr HATTON—Originally we were looking at one level with the possibility of something else in terms of mezzanine. How were you able to move to the mezzanine concept and incorporate that here fully with the permanent gallery? What were the issues involved in terms of overall cost related to that and being able to do it? Where did you achieve the other efficiencies?

Mr Ashton—The addition of the mezzanine concept, as I think we have said before, was generated through workshops with the exhibition designers and that is what has led to that idea of an exhibition concept. That fits within, in a generic sense, the original volumes that we had proposed for the exhibition halls, although I suppose one of the advantages I should say of this scheme now is that the original exhibition halls had a significant fall in their roof. These ones do not. So there is more volume within the same footprint available for hanging objects in three dimensions.

The floor area that has been added for the mezzanines is around 600 square metres and that has essentially been a trade-off with the efficiency gains, so the efficiency gains were substantially in excess of that. That is one of the areas which the efficiency gains have been allocated to—the provision of the mezzanines. That is how it has been achieved in a costings sense.

Mr HATTON—In the view we have of what it might look like in that mezzanine area, there are a vast number of display cases relatively close to each other. I would imagine a series of lighting problems. What are the normal problems here associated with reflectivity and so on? How do you seek to overcome that, given there is so much glass, so much display and so much in terms of various lighting conditions that are needed?

Mr Ashton—I would have to say I am not really in a position to answer that. That is the exhibition designer's concept and not mine and he is really an expert in that area. I could only say that one imagines, since they have designed many museums, they would be aware of these problems. But that is not something I am qualified to answer for you.

Mr HATTON—Both the cover and the back of the sets of diagrams we got have a view of that great hall. There are a couple of sentences about the great hall in here. It says that the entry hall and main hall have now been integrated, that there has been a reduction down to a 1,000 square metres and that the main hall will provide a spectacular entry

experience to the museum. In another place there is an indication that that main hall will also provide some 'limited displays of objects due to the fact that it will not be climate controlled to museum standards.' From the bit of information that is in here, with the diagrammatic stuff and the problem associated with that, anyone coming new to this, and even for anyone who has been around this discussion for a while, there does not seem to be much that that great hall will be doing. It will be a void that people will mill about and mix in before they go off and do their actual stuff.

We are dealing with 1,000 square metres of what should be highly functional space. Given that there are constraints on space in the temporary gallery, in the permanent gallery and so on, what has been laid out here is very little apart from a place for milling about, an orientation place from which to move off. It will have this cut egg carton type ceiling, some views to the outside and an indication that it may be spectacular, and this is your introduction.

Given that it is a significant space, what will this main hall really be for? I want to go to Dr Jonas for that in terms of specifics but, generally, in your terms, in relation to schematic design, how do you see it, apart from the ticketing functions and the orientation? What is your understanding of how you would actually utilise this space so that it is not just a void you go through?

Mr Ashton—I suppose the answers to that are complicated. In principle, it is a very large impressive milling space. I do not think anyone would deny that. It has other uses and the other uses lay around things such as exhibitions, and perhaps you should ask Dr Jonas about their intentions with regard to the exhibition uses of it. It can be used for ceremonial occasions. I suppose the argument in approving the brief in the first instance—again, perhaps others should talk to that since we are responding to that brief—is that the national museum may become a place of national celebration, of gatherings of large numbers of people, of events which could be filmed or broadcast to other areas of Australia.

There has always been a feeling that the museum does need a large space that is available. It was briefed as a 1,500 square metre space and, certainly, acting on advice and on our own feelings, that has been reduced because it was felt that that probably was too large. But I think this space is probably appropriate in terms of its size. You could end up on a busy day with that full of people. There would be nothing worse than not having enough space for people to mill about. It also gives it this potential to have a multifunctionality about it. You just need a decent size of space to be able to accommodate that kind of multifunctionality. You cannot have one half the size. It is a different proposition entirely.

CHAIR—I will just intervene, nevertheless. We have had evidence already that the council wishes to perceive it as an area where functions could be run. That might be of course be the international conference of museum curators or something of that nature. If

that was a use, how would the general public access the displays if that area was full of people listening to a major speech or something of that nature?

Mr Ashton—That is part of the briefing for the space and there has been quite a detailed discussion about how you balance those issues because there is a continuum there. At one end of the continuum it is a conference centre, at the other end of the continuum it is only a museum with no other possibility of functions being held there.

It has been agreed in discussions that the museum function takes primacy and therefore the primary design objective of the hall is to create a terrific arrival space for a national institution. However, there has been an eye to how it could be used for functions. It can be barriered off between those white areas—which are columns—in such a way that it still enables the public to flow through those areas, if such a function were to be held during public hours. It is more likely that such a function would be held after public hours, but the possibility does exist.

It is interesting, I think, to note that the experience from looking at the museums in the US was that was exactly the view they took. They built museums which had big spaces in them and people were very happy to use those spaces as they found them because the point of going to a museum to have a function is that you are having it in a museum. You do not want to think you are in a conference centre. It has actually got to be like a museum and therefore has to be an unusual, exciting museumish space. That is the balance we are trying to strike here.

Mr HATTON—This question goes to the prime functionality of that space in the theatre. In the functional brief, at page 10, the urger who wrote that talked about aggressive entrepreneurship as a key point for this space and also the theatre. So turning a quid is an important part, according to the functional brief, of what this project is about. You would see that area having multi uses but with potential problems with clashes between the museum exhibits and the turning a quid stuff. It is very well located for the cafes and the restaurant, and so on, so that people will be able to use it to refresh themselves. Is the space to be used primarily to turn a quid or as an entrance space to move people through or as a display area? Dr Jonas, if I could go to you, what is apparent so far is that we have this void. How do you see that void being utilised in terms of particular display materials?

Dr Jonas—Let me come at that from a couple of directions and try to bring them all together at the end. Professor Mulvaney is concerned that we are not being a research based institution: we most certainly are. We have done a lot of work already involving a lot of the country's leading researchers and researchers who are familiar with museum practice. For example, I commissioned a series of papers from people such as Professor Geoffrey Blainey, Professor Mary Kalantzis, Dr Lyndall Ryan, Professor Marcia Langton, Dr Gaye Sculthorpe and Dr Peter Sutton—a whole range of people who have some area of speciality but an area of speciality relating to museums.

We also had, just before last Christmas, a wonderful ideas summit, if you like, that was organised for the museum by the department. The people at that included Professor Geoffrey Bolton, Professor Ann Curthoys, Robin Hughes, David Johnston, Dr Kay Saunders and so on. That brought people together with ideas for academic research, exploring the themes and stories that we want to tell but in the museum context.

What has emerged from all of those discussions is that the museum must be research based. It must provide a learning environment for people and it must also provide a variety of experiences, of scripted experiences, if you like. It will tell the story—for want of a better term but it encompasses all of those themes that we are doing—of becoming Australia. That will take us from deep time in Gondwana right up to when we open and even imagining in the future and beyond. People will have, if you like, not only a range of scripted experiences but also a layering of those experiences.

I would see this quite spectacular, architecturally magnificent entrance space as being the start of some of those experiences. We will have in there objects on display, not necessarily as highly formal exhibitions but rather as objects which will give people a taste of 'becoming Australia' and of what the National Museum is about. So we will probably have in there some fairly robust items that do not need strict climate control, but we can also put in other items and other objects in display cases in which we can actually control the environment, if the items need airconditioning. We will be able to provide that for them as well.

I see it as being spectacular. The milling and mixing aspect of the museum is really a wonderful aspect in this superb architectural environment, giving you a taste of what is to come. However, perhaps we can make some money out of it as well. So I also see it as functioning as a corporate space that we can rent out. People love to come to functions in museums; people love to come to dinners in museums. I do agree with Mr Ashton that most of those things will probably take place out of hours anyway, and so it will not be conflicting with the normal visitor movement. But actually getting the blend right will be a programming issue that museums all over the world are facing up to. We, I am quite confident, will be able to work that out.

CHAIR—I think you have to. Having a background in the hotel industry, I know that one does not just have a dinner by closing the doors and letting the diners in. During the afternoon, someone will have to set up the tables and all of those sorts of things. Whilst I am not in opposition to that idea, the access for the general public—with not too much loss of this sort of entry statement—will have to be one of your considerations.

Dr Jonas—It certainly is. Some of the other museums that have been doing this on a fairly large scale do not even have this large space. They just have the normal and formal permanent exhibitions that they have to work around. We do at least have this marvellous space that we are going to be doing all of those things in.

Mr HATTON—Others have accused me—and I have even accused myself—of being a pedant, and I think it is actually true. Attachment 1, in No. 2 on exhibition space for temporary exhibitions, says that this space will provide for the museum's 'blockbusters and permanent displays'. Is that wrong? I am guessing it is wrong, because it is a temporary exhibition area and the permanent exhibition is in the permanent exhibition area. Is that a mistake in the documentation?

Dr Jonas—I tend to think it is a mistake in the documentation—unless we also have the opportunity, which will take place from time to time when we have not got blockbusters in, to put in our own exhibits there from our own permanent collections. But I would still tend to call that a temporary exhibition.

Mr HATTON—So it means a transient exhibition or one from the permanent collection?

Dr Jonas—Or, as was referred to at the beginning, rotating exhibitions.

Mr HATTON—Yes. Further down in No. 3, when they were talking about the Great Hall, again, I think the wording is poor where it refers to 'some limited displays of objects'. If that were going out to people, it would give the impression I was talking about at the start. How you present this information generally is important. This space will not be a very 'limited' display in terms of that: you could have very large objects in there and you will have a whole range of others, but that will not be compromised by the other things that you are doing.

Dr Jonas—No, it will not. I would still actually say that they would be 'limited displays'. I do not think that the wording is incorrect.

Mr HATTON—Okay. The next thing that I want to deal with, more generally, goes to our concerns in relation to the whole of this. This is one of the reasons I was asking about the Great Hall. We have now got 1,000 square metres there to be used in a number of different ways. We have had an increase in the size of the permanent gallery from 2,000 square metres to 2,500 square metres. I imagine that that would meet with your approval. You and the council played a part in trying to get a bigger space for the permanent gallery.

Dr Jonas—I am absolutely delighted with the increase in size. I am also pleased about the fact that, as was pointed out before, we have now also got an increase in exhibition volume. That enables us to do some more innovative things, some of which are indicated on one particular computer rendering. I would also add at this point something which occurred to me before. I might be wrong about this; it is just a hunch of mine. That rendering does look terribly crowded and does look terribly busy, and that would generate some of the problems you were talking about. I have a feeling that the artist was trying to fit in as much as he could in the way of examples of things that he might be able to do

with this space. I do not think that the final design would have it as crowded as that.

Mr HATTON—That is another snapshot that might sepia a bit over time. Could you explain the layered level of the permanent gallery, the different activities you will be conducting in different parts and how they integrate?

Dr Jonas—Yes. One of the things that happens with the transposing of the temporary exhibition space and the theatre is that it enables the theatre to be more integrated into the museum experience for the visitor. The visitor will come into the theatre and see, mostly during the daytime, some yet-to-be commissioned and really motivating film, probably mostly about Australia rather than about the museum or the collections. I do not see any great point in people coming to the museum to see a film about the museum. It will be something which will motivate them to go on to see the themes which we are presenting and exploring.

People will exit the theatre by going up quite steeply raked seating to the back and coming out onto the mezzanine level. That ‘going up’ is part of the journey I am talking about, part of ‘becoming Australia’. Then they will enter this mezzanine level, where one of the first things they will see is the large map, on which we will be able to do just about anything that technology allows. We will beam into it by using satellite imagery, showing weather patterns as they are actually occurring or showing the distributions of Aboriginal populations in the present and in the past—as much as we know of them—and showing whatever else we want to show.

On that mezzanine level will be a series of those scripted experiences. For example, we have one called ‘Links to the land’ and another called ‘Stories of people’—because we want everyone who comes to this museum to be able to find themselves in there. We have about half-a-dozen of those scripted experiences. A lot will be presented through a combination of very high-tech multimedia experiences, but there will also be, as you can see, relevant and particularly specific objects from the collections as part of those experiences. On the lower level there will be displayed—and I think this is one of the things which is going to make us a fairly unique and quite remarkable and magnificent museum—as many objects from our collections as we can display, in practical and aesthetic terms.

Below each of those experiences that I am talking about—and, if you like, you can call those the formal exhibitions—will be objects that will be more closely related to what is immediately above. It will be visibly quite accessible, but you will also be able to get down to it. There is provision for a ramp and some stairs and, a bit further around, a glass elevator so that disabled people can have access as well. People coming to the museum will be able to have those experiences on the top and down at the bottom level, and they will be able to wander between the two, depending on inclination and time, to bring together—in a way which will actually present the ideas that we want to present—the objects which we possess, the stories and themes that have been worked out by our people

and that have met with the approval of Australia's leading academics and other museum people, and the objects of our collections.

Mr HATTON—You may have suggested in passing that the history of Australia may have been a bit of an uphill battle against serious odds. I asked, in the private meetings that we had, about access for disabled people, and the indication is that there are going to be lifts for disabled people. We are going to have a lot of older people here. If you are coming out of the theatre up very steeply raked steps, are we going to expect older people and maybe even only slightly frail people to make that great uphill battle? Will they be fagged out by the time they actually get to the gallery? What other choices do they have if they are not going to do that?

Mr Ashton—We are obviously very aware of that issue. We are working with specialist consultants in the area of access for people with disabilities of all kinds. I know age is not a disability; nevertheless, there is an issue there. We are going to be very careful about that and, to take your example of the theatre, the rake of the theatre seats is in fact a normal theatre rake. One probably should not overstate its steepness, I do not think. People will have a choice at the point where one enters the theatre: one can either go in and then climb as far as one wants to one's seat or else take the lift.

That is not just a specialist, disabled person's lift; it is a normal lift, right adjacent to the theatre. So, if people preferred—and certainly some older people may prefer this—they would simply take the lift and enter the theatre at the rear and sit in the back row. They could leave immediately—before the rush, if you like—and go straight out into the mezzanine exhibition area.

At every change of level there are real lifts. They are not tiny little specialist lifts; they are real ordinary passenger lifts, provided for people who do not wish to use the stairs at those locations. There are quite a few lifts provided, in fact.

Mr HATTON—I have a double-level question, and you will both probably want to answer the different aspects of it. In relation to the microgallery and the changes that you made there incorporating it into the permanent gallery, Dr Jonas, from your point of view, what are the benefits and the problems with that? Previously that was an isolated experience and I would think the benefit would have been that people could concentrate on the information that they were exploring. Having that experience of directly interacting with the computer information about the collection in the permanent area, with a great deal of activity, how do you see that integration working?

Dr Jonas—There will be computer terminals and so on throughout that people will have access to so they can get the information they want that they would have got from the microgallery, information so that they can follow up further things about the museum or other information that lies behind some of the objects we are using. I think the advantage is that it will be interspersed and it will be located closer to those stories that it

is telling, which is more relevant.

I suppose one of the disadvantages—and I think this actually outweighs it—is that there might be people who, having been through this experience, then want to follow up some stuff in the microgallery. If it had been located where it was before, it would have been a more centralised place that they could have gone to on their way out. But I think having it spread throughout actually outweighs that disadvantage.

Mr HATTON—Mr Ashton, on the incorporation of that into it, do you think it is more likely, based on your architectural experience, that that would be more useful for people, that they would use those facilities more than if you had them in a separate space which may in fact end up with very few people actually ever going there?

Mr Ashton—That was a concern of ours, because the way it was designed originally it was a room you went into and it was not going to have a lot in it other than some terminals. While people are still fairly fascinated by the idea of computers, I do not think we could assume that that was going to be the case for ever and ever; they are increasingly becoming an everyday object. To have a room which you go into which did not particularly lead anywhere, which simply had a number of what were effectively computer terminals in it, did not seem to us to have a lot of potential as an exciting addition to the museum experience.

To us, it is far better to have them distributed around the actual journey through the exhibition so that they are related to what is going on. They are not given that kind of primacy that you give them by just putting them in a room by themselves—and it is a primacy they probably should not have, I suppose, in our view; it is not warranted. They are really only a means for disseminating material and information—and even entertainment, if you like—but they are not an object in their own right and I think increasingly they will be seen as totally everyday. To end up with a room just full of everyday objects did not seem right to us, so we certainly support that change.

Mr HATTON—They are one other way of accessing the bulk of the information you have actually got in the gallery. I would suspect that it will work a lot better than isolating it.

Mr Ashton—Yes, that is our view.

Mr HATTON—Mr Ashton, you said that we ended up here, with this snapshot we have got, with an eight per cent reduction in the briefed area and then a 20 per cent reduction in the total floor area, yet we have seen an increase in the size of the permanent gallery. If we look at the total floor area first, we have saved a bit in terms of that corridor and so on, saved a bit by knocking out the microgallery and saved a bit by reducing the size of the theatre from 500 down to 350, and so on. So you do not think there are deleterious effects, and that increases the efficiency and there is a cost benefit.

Are there any major areas—and it is one-fifth, it is fairly substantial, in terms of moving that through—where you could have expanded more, and you have in the gallery, or where you could have allowed a greater space for different areas? For instance, we had the difficulty with the size of the conservation area, its adequacy and so on, and the other backroom research areas. Have we added on to that at all in what we have picked up or lost more?

Mr Ashton—To take the points in your question roughly in order, we are quite happy with the way that the tightening, if you like, of the efficiency has taken place. We do not see any deleterious effects from that at all. In fact, we think it has actually improved. That is not unusual. When you submit a design competition entry it is under a significant time pressure and, having had the opportunity to work over these issues for several months, it is normal that you can rethink some things, that you can see areas where things can be done more efficiently and so forth. We think that process has gone well. We are entirely happy with it.

In terms of where the area has gone, which is the thrust of your question, there have really been no changes of any significance to areas like the administration or the back of house. Probably the most significant changes in those areas are things such as the gallery of Aboriginal Australia stores have been increased in size, from 375 to 500—that is a reasonably significant change—and the conservation lab has been increased slightly, from 150 to 200. We have reduced the size of cloakrooms. Essentially, we took some further advice on that and checked on the size of cloakrooms at other places, such as the National Gallery, and it seemed as though they could be reduced quite happily. That question was raised by our overseas experience looking at the size of cloakrooms at much larger museums, such as the Met. We felt that that could be satisfactorily accommodated.

One of the most significant savings in space apparently—and in reality, if you compare it to the original brief—is in the theatre, because the theatre was originally briefed as 500 seats and 1,000 square metres, so in the design competition we drew it at 1,000 square metres, but what we have found is that when you draw it at its slightly reduced size now of 350 seats it is in fact much smaller. In other words, if we had planned out in detail a 500-seat theatre, I think it would have been smaller than 1,000 square metres. So there was always a question of which figure we took as a guide originally. But we now have a 350-seat theatre which is 339 square metres, so there is a significant saving vis-a-vis the original briefed area which has virtually no effect on the functionality.

We have taken some of those savings and applied them to the other areas that we have discussed. But probably the biggest numerical saving has come from the elimination of corridors and tightening of circulation areas. That would probably be the biggest single source of the saving.

Mr HATTON—Dr Jonas, on this point of space—and I hope I am not misquoting

you from earlier this morning—you actually sort of half admitted that maybe you might have put up an ambit claim. We would be shocked that people would put ambit claims in relation to anything that they were seeking to do. But you said that from the discussions you had had there was not as much space as you had wanted because there were not enough dollars to cover it. Is that correct?

Dr Jonas—I was thinking there particularly of educational facilities which some of our educational people were proposing. I can remember getting quite cross once and saying, ‘We are building a museum, not four high schools.’ We would certainly want to provide a wonderful experience for children who come. But that was what I meant by claims being put forward for more space than we actually finished up with.

Mr HATTON—I would like to ask both you and Mr Service—and it goes to the core of what we have been looking at as we have moved through the snapshots—about the adequacy of these spaces, about their present adequacy, whether you think there is enough flexibility within the spaces that this design provides, particularly the open display areas with the research and so on, and whether there is enough future scope for where you see this museum going, and not just in the next century. This is a very long-term major project. We are not looking at 30 years here. We are looking at much, much more. In terms of scope for future expansion, how do you see that fitting together? Are you completely happy with what you have got with this snapshot, knowing that in May we should be looking at final snapshots and in September a filled-in picture?

Mr Service—When you say ‘completely happy’, I am not sure that I have ever been completely happy with anything in my life—except my wife, of course. I am as close to happiness as I could expect to be at this stage. We need to keep in mind that when you look at all those drawings and pretty pictures it all looks very complicated, but if you actually look at the exhibition spaces you will see that they are really a series of boxes. I have no doubt that in a generation or two that generation will say of all the things we have put in those boxes, ‘That is all rubbish; we want to do it all differently. We are going to rip that all out.’ What I do not think they will want to do is rip the buildings down.

Mr HATTON—Particularly if they have not got a heritage order on them.

Mr Service—I am sure they will have a heritage order because Mr Ashton and his colleagues are going to produce such wonderful buildings. Quite seriously, it does look very complex and almost messy, but when you really look at what are in the exhibition areas you see they are boxes. That is very important because I have had a very strong view since I became involved in this whole project and the museum that the one thing we needed to try to do was not commit our successors to what the museum should actually do and how it should do it, because generations have different views about these things. We have tried very hard to achieve that. In some areas like parking and other things, you have to take the world as it currently is, but in terms of actually building boxes we have done

that and at the same time have been able to produce something that is architecturally very interesting.

In terms of growth beyond those boxes, as Mr Ashton pointed out, it is pretty easy to add another 80 per cent to the exhibition space. As far as I can envision the way that the museum will work, I would have thought that was more than enough because, frankly, I do not know what we would put in the 80 per cent. If you say that in the long run the National Museum should be something more than that or if somebody eventually wants to pick up Professor Mulvaney's idea that the National Museum preserves buildings, it will have to be something very much more than that. I am not sure that is something that you would want to do in the centre of Australia's national capital. I suspect you would want to do it somewhere a bit out because it is going to take a lot of space and it is going to take a lot of money to do it. So, in terms of the current vision of the museum, yes, I am happy.

CHAIR—When you were talking about give and take on space, did you tell us what the disposal, or the removal, of the need for that corridor does in percentage terms? I thought that was quite a large area. What is the situation there?

Mr Ashton—I cannot tell you that figure off the top of my head. It is reasonably significant. We actually eliminated corridors on both sides of the exhibition space. One was five metres wide and one was 2½ metres, I think, but I do not have at the top of my head what the specific area of those corridors was.

CHAIR—But it is a fact that, in terms of the usable areas and the reduction in the area, those corridors, which were service areas, were significant?

Mr Ashton—Yes, that is true.

CHAIR—Thank you. I just thought that should be mentioned.

Dr Jonas—I would agree with what Mr Service is saying there—

Mr Service—He doesn't always, I might add.

Dr Jonas—in terms of that practical expansion, but I would like to reiterate that one of the reasons that museums find a need to expand is so that people can see more of their collections. There is a great demand for people to see the collections. We are going to have a lot of our collections on display. We are not a collections driven museum. Unlike those museums of the past, we are not a collections driven museum. We still collect and we have a collecting policy, but we are not collections driven.

One of the ways in which you provide for people to see more of your collections under those circumstances is to turn your exhibitions over more frequently. So that is another way in which we can expand. To answer your question: yes, I think that in terms

of expansion for the future we are well covered.

Mr HATTON—And the future running costs in being able to turn those exhibitions over?

Dr Jonas—Running costs are being negotiated now. It does cost money to turn exhibitions over, that is true, but it is probably cheaper than building new buildings.

Mr HATTON—In terms of one of the centrepieces of this whole notion, it is a social history museum; it is a question of telling stories. You envisage that those stories will not lack conflict, will not be unproblematical, but they will reflect the variation within our history and the different points of view.

Dr Jonas—Absolutely. The best stories are multifaceted, and the story of Australia is certainly multifaceted. One of the principles which this museum has long adopted is ‘many voices’ and we will be telling the stories from many different points of view.

CHAIR—That is getting a bit beyond our brief. I do not want to sound too technical, but our job is to look at the construction and its suitability, et cetera. Please go on.

Mr HATTON—The last thing I want to look at is the intersection of the theatre and the broadcast of materials from the museum out into the community so that the museum extends with that. Bringing down the size of the theatre, of course, has nothing to do with that, but how is work proceeding on the hardware and the other materials? You will have that as an extremely useful space for multimedia presentation and linked back in the satellite context.

Dr Jonas—I am quite happy to talk about that, but as to where we are at Ms Casey might like to answer that particular question.

Ms Casey—We are working closely with the museum. The museum council has a person who is in broadcasting and film who will come together with a small group of experts to advise on that as well, together with the architects and the exhibition designer, obviously.

Dr Jonas—We have also had discussions with the man at the Newseum at Arlington in Virginia. Arlington is bringing in the news from all over the world and presenting a whole museum of the news in all of the different ways that it can, involving broadcast studios and so on. We will be taking further advice from him as well.

Mr HATTON—In terms of the ‘turning a quid’ aspect of the theatre, we are down from 500 seats to 300 or so. Do you still envisage that as being a central important space where you can have major launches, seminars and all of those sorts of things primarily

outside the time when the museum will be operating? And, with the reduction in space that you have achieved by bringing it down to 390 square metres, will that affect the 'turning a quid' aspect of using that as a presentation space?

Dr Jonas—After looking at some spaces overseas, my personal feeling is no. We will still be able to use it for those commercial purposes, and use it well.

Mr Service—I was very much involved—I used to be chairman of the Canberra Theatre Trust. Some of you who visit Canberra regularly will know that there is a small new theatre being built there. That is a 600-seat theatre and it seems to me that, with 350 seats, that makes a lot more sense because the new Canberra theatre—and it will be a brilliant new theatre—will pick up the market for the 500- or 600-seat things, and we will be smaller with a different and more intimate atmosphere, so we could pick up the market for the 200- to 300-seat things. I think that in the practical sense of use we are better off with a somewhat smaller theatre.

Senator MURPHY—What percentage of the current collection will you be able to exhibit in this new building?

Dr Jonas—The museum normally exhibits between about three and five per cent. I would think that here, all up, we could get 50 per cent of our collections or more into this.

CHAIR—Thank you. I was going to make a remark about the 350-seat theatre, which I think is pretty substantial in the circumstances. You might have needed first release of *Titanic* or something to fill it with 500 people in Canberra—that is my personal remark. We will break for half an hour for lunch. I know that is a short time, but I think it is in our interests to save the time.

Proceedings suspended from 12.24 p.m. to 12.59 p.m.

CHAIR—Thank you, ladies and gentlemen, for your prompt return. We will continue with the taking of evidence from members of the department.

Mr HOLLIS—This morning there was a lot of evidence and explanations about the usable floor space. It has been stressed that there has not been a lot of variation there. It seems to me that there has been some variation in the actual design. In developing the design, it could be argued that the finished product will not be the design that won the competition. Is that true?

Mr Service—It certainly would not be my view, but perhaps the architect might like to comment on that. My personal view, from a fairly long experience in big projects, is that the design development that has gone on is just about what you would expect. If I could take you back to when this building was designed, if you look at the design that won the competition, it broadly looks like what has been built, but if you look at the detail

in fact it is very different. I think that is pretty routine. But Mr Ashton is an experienced architect, so perhaps he can comment more precisely.

Mr Ashton—I would really just echo Mr Service's view, which is that the design as it now stands is conceptually absolutely the same as the competition design. The changes in the detail are normal design development changes with which we are entirely comfortable. I think, if you showed the two designs to anyone familiar with the process, they would see one as the development of the other.

Mr HOLLIS—I think we are using a little bit of poetic licence there. I was at the function in the alcove where this was announced. They had four or five designs. I am not an architect, but I am sure it seemed to most people in the room—and it most certainly seemed to the newspapers of Australia which published the winning ideas the next day—that even with those crazy things going across the lake that was what the good folk of Canberra thought that they were going to get. You only have to look at the letters of protest in the *Canberra Times* to prove that that was they thought they were going to get.

I wonder what the four runners-up would feel today. They had five or six displays. This was perceived as the winning one, and the others missed out on it. Then we suddenly find out that it is not really the design that won. This was just the concept idea rather than the actual design.

Mr Ashton—It is obviously difficult for me to speak for the runners-up, but I have been in that situation myself many times.

Mr HOLLIS—I accept that.

Mr Ashton—I would say that most architects looking at that would have no difficulty in saying it is conceptually the same. That is what I am saying. It is conceptually the same, which is to say there is a car park in the middle, there is a line down the middle of the site, the buildings are still all in the same places and they are still basically the same footprint. The biggest change—if you want to start talking about change—is probably the reversal of the AIATSIS plan. But really, conceptually, that has made not much difference in my view. I do not think that any architect would have any trouble identifying the close relationship between the two sets of drawings. It is extremely close in principle.

Senator MURPHY—With regard to the reversal of the AIATSIS building, that has been explained on the basis that it was to protect the two apple box trees.

Mr Ashton—That is right.

Senator MURPHY—Why was that not identified in the first instance?

Mr Ashton—The apple box trees were identified in the information that was issued with the competition briefing documents as trees that were being considered for inclusion on the Register of the National Estate. But it was not said in the competition provisions that it was mandatory to retain them. It was information that we would take into account, and there were a number of other trees in the same category. So, in doing the design, we took as many as we could into account. We made the judgment at that time that those ones were interfering with what we were trying to do with the site plan, so we put a building there.

What we did not know at that time was that those ones are regarded as possibly the most significant trees on the peninsula. So when that became clear through the listing process it was decided that we really had to make a big effort to avoid them.

Senator MURPHY—I understand. I was just a bit curious about why it was not an up-front thing.

Mr Service—I wonder if it would help Mr Hollis if Mr Davidson, who was the probity architect, would be prepared to comment on his view of the design development. I have no idea what he is going to say, but as he was the independent supervisor of the competition it might be useful if he was prepared to say something about his view.

Mr HOLLIS—Before Mr Davidson speaks, I am not an architect, but I would suggest that, if you were building a bridge somewhere and you put out the design, then suddenly when you were building it the final result was as different in the way you look at it as this is going to be, there would be lots of questions asked. It is interesting that you can design a bridge, say what it is going to be and that concept is produced whereas in buildings like this you say, ‘Oh well, this is a normal process.’ You give an idea and it evolves as you go along.

Mr Davidson—The best way I can explain this would be to very simply go briefly through the stages. As these are named, the names themselves of each stage in the design process might assist. Basically, the first drawings which are produced by an architect are called the concept designs and this illustrates a concept. In this case, those concept drawings went a little further beyond the initial concept stage. In many cases the concept really does not even think about the internal planning in anything other than large blocks of space. It does not start thinking about the relationship of room to room.

From concept, you go to what we then call the schematic design stage. As the word again denotes, you are looking at the scheme of things within the concept that you have produced. The concept should maintain its integrity in terms of the overall approaches, as Mr Ashton has said, but the scheme within that concept takes note of the more detailed brief that has been presented.

This picks up the earlier debate this morning about the question of the brief. The

brief is never a fixed document; it is never a static document. It is a dynamic document which moves with each stage of design and adjusts to the design. So the schematic stage would be in more detail, would amend things and change things still within the basic concept.

The next stage is design development and, as its name implies once more, is the development of that schematic design. In developing the design and in taking note of the more detailed parts of the brief in discussion with the stakeholders, with the input of the specialist consultants in airconditioning, structural, mechanical and people movement—all of these aspects—the development of the design will again inevitably involve changes to what you have started with.

With a bridge, the concept may well be, ‘We will have a Sydney Harbour Bridge style bridge.’ But, at the concept stage, nobody really has thought about what size the members are going to be, whether it is going to be welded, riveted or bolted or whether in fact it will be pre-stressed concrete or post-tensioned on the pavement and the bridge. All of these things come in the design development of the bridge. In fact, it may be quite different in detail from the original concept. I think that one has to look at the whole process of design and briefing in parallel and accept and acknowledge that they are very dynamic processes. I hope that may have helped a little.

My judgment of this is that we have exactly the same scheme here as we had at the time I was involved in the competition. It has taken the inevitable steps that I would have seen and would have expected from any of the other four, if they had been selected as the winner. They would be, perhaps in your mind, as far removed from their original concept as you feel that this one is. But I can assure you from a professional and technical point of view this is a logical and reasonable development of the original concept.

Mr HOLLIS—Thank you very much. I have just completed my architect designed house. Although it did go over something like \$11,000—maybe I should have had an alliance—I am very pleased that it was stuck and, after 12 agonising months, I got what the architect said what I was going to get. It was eight months late and \$11,000 more. Nevertheless, I got what the architect said I was going to get 12 months later. Maybe it was a smaller project than this.

CHAIR—Just a little.

Mr FORREST—Mr Taylor, there have been some changes with respect to your institute’s activities as well. I need you to state formally for the record how you feel about that and that you have been adequately involved in the consultation process.

Mr Taylor—Consultation processes in the institute mirror the processes that Dr Jonas referred to earlier in the context of the museum. They certainly have been comprehensive. The toing-and-froing by council and the staff and the designers, as well as

officers of DOCA, has been extremely frequent. The latest—and I guess the most dramatic—change was the flipping of the design, which was brought to us at the earliest possible time, once it was apparent that the trees were of heritage significance and that we needed to change the design in the original concept.

We looked at between six and eight options as to what we might consider in trying to address the fact that the trees needed to be recognised and to stay on-site undisturbed. The flipping of the design, as you have now seen, was the result of considering all of those options. On 12 and 13 February, my council met, the latest design was put to them and various issues of functionality were discussed. Council were very receptive to the design and approved what was put before them. That was supported by decision support information from me that was a result of our pretty comprehensive staff consultations.

So, in answer to your question, I think certainly we have been fully advised of the changes. We are supportive of the changes and we recognise the logic and the reasons for those changes. We are very confident that the design, as it now stands, meets our functional needs.

Mr FORREST—Would you feel in any way that any of your aspirations have been compromised? Would I be correct in assuming that you have probably got a better result?

Mr Taylor—That is an accurate assumption. We feel we are happy with the current design compared to the previous siting of our building. We feel that it better meets the needs of our staff, as well as the needs of our clients and other stakeholders.

Mr FORREST—I have just one last question about the shape of some of the offices. Small rooms are proposed. Are you satisfied that your functional requirements are met by skew-whiff shaped rooms like that?

Mr Taylor—Yes, I am. My answer to you is based on pretty comprehensive consultation with staff. Some of those spaces are workstations rather than discrete stand-alone rooms. The issue of environmental control has been discussed. We are going with a zonal approach. We feel that will not only meet our immediate needs but is the best way to go from an ongoing cost point of view.

Some of the answers to that question relate to how we manage the building. There is no question of how well that meets our needs. It also relates to how well we manage the occupation and the management of the building. In answer to your question, we do not have any concerns at all about the issue that you have raised.

Senator MURPHY—Could I ask, Mr Ashton, what is the net usable floor space in this current design?

Mr Ashton—Of the museum?

Senator MURPHY—Yes.

Mr Ashton—It is 13,340 square metres of functional briefed area. I am just being careful about definitions here.

Senator MURPHY—I know.

Mr Ashton—You can define net usable floor space a number of ways but, in terms of actual functional briefed area, it is 13,340 square metres, as it is currently drawn.

Senator MURPHY—What was the floor space in your original design in using the same description of the functional area?

Mr Ashton—It was 14,460 square metres.

Senator MURPHY—Ms Casey, could I ask you, with regard to the things that I read out at the start, so far as the statements were concerned—and maybe if I could ask Mr Service also—in judging all of the entries, were they all measured so that you knew that they complied with the brief?

Mr Service—I cannot answer whether they were measured or not. All I can tell you is that the judging committee, if I can loosely describe it as that, asked the question, and particularly asked it of Mr Pegrum, as he had actually written the brief, whether he was satisfied that all the five entries complied with the brief and his response to that was yes.

Senator MURPHY—So Mr Pegrum was asked whether they complied with the brief?

Mr Service—Yes.

Senator MURPHY—We have let Mr Pegrum go, but maybe we could write to him and ask him whether he measured all of the entries. This is one of the reasons, in my view, that we, quite frankly, have taken the amount of time that we have to get to the point that we probably should have been at on the first day, not today. As I said, even as late as Monday, we were being provided with documentation from the department that says, in the competition functional brief, there was ‘14,460 square metres; Ashton Raggatt McDougall competition entry not measured; current design 13,340’. Then you have notes that the current design meets the brief requirements and exceeds it in several areas and all of the museum’s functions are catered for by the current design. Forgive me if I am wrong, but they seem to be slightly misleading statements.

Ms Casey—I do not see why they are, Senator. Could I just add that, in fact, what was measured to check was the gross areas and not the net areas for the competition.

Senator MURPHY—Who measured them?

Ms Casey—Our quantity surveyor. We have actually listed for you, in that document that you have, the gross area.

Senator MURPHY—When was this done? Why does it say that it was not measured?

Ms Casey—Because they did not measure the net areas, as I am just advising you.

Senator MURPHY—So the fully enclosed area was measured, and you have a figure in there of 21,004 metres—a fully enclosed covered area. What does that relate to?

Mr Ashton—I should get a quantity surveyor to answer this, but they will tell me if I am wrong. It is the area that is within the external walls. It is from the inside face of the external walls and it includes all of the internal walls and all internal spaces, obviously. It is a kind of gross floor measurement. There are a number of kinds; that is one kind.

Senator MURPHY—But, as I said, the net floor area was a requirement of the brief that had to be met. I am just trying to understand this process that you say you conducted as a competition. I know we have been around and around this. This may as well have been a maze, from my point of view. That is about how easy it is to find your way around some of these processes that you have conducted. I have to say, with the greatest of respect, that it certainly leaves a lot to be desired.

Frankly, right now, I am of a view that I might seek to pursue this in another forum, because I do not think that this has been properly done. I do not think it has the probity which you claim it has. I do believe that we are probably at a stage now where we should have been a long time ago. Is what we are looking at—and I remind you of what the chairman said at the start of this hearing today—what we will ultimately get?

Mr Service—No, of course it is not. I think I have said that to this committee at least four or five times. It is not precisely what you will get. I cannot tell you precisely what you will get till the day the museum is complete and ready to open. That is a standard process for building any large building. People will change their minds.

Senator MURPHY—I guess I am not asking precisely. We have had explained to us that there is a conceptual design. You go to schematic design and then you make adjustments and work out the most efficient way and so on. I understand all that. But, as far as floor space is concerned, we have seen about 1,130 square metres taken out. If you

go back through the submissions given to this committee before, it was essentially explained to us that we had a budget. We started off with \$68 million. It went to \$82 million, and all of the entrants came in at in excess of that. Mr Service, I think you said that you have chosen one that you think you can get within the budget. I am not quoting you verbatim because I cannot, but if I have to—

Mr Service—The evidence that was given did not say that. I think it said, quite firmly, that the project managers advised the judgment committee that certainly four—it may have been all five—of the design concepts could be adjusted to meet the budget. That is what the project managers told us, and they are our professional advisers. The judges accepted the advice of their professional advisers, which is absolutely the proper course for them to follow.

Senator MURPHY—I am not disputing that. I know it was four. I am saying that this committee was told that these were over budget. The figures are even in *Hansard*. It is all there. We were told all these things and that you had chosen one you also thought would fit the amount of money we had. You said that.

Mr Service—Sure.

Senator MURPHY—In fact, you said that you would deliver, come hell or high water—again, I am not quoting you verbatim—this project for \$133 million. With regard to the current proposal, I do not want to see at the end of the day that we have another 1,130 square metres removed from the net useable floor space. It is a pity we do not have a stargate here. We could probably jump through and have a look to see what we will end up with. What I do not want to see is the continual changing of this project to maintain profit. Right now, it seems to me that we have made some significant adjustments. Yes, I agree with Mr Ashton and I totally accept some of the things. There have been efficiencies achieved. I sometimes wonder why they were not done in the first place. I can see and understand some of the changes that have been made and I think they are for the better. But it is a concern to me, at this point in time, that we do not see ongoing change in this and have a shrinking museum.

Mr Service—With great respect, if this committee and the parliament approves the museum, the statutory responsibility for it is the responsibility of the council of the museum. That is a matter of the law. If the council of the museum, in its wisdom or otherwise, finally says, ‘There are 200 metres of space in there we do not want,’ they would be derelict in their duty to spend the taxpayers’ money to build that space. The council and its staff of some 60-odd professional people are continuing to look at all that detail. That is clearly their duty. If that leads to 200 metres being cut out, why would they not cut it out?

CHAIR—I will intervene at this point in time. I am not too happy with that sort of answer, Mr Service. I think we are getting down to debate rather than evidence. I find it

highly unlikely that you are going to do that. You might find that 200 metres might be better allocated within the building, but I doubt very much that you are going to call us to re-hear you so that you can reduce the size of the building.

I think the assurance that Senator Murphy is requesting, and which would be common to the committee, is that having gone through the processes since, I think, 13 December, or whatever it was, last year, are we now at a point where you and the others involved can guarantee us that the Australian people are going to get something very similar to that? I think that we all accept that there will be adjustments of a minor nature, if I can use that word. Are we going to get that type of development for our money, and can we be assured that we are not going to see significant shrinking on the basis of cost?

Mr Service—It seems to me that if there were to be a significant change, our clear duty would be to come back to this committee.

CHAIR—We are going to ask you that specifically in a minute.

Mr Service—I think there is absolutely no question about it. If there is significant change—whether you had asked us to come back or not—it is clearly our duty to do that because, subject to the parliament's eventual view, you are the approving authority, if you like.

Senator MURPHY—That is right. It might be the council's job to see what they have got to fit where, but it is our job to say, 'Here is the taxpayers' dollar. We have had a proposal put to us and this is what you will get for that dollar.' I want to make sure that what we are being told is the truth and what we end up with is what you say we will end up with.

Mr Service—If there is a significant change—which I must say I think is fairly unlikely at this stage—we have to come back to this committee. That hardly even needs to be said.

CHAIR—That is fine.

Senator MURPHY—Can I just remind the department that I asked for a copy of the advertisement. I also want a copy of the brief and the contract for Mr Pegrum.

Ms Casey—Yes.

CHAIR—Fine. I have a final question that arises from what was just said and then a statement. We do think it appropriate, and I made the point in my opening remarks, that the department assures us, as best they can and without reservation, firstly, that the revised proposal, as presented to us today, meets all stipulated requirements for space and functionality; secondly, that sufficient funds are available to construct a significant

national facility which will last well into the next century; thirdly, that the proposal will be delivered on time and within budget, and that any significant variation to the current proposal will be referred to the committee for further investigation. Has the department any concern with giving us an assurance of that nature? We need a spokesman to that effect. Mr Berents seems to think that as project manager, the department can meet those commitments. Is that a reasonable statement?

Mr Berents—It is a question you are asking of the department?

CHAIR—I think it is the department who carries the responsibility in the end. Do you want me to repeat them? You are happy with that?

Ms Casey—Yes.

CHAIR—We take this point very seriously: that the department, because of the initial circumstances, has got to stand on its feet on this issue and say that it can deliver that project within the budget.

Ms Casey—We can. Obviously there could be things outside of our control in terms of time and cost but we are hoping alliancing will go some way to addressing that.

CHAIR—We will talk about alliancing in a second. The reality is that you are prepared to assure the committee on those points?

Ms Casey—Yes.

CHAIR—Thank you, Ms Casey, fine. Prior to my final statement, I just want to put this proposition to the committee. Based on the evidence received today—and I would say with regard to alliancing, that both Mr Guthrie and Mr Thomson today in explaining the Sydney Water situation considerably encouraged the committee on the probity issues, although it is unfortunate that we did not get that evidence earlier—and in alignment with our previous approval for concurrent documentation, it is my intention to now ask the committee to approve the inclusion of advertising and the commencement of the alliancing process, subject, however, as it would be naturally to the issuing of our formal report. Is the committee prepared to agree with that proposition?

Senator MURPHY—Mr Chairman, from my point of view, in so far as the process has taken until today for us to be provided with sufficient and adequate information on project alliancing, I have got to say that Mr Guthrie's evidence, as the chairman has said, was probably the most welcome evidence that we have had. I do not want to reflect on you, Mr Thomson. I am quite sure that you understand and know full well all about alliancing, but it was very helpful for us today, certainly from my own point of view, for the department to stand up on this. They have made the selection. I have some doubt about whether or not it will deliver, but I guess I am prepared to support what

the chairman is saying. I just wish that the department had come to us on day one with the type of submission that you have presented today. I think you would have found that we would have advanced this project a lot further.

Mr HOLLIS—I must say I still have some reservations, but I am prepared to put them aside, especially as the responsibility will be on the department. It may well be the way to go and I suppose that as a committee we should be prepared to accept new processes. It may be the caution of a member of parliament, but I would be prepared, Mr Chairman, to go along with your recommendation provided that the department is held tightly to those guarantees it has given.

CHAIR—Yes. Mr Forrest.

Mr FORREST—I think that in my questions I expressed my reservations based on considerable experience with the construction industry, but I do know that the rest of the industry around the nation will be watching this project. If alliancing can remove many of the adversarial environments we have in the building industry, it could well be a major step. I am prepared to go along with your suggestion, Mr Chairman. I am just wondering, though, what will be the process because it will get to a stage where some official arrangements will have to be entered into with their alliance partners.

CHAIR—Just to answer that, my words are meant to mean that an advertisement, interviews and that type of process can commence, by which time our report should be out in one way or another. I guess what we are saying is you cannot sign a contract with someone until the report comes out. You would know that anyway, but we wanted to make sure that was understood. Some of the more time consuming processes can be addressed. Mr Hatton.

Mr HATTON—I echo the reservations of the rest of the members of the committee. I thank Mr Guthrie for his evidence today which has cleared up a number of concerns. This is a departmental initiative and one they have pushed from the beginning and a decision that the department has taken. The department does not have a great deal of experience in terms of building projects, but if they are willing to go ahead with this, based on the further evidence we have heard today from Mr Guthrie and the reservations that we have expressed, I would agree with you and the rest of the committee.

CHAIR—Thank you. That suggestion is so ordered.

Mr Service—May I ask a question about that, Chairman. The alliancing proposal was put forward with a backstop that if the negotiation process proved unsatisfactory we would move to a fixed contract.

CHAIR—We understand that, yes.

Mr Service—My question is whether you would regard that as a major change. In other words, we would not need to formally come back to you.

CHAIR—No, to the contrary. What we are saying is that we deliberately put a stop on you in terms of the current documentation of advertising for expressions of interest for the alliance. That was the last word on it. We are saying to you today that you can now go and advertise. You can negotiate with people on the understanding that it is the preliminary process, subject to the tabling of the report. Of course, you are in negotiation and if you are not happy with the outcome you are going to go to another more recognised concept. You have told us in evidence that will be a fixed price contract. That is the outcome of that.

Mr Service—Thank you.

CHAIR—Because we are conscious of the time that this process is taking, on the evidence given us today, we are approving that being included in the concurrent documentation arrangements.

Mr Service—Thank you.

Mr HOLLIS—I agree entirely with what the chairman has said. But if, for one reason or another, the alliance system falls down we would not mind a note telling us that—and you need not go into the reasons—you had decided to go to the more traditional form.

Mr Service—If it happens, the reasons might be very interesting.

Mr HOLLIS—We would hope you would tell us them too.

CHAIR—In the overall outcome of the process, we wish you well because, if you are successful with this concept, it may be a major step in the building industry. Anyway, in that regard, all members of the committee have reported to me, as they have to you, that the evidence received today has changed or alleviated many of the concerns we had both with probity and the operation.

Before closing, I would like to thank the witnesses who appeared before the committee here today. I also thank committee members, Hansard and our secretariat.

Resolved (on motion by **Mr Hollis**):

That, pursuant to the power conferred by section 2(2) of the Parliamentary Papers Act 1908, this committee authorises publication of the evidence given before it in submissions presented at the public hearing this day.

Committee adjourned at 1.36 p.m.