



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

**Reference: Proposed fit-out of new leased premises for the Bureau of Meteorology,
700 Collins Street, Docklands, Victoria**

FRIDAY, 7 FEBRUARY 2003

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JOINT COMMITTEE ON PUBLIC WORKS

Friday, 7 February 2003

Members: Mrs Moylan (*Chair*), Mr Brendan O'Connor (*Deputy Chair*), Senators Colbeck, Ferguson and Forshaw and Mr Jenkins, Mr Lindsay, Mr Lloyd and Mr Ripoll

Senators and members in attendance: Senator Forshaw, Mr Jenkins, Mrs Moylan, Mr Brendan O'Connor and Mr Ripoll

Terms of reference for the inquiry:

Proposed fit-out of new leased premises for the Bureau of Meteorology, 700 Collins Street, Docklands, Victoria.

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Committee met at 11.25 a.m.

CHAIR—I now declare open this public hearing into the proposed fit-out of the new leased premises for the Bureau of Meteorology at 700 Collins Street, Docklands, Victoria. This project was referred to the Public Works Committee on 12 December 2002 for consideration and report to the parliament. In accordance with subsection 17(3) of the Public Works Committee Act 1969:

- (3) 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.

We have now received a briefing and inspected the site. The committee will now take evidence from the Bureau of Meteorology, Macquarie Office Management Ltd, the Association of Professional Engineers, Scientists and Managers, Australia and the Professional Officers Association of Victoria. I now call on representatives of the Bureau of Meteorology and GHD Pty Ltd.

[11.29 a.m.]

BROWN, Mr Craig Thomas, Project Manager, GHD Pty Ltd

CASINADER, Ms Tarini Romanie, Project Manager, Future Accommodation Project, Commonwealth Bureau of Meteorology

DOWNEY, Dr William Keddie, Deputy Director (Corporate Activities), Commonwealth Bureau of Meteorology

GIGLIOTTI, Mr Peter, Assistant Director (Central Operations and Systems), Commonwealth Bureau of Meteorology

GORDON, Ms Lesley Margaret, Assistant Director (Management), Commonwealth Bureau of Meteorology

HASSETT, Mr Michael James, IT Coordinator, Future Accommodation Project, Commonwealth Bureau of Meteorology

HAYES, Mr Alan John, Project Officer, Future Accommodation Project, Commonwealth Bureau of Meteorology

MALANE, Mr Gavin, Executive Officer, General Services, Commonwealth Bureau of Meteorology

SPENCE, Mr Michael James, Property Consultant, United KFPW

CHAIR—Welcome. On behalf of the committee I would first like to thank you, Dr Downey, for arranging for the committee to view the site and for the work that you have done to help us to get across all the detail here. The committee has received a submission and two supplementary submissions from the bureau. These submissions will be made available in a volume of submissions for the inquiry and are also available on the committee's web site. Does the bureau wish to propose any amendments to the submissions it has made to the committee?

Dr Downey—No.

CHAIR—I now invite you to make a brief opening statement to your submission.

Dr Downey—Thank you. I would like to make just a few comments under five broad headings. I will say a bit about the bureau, a brief history of this project, its importance to the future operation of our organisation, management of the project and the background for some of the witnesses who will answer questions.

The bureau was established under the Meteorology Act 1906 and began operations in January 1908. The act was updated in 1955. We operate as a statutory body, reporting to the Parliamentary Secretary to the Minister for the Environment and Heritage. We became an

executive agency on 1 July 2002. Our annual budget is around \$220 million. Our total staff is approximately 1,400; seven hundred of those are in head office, the others in state or territory based regions. We operate a network of approximately 60 observing stations around Australia, taking both surface and upper air observations. We also have a paid cooperative observer network of several hundred stations and a volunteer rainfall network of some 6,500 stations.

The bureau's head office and Victorian regional office are currently located at 150 Lonsdale Street, where we have a net lettable area of approximately 18,300 square metres. Both will be relocated to 700 Collins Street, with a net lettable area of 16,900 square metres. The role of the bureau's head office is to manage national programs for monitoring the atmosphere and oceans, providing weather and climate forecasts, interacting with other national meteorological and hydrological services around the world and undertaking meteorological research. The Victorian regional office, with around 100 staff, is involved primarily with weather, climate and hydrological forecast services for the state of Victoria.

In terms of the history of this project, in May 1996, after 22 years in our current building, we renewed the lease on the current premises to the end of March 2004. Towards the end of 1999 we began to look at accommodation options after March 2004. At that stage we had identified a number of difficulties with our current facilities, especially with the central computing facility, in relation to floor loadings and things like airconditioning. We initially considered options that included locating the central computing facility separately from the rest of the bureau. However, after detailed analysis of all options, we decided to go to the market and consider proposals for new and refurbished buildings in or on the fringe of the central business district that would meet our overall needs. We then commenced, around January 2002, a three-stage tender process which eventually led to the selection in June 2002 of Folkestone/Leighton Joint Venture Pty Ltd as the preferred tenderer. We have sought to document the sequence of events and the associated processes in considerable detail in our written statement.

In terms of the importance of the project, managing our move to 700 Collins Street on time and on budget is one of our highest priorities, if not our highest priority. The project has national and international significance since the bureau operates one of three world meteorological centres under the auspices of the World Meteorological Organization. The other two centres are in Washington DC and Moscow.

In terms of management arrangements, we have a steering committee that involves all nine SES officers in our head office and our regional director for Victoria. We have a project management group, which includes two of those SES officers plus three other senior staff, and we have engaged several consultants. The various members have been identified as part of the witness process and I expect their areas of expertise will become evident as the committee asks questions. Thank you.

CHAIR—Obviously there is some disagreement with the current building management group, Macquarie Office Management, to do with the fact that you could have stayed in the current building and they would have upgraded the building and so on, which they seem to think would have been a better option. I will ask three questions related to that. What, if any, discussions were held between the Bureau of Meteorology and Macquarie Office Management regarding the renewal of the lease at Lonsdale Street? If Lonsdale Street could be upgraded to meet the bureau's needs, what other factors made relocation a more desirable option? Are the areas occupied by Telstra, Australia Post and the Victorian government fitted to the same

standard as those occupied by the bureau or have they been subject to additional refurbishment works?

Dr Downey—I invite Tarini Casinader to address your questions. She may need to call on Mr Malane for some aspects of that, because Tarini was not involved directly in some of the early discussions.

Ms Casinader—Madam Chair, your first question was about what discussions were held with Macquarie Office Management regarding renewal of the lease. There has been a dialogue with Macquarie Office Management since the lease for 150 Lonsdale Street was last renewed, in 1996. Even at that time and before that time there had been discussions with Macquarie Office Management on the issues that the bureau felt it had with the current accommodation and there have been discussions, in a very general sense, since then on possible solutions, without any great detail being gone into. The bureau believes that it has kept Macquarie Office Management fully apprised of its views on the current accommodation and of the processes that it was going through to assess its accommodation options for after April 2004—for example, Macquarie Office Management was aware that the bureau was looking at the idea of a non-co-located central computing facility, which was one of the accommodation options. I would submit that there has been ongoing dialogue, in the truest sense of the word, over a long period of time with Macquarie Office Management.

CHAIR—Were those conversations or meetings documented or minuted in any way, or was there correspondence confirming the details?

Ms Casinader—I may need to pass to one or two of my colleagues on that. We generally deal with Macquarie Office Management through our property managers, KFPW, so perhaps I could ask Michael Spence and perhaps Gavin to comment.

Mr Spence—Our organisation, KFPW, met formally with Macquarie Office Management's agents, Colliers International, on a fortnightly basis and we kept minutes of most of those meetings. I suppose it is fair to say we had regular dialogue between the two agents on an ongoing basis as the need arose.

Ms Casinader—In some cases we have records within the bureau of dialogue with Macquarie—either records of conversations that were had or copies of correspondence that we received.

CHAIR—That is fine. Would you want me to repeat the second part of the second question?

Ms Casinader—Yes, please.

CHAIR—In your view, could Lonsdale Street be upgraded to meet the bureau's needs? What other factors made relocation a more desirable option?

Ms Casinader—There were considerable issues in the proposals for the upgrade of Lonsdale Street that the bureau still had concerns with, particularly in regard to the central computing facility. In that particular regard perhaps Peter Gigliotti could explain a bit more about the refurbishment options that were presented.

Mr Gigliotti—There were a couple of points that I wanted to make in relation to this question. One was that Macquarie were treated just like every other party in terms of the process of selection as to what were the best options available to the bureau. They were treated basically the same as all the other tender bidders all through the process. In fact they were treated no differently from the others. I guess the question is: could the Lonsdale Street building be refurbished to the level that we would need? It is a bit of an open-ended question from the point of view that if you put enough money into it I presume it could be.

CHAIR—We understand that.

Mr Gigliotti—There are some technical problems, though, with the building. Our technical assessment and the assessment of our consultants that we have had over many years would suggest that it would be very difficult. None of those issues were basically outlined in the original Macquarie proposals that came forward to the bureau. I could outline those issues. They related in effect to floor loadings in terms of the problems with the airconditioning that we had to operate for our specialised computer centre. I am trying to make that as a separate point to the rest of the general office fit-out. Given the specialised nature of our computer centre, there are several problems with the current building that made it less attractive.

CHAIR—Thank you very much. Do you want me to repeat the third question briefly?

Ms Casinader—I believe I do have it, Madam Chair, but with your indulgence I might add something to the second question.

CHAIR—Sure.

Ms Casinader—I come to the other factors that were an issue for the bureau as to whether we remained in Lonsdale Street. In Macquarie Office Management's response to our invitation at the first stage tender process—the expression of interest process—their proposal, we believed, contained an offer of a works allowance to contribute to the refurbishment that would be required. But we believed that, particularly given some factors such as that our current fit-out was designed for imperial measurements and that any refurbishment of the ceiling grid would turn it into metric measurements, we would need to replace our whole fit-out. There would be additional fit-out costs for the bureau—significant additional costs. Even if the building were refurbished, there would be significant follow-on fit-out costs for the bureau. Also our advice from consultants indicated that there was a considerable amount of work to be done on the building, and we felt that this would surpass that amount.

I will move to the third question. We are not aware of the detail of the Australia Post and Telstra tenancies. However, we believe, without being certain, that most of the floors in the high-rise part of 150 Lonsdale Street, which is where I understand Telstra and Australia Post are located, have been refurbished and that this is being done as they have become vacant, not while tenants are in there. That is probably the limit of our understanding. We are not aware of the detail.

Mr BRENDAN O'CONNOR—I would like to turn to the space requirements. Paragraph 68 of the bureau's submission states that the bureau's accommodation requirements are expected to remain stable over the next 10 years or so but the lease on 700 Collins Street allows the bureau to surrender 10 per cent of their space or to sublet if necessary. So these arrangements allow for

a reduction in the size of the bureau. With that in mind, what if staff numbers or space requirements should unexpectedly rise? I suppose I also ask that against the backdrop of a submission made about the lack of space for staff.

Dr Downey—Let me take the first part, the reduction. As you know, technology does offer significant advantages at times. The numbers of staff in the bureau have reduced over the last decade in line with technological developments. So we felt that it was important to have a clause in there that covered that. To the other end of things, if there is any significant increase in staff, I guess we would expect to opt for greater space in the current building. That may or may not be possible depending on the timing of the increase of the staff, obviously, and who occupies other parts of the building.

Mr BRENDAN O'CONNOR—Do you think that provision would create some disquiet amongst staff, given the argument that there is more space required and that the use of technological things and so on has meant that many of the employees are in need of greater space than is being proposed? The fact that they would be aware of this provision that you may sublet some of your space would be an issue, wouldn't it, not only to the staff but I presume to the POAV and the APESMA?

Dr Downey—Yes, but the intention would only be to sublet in the event that the numbers reduced.

Mr BRENDAN O'CONNOR—Can you then explain for the record why the submissions made by the APESMA and POAV with respect to space requirements for staff should not be accepted or granted?

Dr Downey—I will ask Ms Gordon to address that particular question.

Ms Gordon—The framework that we have used for the allocation of spaces to staff has been guided by the experience of other government agencies. We have used our consultants to test what other agencies have provided to their staff for similar types of work and also what is contemporary practice. We have taken account of that. We believe that the space that we have allowed in our preliminary planning reflects that we are consistent with what is contemporary practice. However, notwithstanding that, in the analysis that we have done of particular workstation requirements we have asked staff to identify any special needs in respect of their operational work—any particular functional requirements that they might have for, say, different sorts of workstations or where they might need to accommodate, say, more than one screen. So we have tried to identify that. I think it is fair to say that we assessed that that would be more on an exception basis and that, generally speaking, the allocations that we have provided would be adequate and therefore we would not accede to the POAV/APESMA view that as a general rule staff should be provided with additional space.

Mr BRENDAN O'CONNOR—You have divided the space based on classification. Is it correct that certain high classifications receive a certain amount of space and that cuts out and then the lower classifications receive a smaller amount of space? Is that based on need or is that based just on the hierarchy of employee?

Ms Gordon—In considering what spaces would be required, we have taken into account the functions of those levels. There were provisions, for example, for people to identify whether

they had any special needs for confidentiality, privacy or soundproofing, or special needs with respect to layout tables or having two computer screens—those sorts of issues. In fact, we have made a very small number of exceptions for some middle-level staff who, under the generic assessment, would not be allocated an office. But, because of the nature of their work, the organisation has concluded that it is appropriate that they have enclosed offices for privacy and confidentiality reasons. So we have tried to take into account those special needs in our preliminary planning.

Mr BRENDAN O'CONNOR—I notice that the bureau's submission indicates that construction of 700 Collins Street commenced in September 2002 and is due for completion in December 2003. Fit-out for the CCF will begin in July 2003. How can the fit-out commence before the building is completed? Does this refer only to those elements of fit-out that will be incorporated into the base building construction? I imagine you will have two operations operating concurrently; how are you going to deal with that issue?

Dr Downey—I will ask Craig Brown to take that one.

Mr Brown—With respect to the CCF, there is a requirement to get practical completion of level 5 at an earlier stage. Whilst the whole building will not be complete, level 5 will be handed over earlier to allow the fit-out and the installation of the new computer. That will be a staged handover; that is how we are going to do that. Effectively, level 5 will be operational earlier than the rest of the building. The intention is that, after level 5, as the areas become available they will be progressively fitted out and handed over, floor by floor. The building will have to get a certification. Generally, to comply with the regulations the two floors above where we want to occupy will have to meet the requirements for egress, fire and all those things. The intention is to do an integrated, staged fit-out following behind the base building construction.

Mr BRENDAN O'CONNOR—I refer to appendix B of the submission at point 5. The appendix is under the heading: 'Conduct of Tender Process'. Correct me if I am wrong, but here you explain that ultimately it came down to two options: 200 Victoria Street and 700 Collins Street. Am I right so far with respect to that?

Dr Downey—I will ask Tarini to respond to that.

Mr BRENDAN O'CONNOR—I will ask her a specific question in relation to that and I will explain my point so that it may be easier for you to answer the question. From what I am reading here, it is clear that this came down to two locations. You go on to say, at point 5:

The risks (legal compliance, ability to deliver on time and financial ability to support the project) associated with both proposals were overall considered as relatively limited. Post negotiation, 700 Collins Street had a greater degree of legal compliance than the other contending offer but a slightly greater risk of non-completion by the final deadline of 1 April 2004 due to the greater height of the planned building.

Dr Downey, you said that one of the bureau's main priorities for this year is to ensure that this project is completed on time. In the end, you chose a building that was less likely to be completed. Is that of concern to you?

Dr Downey—Ms Casinader, are you comfortable answering that question?

Ms Casinader—The point to focus on here is that the final decision in the tender process was a careful balancing of the various selection criteria that existed, and the additional risk that was mentioned as attached to our final decision was considered to be small. We pursued this point with the offerer at the time, who became the preferred tenderer, and received considerable assurances, including independent advice that they had sought as to the viability of the program that they were proposing. The additional risk attached to the building being larger, which is essentially the only point that was relevant, was considered to be immaterial in being able to complete the project within the time frame.

Mr BRENDAN O'CONNOR—So is the construction of 700 Collins Street currently proceeding to schedule?

Ms Casinader—It is.

Mr RIPOLL—What is the importance of the airconditioning system to the computer systems that you have and are there any current issues?

Mr Gigliotti—In terms of the current airconditioning system?

Mr RIPOLL—The airconditioning system where you are currently located and the importance of it in your computer systems.

Mr Gigliotti—In the submission, we pointed out that we have about \$60 million worth of computing equipment on the first floor. In particular, we have a large investment in our supercomputer systems. Those systems are air cooled. They require airconditioning or cooling coming out from the bottom of the floor which is pushed up through the processor of the supercomputers. The temperature of the computer rooms is in the low twenties. If the airconditioning fails and the temperature rises to somewhere in the low thirties, or above a critical value—most of our alarms trigger off at about 27 degrees—we have the possibility of the actual supercomputer chips melting and damaging the facility. So airconditioning is a critical function for us.

Mr RIPOLL—Are there any current problems?

Mr Gigliotti—We have a number of problems with the current system. We had an airconditioning failure this morning which caused considerable concern to the technical staff. There was a power spike which tripped the airconditioning system and, before I came to this meeting, the airconditioners were out for three hours, with the temperature rising in the computer room to such a level that we had to start progressively shutting down nonoperational systems and waiting for the next stage. If it was not returned by around 10 o'clock, we would have had to start shutting down our operational systems. That would have a major impact on our being able to undertake our function in transmitting both forecast warnings and data to the large range of people that rely on us.

Mr RIPOLL—Is there any redundancy and backups built into the system? Obviously, if you have got \$60 million of equipment, you have to look after it. Are redundancies and backup a regular occurrence? Try to give us a picture on the record of what takes place.

Mr Gigliotti—In terms of the average failure rate, I have been informed that that is of the order of twice per annum. But we have had two airconditioning problems over the last two weeks. So in fact the two instances for this year have already been reached.

Mr RIPOLL—Is there any redundancy in the backup systems?

Mr Gigliotti—In terms of backup systems for the supercomputers, our contingencies are basically to rely on overseas weather bureaus to provide us with additional data during those periods. We cannot duplicate our supercomputer. We cannot duplicate the function of it because of the expense associated with it. So we rely heavily on the ability to have backup systems within the current facility. The current facility, though, relies very much on the base building. So, if there are any issues associated with the base building both in power and airconditioning, we have problems. In essence the classic example is the diesel generator with the base building: it is not sufficient to run our computer centre, or the complete computer centre. So, even if the diesel generator does start, we have to basically shut off the supercomputers because it drains too much power.

I stress that the supercomputing requirements of the bureau have evolved with time. The high performance nature of our function is very specialised. It was probably not defined a decade ago as to where things were going with high performance computing. Most people thought that computers would get smaller. In fact, in the case of supercomputers, they have got larger and their individual floorplate loadings are much higher, which means that we have real problems in locating this sort of equipment plus the storage systems that go with them in a standard type of office building, which 150 Lonsdale Street basically is.

Mr RIPOLL—Dr Downey, one of the considerations as a committee that we look at is the life expectancy of either a fit-out or a new building to see what you are expecting out of this new facility so we can make a comparison with, say, the current location if it were refitted out. Can you give us some idea of what you expect to be the life of this new building and maybe just a general picture of expectations?

Dr Downey—We have been in our current premises for 28 or 29 years. Using that as some sort of benchmark, we are certainly looking at two decades for the next building. If I could just add one anecdote to what Mr Gigliotti has said: in our current computing facility, in the walkways, there are areas where no more than one person can walk at any one time. It is that critical in terms of floor loadings. To come back to your original question, I think we are looking at 20 to 25 years.

Mr RIPOLL—Given that time period, would you see that this building would then accommodate you for a further 25 years after a refit? I am trying to get a long-term picture of whether after 25 years you would just completely re-evaluate. Do you have no idea or is there an expectation that after that period of time you would perhaps consider a refit or move again? It is a broad question but I am trying to get some picture of current accommodation—25 years—a move—

Dr Downey—You are certainly moving beyond a time period in which I will be interested, but I will ask Michael Spence to comment as he is an expert in this area.

Mr Spence—It is very difficult to project the use of buildings in the future. There has been considerable change in the last 10 years, let alone the next 20. The lease structure we have is one where the bureau was certain for 12 years, with options of four years and a further term of four years. It certainly gives the bureau the flexibility to reassess its future requirements at those critical times to see whether the building best fits its needs. Certainly organisations are changing rapidly.

Senator FORSHAW—The business of predicting things is pretty risky, as Dr Downey would no doubt agree. I was going to ask some questions about the supercomputers, but you covered most of it in your answers to Mr Ripoll. How long have you had the supercomputer in your current premises?

Mr Gigliotti—The bureau has been in what I call high performance computing since the late sixties and what we would call supercomputers since the late eighties. In terms of current supercomputers, we have two NEC SX-5s. We purchased an SX-4 in 1997 which was upgraded. We went to an SX-5 in 1999 and we got a second one in 2001. People who are not in the field probably do not realise that the life cycle of a supercomputer is about the same as that of a PC. A lot of it is driven by the research requirements which directly relate to our operational requirements. As soon as I put a new supercomputer on the floor, the researchers are almost running it flat out. We upgrade supercomputers probably every 2½ years.

Senator FORSHAW—You will be getting new ones for the new building. Is that the proposal?

Mr Gigliotti—That is correct. The transition strategy was based on a new supercomputer at the new location so we could run two centres in parallel to minimise any interruptions to services.

Senator FORSHAW—So the difficulties with the current premises relate to both the change in technology and so on and also to problems with the building itself that you mentioned, such as airconditioning. Would the floor size of the current facility allow for the parallel operation of both systems?

Mr Gigliotti—No, we could not fit a new supercomputer in the current facility in terms of physical space, weight, cooling or power.

Senator FORSHAW—Dr Downey, you stated in the submission at paragraph 141 that this move provides a good opportunity for the bureau to implement the government's 'Greening of Government' energy and environmental initiatives. Would it have been possible or practicable to meet those targets at the current premises?

Dr Downey—I believe not, but again I will go to the experts. I do not know whether it is Michael or someone else.

Mr Brown—As far as the fit-out is concerned, the energy targets are based on achieving a four-star rating under the Commonwealth energy policy, and the bureau, which will be a major tenant of that building, is looking to achieve a guideline of nominally 425 megajoules per square metre plus allowances for special areas. We are certainly looking at trying to manage the

energy consumption in that building. As far as the fit-out is concerned, we are trying to meet the Queensland government's ecologically sustainable office fit-out guidelines.

Senator FORSHAW—Dr Downey referred my question to you, but he said that he did not think it was possible to do that in the current building. I want to come to that new building in a moment, but is the fact that you would not be able to meet those sorts of targets in the current premises another reason supporting relocation?

Dr Downey—The person who knows most about that in relation to the current building is Gavin Malane.

Senator FORSHAW—We are looking for a fairly quick yes or no sort of answer. If you want to provide us with some further detail on that, I would be happy with that because we are running well over time.

Dr Downey—I have caught the eye of my colleague at the back and I am assured that the answer is a firm no.

Senator FORSHAW—Mr Brown, you started to talk about the targets that you hope to meet and the four-star rating. It says in the submission, 'The bureau will be seeking to achieve certification 12 months after construction.' How does that process occur? Is it automatic? Is there inspection or whatever? If you do not happen to get that certification, what impact will that have on operational costs, savings and so on?

Mr Brown—The ratings are targets during design that we are trying to achieve. Certification comes after 12 months occupation of the building, when you physically start to test those energy usages. So at this stage we are trying to achieve those targets and, if those targets are correct and the design philosophy is carried through, we believe we will achieve those targets.

Mr JENKINS—I must express my disquiet that Senator Forshaw, in establishing his environmental credentials, pinched my environmental questions; but that is okay. Can you comment about the importance of having various elements in the fit-out on the basis that it would give the bureau future control over those elements? Mr Gigliotti mentioned the ability to control backup power. Are there other examples of such elements in the fit-out? What is the importance of having control?

Mr Gigliotti—What is being built at 700 Collins Street is a specialised computer centre for high-performance computing. We wanted to ensure that we had a centre that would not only suit the bureau's requirements for the present but would also be overlaid with a plan to ensure that the computer centre meets our requirements for at least the next eight to 10 years. Forecasting beyond three years in the IT area is pretty vague at the best of times, but we think that we have allowed ourselves sufficient headroom to make both of those core functions—airconditioning and power—separate systems to the base building, to make separate power and cabling coming into the building far more redundant than it is now and, in essence, to be almost future proof against some of the changes that will inevitably occur over the next decade in IT. Does that answer your question?

Mr JENKINS—In part, but I am seeking your assistance on how you can place some sort of premium on that to indicate that we are getting value for money by including something in the

fit-out which would enable the bureau to have control over those elements through the life of the fit-out rather than setting it aside and burying it in the base services or something like that.

Dr Downey—I think there are two or three elements there for Tarini to comment on.

Ms Casinader—While, as we have said, we are planning to provide airconditioning for the CCF through our own plant, the bureau has selected only the most critical elements of its own operations to be provided in that way. For example, we have other 24-hour, seven days a week operational areas—our forecasting centre and the National Meteorological and Oceanographic Centre, both of which operate all the time—for which we have determined that it is more efficient to use the base building out-of-hours airconditioning. That is a recent decision. We originally considered whether or not it should operate off our own plant but we have decided that it is more efficient and not critical to the operations of that particular area, so that the base building airconditioning can be used in that regard. There is both a space saving and, we believe, a financial advantage in doing that.

In relation to the tenancy as a whole, there are some areas in which we believe that we gain advantages through being in at the beginning of the base building and through our agreement with the developer that put us in a good position in regard to efficiency. For example, as part of the base building we are being provided on level 1, which is the lowest level of the building, below the street level—level 5 is the Collins Street level—with a change facility, male and female toilets and showers, a locker room area and a bike storage area. All of this will be exclusive to the use of the bureau but, with the possible exception of one or two elements such as the bike hooks, it will be fitted out at the cost of the developer. That is not counted as net lettable area for the bureau; it is part of the base building. There is also some storage area on one of the car park levels which the bureau has access to, mainly for storing things such as equipment that is taken out on inspection tours from the Victorian regional office and possibly for storing other types of things as well—plans are still developing. This is also being made available to the bureau at no rent. So there are a number of areas in which we believe the base building is providing us with something that we could not otherwise have obtained.

Mr JENKINS—I am happy with your statement that, based on the critical nature of whatever the operation is, you would think about bearing the cost of it as part of the fit-out. That answer probably satisfies my question.

CHAIR—I have some questions about costings. They are general questions; I will not be talking about the specific costings. In paragraph 150 of your submission you talk about relocation costs, escalation costs, contingencies, professional and management fees and a five per cent contingency being included in the confidential figures you have given us. In the confidential figures, however, there is an amount for removal costs. I wonder whether this also incorporates what you term ‘relocation costs’ in the estimates you have given us. You talk about both contingency and escalation costs at paragraph 150 in your submission, but I can see no mention of escalation costs in the estimate. Is that also part of the contingency figure?

Ms Casinader—The removal costs and the relocation costs are the same thing.

CHAIR—And are contingency and escalation costs the same?

Ms Casinader—I agree that there are two different items there in terms of contingency and the escalation, but they are both included in where it says ‘contingency allowance’.

CHAIR—So that amount that you have allowed for contingency includes the escalation cost?

Ms Casinader—That is correct.

CHAIR—The other issue is what happens if there is a delay with you moving into the building, which is always possible as you are not always in control of that matter. Is this contingency sufficient to cover you in that eventuality? Will you be able to negotiate additional time with the current building owner or will you have to make a move before you move into the new premises?

Dr Downey—I will give you a brief answer and then I will again call on my colleagues. You are right in that anything is possible. There are penalty clauses in the contract, of course, which we were very careful to build in because of the critical timing involved. We do not know what the arrangements at 150 Lonsdale Street might be if it was required or desirable for us to stay on there, but we are aware that there is a fairly good supply of office space around Melbourne and it may be that Macquarie would welcome us remaining on there for some time. But this is something that we will focus on increasingly as we get closer to these deadlines.

CHAIR—Do we understand then that this has not been discussed as a possibility at all with Macquarie Office Management at this stage? Wouldn't it be sensible to have some discussion about that, given the likelihood of delays?

Dr Downey—I believe we have had some discussion, but it is still very intangible as to what the situation might be.

CHAIR—Have you got a plan B or plan C in the event that this occurs and Macquarie then do not have the option of letting you continue in that space? What would be the implications for your supercomputer's relocation? Would the penalty clauses in the current building contract be sufficient to cover your move somewhere else and the removal of the supercomputer to another place before you moved into the new building?

Dr Downey—I will take that question in parts, and I will ask Peter to comment on the part about the supercomputer.

Mr Gigliotti—We are developing plans at the moment for how we would deal with this. One of the reasons for requesting that we have access to a functional computer's location or fit-out site six months ahead of the building move was to take account of the particular issue you raised—that is, if they were late in having the rest of the building functional. If you look at the extremes of our contingency plans, it would take us about 3½ months to have the centre completely up and operational, so we have allocated slippages of around three months or so. At the same time, we are duplicating some of our functionality at another one of our regional offices in Brisbane so that we can maintain operations.

In essence, we have got contingency plans. I cannot comment too much on the supercomputer, because we are in a tender process at the moment and there are several things associated with that that might impact on how the supercomputer is purchased and delivered

and the like. But I am reasonably confident that as a result of having that six-month window we will have a fully functional computer centre. Having that available will then mean that it would be easier to relocate staff to other locations in terms of temporary measures.

CHAIR—I guess what I am asking is whether there is enough in the contingency for that to occur if indeed that was the case. Or is there enough in the penalty that would be imposed on the current owners or builders of the new premises?

Dr Downey—I think the answer to that is that, if it was a very prolonged difference, there probably is not enough in the contingency, but if it was a ‘normal’ sort of delay then the feeling is that we would cope.

CHAIR—Again, none of us can make those long-term predictions about building construction.

Dr Downey—That is true.

CHAIR—But one would imagine that there would be some sort of limit to the delay.

Dr Downey—Could I ask Michael Spence to comment as our main adviser on this issue.

Mr Spence—There has been dialogue with Macquarie Office Management Ltd regarding a contingency strategy. At this stage, we are monitoring the critical path of the project—how it is meeting the timelines as they progress. As you would imagine with a project like this, most of the important things happen up front—getting out of the ground and so forth. The project is on time at this stage. Notwithstanding that, we still have open dialogue, if you like, with the current lessor to discuss and negotiate a further term at 150 Lonsdale Street if we thought that was necessary. Referring back to the agreement to lease and liquidated damages contained therein, they were based on a worst-case scenario of having to relocate, which took into account the physical relocation of the bureau’s operations, the relocation costs, removalists and so forth. I might just add that the building is currently for sale, so there is uncertainty as to who the lessor of the building may be in 2004.

CHAIR—Thank you. Were there any other questions? The only other one that I noticed came up—and the committee had the opportunity to look at the Docklands in some detail late last year as a project—was to do with the parking at the Docklands. I wonder if, for the record, you would like to make a comment on the parking at the Docklands. I think I read somewhere that there were around 29 car parking bays, but you are saying that you have 700 people located in your building. Is that right? I cannot remember the number of car parking bays but it is small relative to the number of staff working on the site.

Ms Casinader—The amount of car parking planned for underneath 700 Collins Street is considerably more than what the bureau itself is planning.

CHAIR—Yes, but what has been allocated to the bureau? There will be other tenants in that building. What is your allocation? The figure I was mentioning was 27 secure spaces.

Ms Casinader—Yes, that is correct.

Mr BRENDAN O'CONNOR—What have you got now?

CHAIR—Yes, good point. What do you have now in your current building? It would be good to make that comparison.

Ms Casinader—It is the same number, 27.

CHAIR—There are 27 secure bays. So there is no change in that. And you are not anticipating any great influx of staff, I take it, in the next period of time?

Dr Downey—No.

CHAIR—There is a general point there, which the secretary was reminding me of, about general parking at the Docklands. We understand that Docklands have a policy of not providing large quantities of car parking. How do you see this impacting on your operations, your staff's convenience and so on?

Ms Casinader—The plans for the car parking underneath the building that the bureau is not taking for its own purposes are that, in general, a car park operator will take over that parking at an appropriate point and operate it as a commercial car park. I believe there are 250 car parking spaces—I am not quite sure if that is the exact figure—planned to be provided underneath the building.

CHAIR—How many people would be in the building in total; that is the question relative to parking? If you have 700 people housed in your part of the building, one would presume that there is a lot more space there to house more people, but there are relatively few car parking spaces.

Dr Downey—I have just been advised that our estimate is that there are 60 staff using the car parking facilities in our current building. I would think that that would be the number that would translate to the new premises. We are very close to the inner rail loop and, similarly, to tram routes.

CHAIR—Thank you very much. We will probably re-call you after we have heard from the next groups.

[12.31 p.m.]

WEAVER, Mr James Peter, State Manager, Victoria and South Australia, Macquarie Office Management Ltd

CHAIR—Welcome. Do you have any comments to make on the capacity in which you appear?

Mr Weaver—I am the state manager for Macquarie’s property funds management operation, which represents the owners of 150 Lonsdale Street, who are Macquarie Office Trust.

CHAIR—The committee has received a submission from you. Do you wish to propose any amendments to the submission?

Mr Weaver—No, I will only elaborate on the submission. I have no amendments.

CHAIR—The committee has had the opportunity to read your quite detailed written submission, so I invite you now to make a brief opening statement.

Mr Weaver—Macquarie has had a fairly long history with the bureau. Just by way of background, Macquarie—or, as it was known at the time, Macquarie Property Trust—acquired 150 Lonsdale Street in 1987. At the time, the bureau were in occupation, and we have held the building all of that time. I have been personally involved since I joined Macquarie in 1996, so I have a fairly long history with the BoM. Like any long-term relationship, it has generally been good, but we have had our moments. Working with the property people that we deal with, it has been a pretty good relationship. Having regard to that, my reason for appearing here today is not really to make any recommendations to the committee on fit-out or to throw a spanner in the works of what the bureau are doing.

The bureau went through a process for the next phase of their accommodation. They have made a decision to move, and we respect that. Where we are really coming from is that the submission that the bureau made to this committee created a couple of concerns with us. If the submission had said, ‘We have made a decision to move and here are our plans for a fit-out,’ then we would not have had a reason to be here. The two main concerns we had with the submission were that it recited the process that they went through and, in effect, compared the new building to the existing accommodation. The two things we would like to centre on are, firstly, the statements that they have made about the building standards at 150 Lonsdale Street—given that those statements form part of the public record via *Hansard* and the web site—and, secondly, the cost estimates that they have come up with in light of the process that they undertook.

I would like to outline first, from our point of view, the process that we perceived was undertaken. We have had on-and-off discussions, although not in any great detail, with the bureau since they renewed in 1996 for a longer term lease. These never really led anywhere, but in early 2002 the bureau decided that they were going to go to the market with their lease requirement. They asked us if we would like to participate in that, as the building owner. At the initial phase, we submitted an offer, along with all of the other people bidding for the

requirement, but from a very early stage in that process we were no longer considered. I understand that there were three parties that they were short-listing for the accommodation.

Subsequent to us putting in that offer and them going through the process, a binding agreement to lease was entered into with the Folkestone/Leighton JV Pty Ltd at Docklands. Arising from that—and I will go into some of our concerns in a moment—we subsequently wrote to the director of the bureau, Dr Zillman, outlining our concerns and stating for the record what Macquarie's position would be in an ongoing sense. I guess from our point of view the fact that we were excluded from that process at the initial pass raises concerns, which I will now go into.

To the extent that the bureau's submission deals with building services, we firmly believe that some of those assessments are inaccurate. Since 1996, we have probably spent in excess of \$18 million upgrading the building to the point where it now probably has close to the best lift system in Melbourne. Yes, there are problems with the airconditioning and there are problems with the power—I suppose as part of a lease renewal we would have undertaken to bring the building up to standard. So I think there are some comments in that submission which we just do not agree with—to the extent that they are saying that this building is C grade accommodation—and which we would like to refute for the public record.

The next issue is the central computing facility. We were aware from an early stage that this was going to be a major issue for the bureau. For that reason, we undertook a study and sought our own advice on what it might cost to reconfigure the facility. I have to say that the pricings we received to reconfigure the facility to the standards set out in the bureau's brief were significantly less than the advice given in the submission. Again, that raises a question as to whether the costings in the submission are accurate. There was never any meeting between us and the bureau or their representatives to drill down on some of these issues.

In terms of occupancy costs, the combination of the different advice on the computing facility and the fact that, beyond the initial phase, we were never part of the expression of interest process meant that the bureau could never understand what our best deal financially would be, both in terms of building upgrades and rent. This means that the occupancy costs outlined at some length in the bureau's submission regarding 150 Lonsdale Street are, we believe, perhaps best guess or estimates rather than the true position—because they never did find out how competitive we may have been on a financial basis.

The next issue covered at some length in the submission is the disruption in terms of remaining in 150 Lonsdale Street as opposed to moving to a new location. Part of this is related to the timing of the new project, which I will touch on in a minute. We went through a fairly exhaustive upgrade process in 1996 with the bureau in situ. That did create its problems—it created a few headaches—but we generally worked around them. I can understand why the bureau might not want to go through that again, but I believe we could have provided extra space as turnover space in the building. We did offer that and we would have worked to minimise any disruption on that account. So there would have been costs and inconvenience involved, but that was not really drilled down to because of the decision made at an early stage not to pursue 150 Lonsdale Street.

The final issue I would like to touch on is the timing of the move to 700 Collins Street and the time frame that the bureau have set. It is probably fairly well acknowledged in the industry here

that the bureau have set themselves a tight time frame to complete the new building. If it is not completed on time, that obviously creates issues both in terms of their existing occupation of 150 Lonsdale Street or contingency plans should they decide to temporarily relocate to a new location. In terms of discussions with the bureau on this issue, we have had ongoing dialogue with United KFPW, the bureau's advisers in this respect. There are probably a couple of issues there. The bureau have offered a fairly short-term extension option to us. We tend to have conflicting obligations here in a sense that, as a trust, we have fiduciary obligations to maximise returns to our unit holders. We would be quite happy to sit down with the bureau and work out a compromise position on a medium-term lease extension at 150 Lonsdale Street, but what we cannot do—because it is not in the best interests of our investors—is offer a short-term lease. That would not advantage our investors at all. We would be better off terminating the lease and seeking another tenant.

The other issue to consider if the building is late is that we are attempting to sell the building at the moment. Presently, Macquarie is the owner of the building. We do a lot of business with the Commonwealth and we are not in the business of jeopardising that relationship by being mercenary or taking advantage of it. In the state the building will be in when the bureau's lease ends, it will be a fairly speculative investment, and the type of buyer that may acquire that investment may well have an opportunistic streak. Something that needs to be considered, if Macquarie is not the owner, is what a new owner of that building may require the bureau to sign by way of a lease. That is an unknown, but at the same time it may not have been considered in the cost estimates to relocate to 700 Collins Street.

The other thing with 700 Collins Street is that, as these agreements are generally struck in the industry, essentially the developer of the new building will be responsible for any delays that they cause, but they will not be responsible for any delays that the Bureau of Meteorology may cause. The ability to recover from the developer may be limited in that respect. If the building is late due to reasons of the developer's making, then typically that liability will only extend until such time as the building has been completed. If, say, it was three months late and the bureau had, for instance, been required to sign a five-year lease somewhere to secure their submission, only three months of that may be recoverable from the developer. I am not totally privy to the lease agreement between the bureau and Folkestone/Leighton, but it may be something that is relevant.

Finally, on the issue of timing, we are following this fairly closely and our advice on the current status of the construction differs fairly markedly from what has been submitted by the bureau. We have received independent advice that the basic building program is currently between 12 and 13 weeks behind. That has consequences from the point of view that, while we understand the program will still be achievable, there will be significant challenges. Melbourne is about to enter a commercial construction boom. There is about to be a shortage of labour. Unions are starting to become active again. So it needs to be considered against that backdrop.

The message we would like to send today is that we are not here to comment on the fit-out, we are here to defend our building on some of the statements that have been made about it and to tell that to the committee. Apart from at the outset, we have not really been involved in the EOI process, so perhaps some of the financial statements that have been made about the cost of remaining in 150 Lonsdale Street are really just estimates, as opposed to the position necessarily that we would offer. Again, we are happy to work with the bureau to get them over this short-term problem that they may have should their new building be late. But that has to be a

balanced thing—it cannot be all one way—because it has to be something that we at Macquarie can recommend to our investors.

Mr BRENDAN O’CONNOR—You made some reference to upgrades that you are planning for the building. In your view, would those upgrades satisfy the bureau’s energy efficiency and environmental targets and reduce overall operating costs?

Mr Weaver—The issue, partly, is that the new building they are going to is a new generation building, and we freely acknowledge that a new generation building is always going to be better in this regard than a 30-year-old building.

I suppose that currently we would have to admit that the building does not have a SEDA greenhouse rating. We would have been prepared to look at upgrades to meet their targets but, to be honest with you, I do not think we could ever have met the targets of a new building. I suppose we did not really know what the bureau was seeking in this regard. Provided it was cost effective we would have endeavoured to meet it, but we would not have met the standards of a new building.

Mr BRENDAN O’CONNOR—Did Macquarie have any problems with the process of tendering?

Mr Weaver—No, not at all. From where we sat, it was pretty much the case that we believed the bureau had been there 30 years and they wanted to relocate to a new building. We had absolutely no problem with that at all. I think where we have an issue is that, in the submission, it seems to have been suggested that staying in 150 Lonsdale Street was the only other option they were considering or that was being seriously considered. From where we sit, we do not see that it ever really was seriously considered. Again, we have no problem with that, but I think that the submission may perhaps give that impression and we do not think that was the case.

Mr JENKINS—I can only underscore that Mr O’Connor, with his undoubted environmental credentials, has asked my question about the environment. I think that Mr Weaver has canvassed all of the issues that he wished to about the process.

CHAIR—Yes. I think that your submission was quite detailed, so I do not think there are any further questions. Thank you.

[12.46 p.m.]

HICKS, Mr Robin Andrew, President, POAV Group, Bureau of Meteorology, Professional Officers Association (Victoria)

ILTON, Mr Phillip Robert, Industrial Officer, Association of Professional Engineers, Scientists and Managers, Australia

CHAIR—On behalf of the committee, I welcome you to this hearing. The committee has received a submission from you. Do you wish to propose any amendments to the submission that you made to this committee?

Mr Ilton—We do wish to elaborate and expand on the submission.

CHAIR—But there are no amendments?

Mr Ilton—No.

CHAIR—That being the case, I would invite you to make a brief statement. You have given us a detailed submission, so could you make a brief statement to that submission.

Mr Ilton—We thought that I would do a submission representing the APESMA and then Mr Hicks would follow up with a brief submission representing the POAV. In our submission, we have focused on the space allocation for staff and, in particular, the size of the workstations that the bureau is planning. In our elaboration we would like to expand a bit more on the issues regarding the work space available for staff generally. I will make particular reference to our submission and our focus on the workstation size. The bureau, as we have indicated, is allocating 6.5 square meters to persons who have workstations in the open plan area. We believe this is insufficient. The bureau appears to have based the size on clerical functions, whereas most people in the bureau are doing scientific work of one sort or another. Obviously, we do have some clerical people, but they are a minority of the staff. We do not believe that this is sufficient space for persons who are doing, in a lot of cases, complex scientific work or even low-level scientific work.

We would argue that there is a need for greater space in workstations for people doing scientific work. To give an example, they need to use a lot of scientific journals. Some of those journals are available electronically, but there are still quite a lot that are not. Of those that are, it is still quite impractical to work efficiently on screen if you are referring to several journals or scientific papers at the one time—which is usually the case with meteorologists. They are not looking at just one, so it is much more practical to have the journals physically at the workstation so that they can refer to many at the one time. Often they make copies and make notations in margins and so on. It is difficult to do that on the screen, yet much more efficient to do it that way rather than doing lots of separate series of notes from working on a screen. Often these scientific journals and the work that the staff are doing involve diagrams which do not display fully on the screen—only portions of them do—so it is much more practical to have a print-out. A lot of these are quite large documents. Also, a good number of the meteorological, scientific and engineering staff in the bureau need more than one computer—not all staff, but a

substantial proportion of them. Workstations of this size just do not adequately fit two computers.

We suggested in our submission that the workstation be nine square metres. We have based that on areas allocated to staff who work in the Defence Science and Technology Organisation, which is part of Department of Defence, who do similar scientific work. At the moment, DSTO are going through a relocation of their Maribyrnong site to their Fishermans Bend site. They are building a new building—it is a very similar situation to the one the bureau is having—and they are doing a fit-out in that building, and they have allocated nine square metres to all staff who do not have enclosed offices.

Mr BRENDAN O’CONNOR—Which department is this?

Mr Ilton—It is a division of the Department of Defence called the Defence Science and Technology Organisation, or DSTO. They have allocated nine square metres to all staff who do not have enclosed offices—at all levels, from APS1 up to APS6 and EL1, executive level 1. Some of the executive level 1s do have enclosed offices, like the bureau, in the new location but not very many. I seek leave to table a document.

CHAIR—That is acceptable to the committee.

Mr Ilton—The document is a plan of one of the floors in the new DSTO building at Fishermans Bend. This is the plan of the second floor, and, as you can see on the diagram, there are a lot of workstations in clusters of four. The scale marked on this plan is 1 to 100, but that is from the original architectural plan which is much larger than this plan. This has been reduced on a photocopier down to five-twelfths. The dimensions of those workstations are 3.12 metres by 2.88 metres, which equals nine square metres. We submit that the people at DSTO are doing very similar work to the scientific staff in the bureau, and we believe it is much more appropriate that the bureau have workstations of this size.

There are a number of other aspects that Mr Hicks will refer to in detail. It is not in our submission, Madam Chair, but I noted one of the questions that you asked the bureau earlier in relation to car parking, and I would like to comment on that if I may.

CHAIR—Yes.

Mr Ilton—This is an issue on which we also have been trying to consult with the bureau, but without a lot of success at this time. A particular point that I would like to make that I do not think was covered in the earlier exchange you had with the bureau on this matter is that within the Docklands area are the Docklands AFL stadium and a lot of other facilities that attract large crowds during the weekend. In particular, we are concerned about shiftworkers being able to access car parking on the weekends and after hours. Docklands stadium also operates on a Friday night, and sometimes on other nights of the week. The bureau will not be allocating car parking spaces to all the shiftworkers. They do not at the moment in their current building, and they have said that they will be allocating the same number of spaces, which is 27. But we believe it will be a lot harder for staff to get car parking down there, because of all the sporting and other facilities that attract large crowds. That is a particular point I would like to add. I will now hand over to Mr Hicks.

CHAIR—Again, I would ask that you keep your statement brief and to your paper, Mr Hicks.

Mr Hicks—Yes. I would like to expand on that point of keeping space allocated to a minimum of nine square metres per person. We estimate that an extra two square metres per person for 500 staff would cost the bureau an extra \$265,000 a year, based on the figures in the bureau's submission, with a fit-out cost in the order of \$800,000.

In trying to fit all the staff into the smaller space and enable them to perform effectively within the current situation, devolution of the plans has caused a lot of headaches and significant problems. You must consider the cost of the extra equipment that would have been needed to accommodate the smaller work space—including flat screen LCD computer screens compared with conventional screens, which is in the order of about a thousand dollars extra per workstation—and the extra emphasis that has to be placed, as in the bureau's reply to our submission, in terms of a variety of means of electronically storing information—as Mr Ilton has mentioned, for a lot of scientific and technical people, even if you do have access to an electronic document, one of the first things you do is to print a copy so that you can make pencil annotations and notes as a part of your work. There is a requirement for a lot of reference material, which I think the plans will make very difficult to fit in for staff who are in that situation.

I would like to table a couple of documents to the committee. Referring, firstly, to the large A3 sheet which shows one of the floor plans of the designs at the moment, we have the situation where, within the current guidelines of 6½ square metres per person at APS1 to APS5 level, in order to have sufficient circulation space to meet occupational health and safety issues staff are actually receiving less than their 6½ square metres of workstation space. In effect, they have to give up their space in order to allow sufficient access. Whereas, if you look at the totality of that group of people, the space fits in within the bureau's criteria. It is saying that there are 25 people within a particular area, and so that works out within the guidelines of so much per person. But that can only be achieved through giving people less than the minimum specified workstation space of 6 ½ square metres. It is now conjecture that in practice that should be closer to nine square metres, as an operational minimum, to allow freedom.

I would also like to point out, in relation to the article from the *Harvard Business Review*, that a lot of other organisations have found that, overall, reducing office space has been cost ineffective in the long term because the costs required to fit people into that extra space are more than the amount of savings. I table that to provide some evidence that the overall squashing of people into the minimal space is perhaps not a cost-effective option.

CHAIR—Thank you.

Mr BRENDAN O'CONNOR—You have mentioned the fact that there might be a net economic loss in attempting to save space. Are there OH&S issues surrounding the proposed space for employees?

Mr Hicks—It was a concern that maintaining the minimum requirements for occupational health and safety issues and having sufficient space for access—for corridors, passageways and whatever—could only be achieved by giving people less than the 6½ square metres. I am not

saying that there are any infringements of occupational health and safety issues but that you just cannot fit them in.

Mr BRENDAN O'CONNOR—Your organisation has had discussions with the bureau about this particular issue. What proposals, if any, did you put as to how they could accept your proposition in terms of what building they were looking to lease and so on—were any constructive propositions put by POAV and APESMA to the bureau on this matter?

Mr Ilton—I can answer that. We have not had detailed discussions with the bureau, because when we have sought consultation they have been rather evasive. They have elected staff committees, and some of our members are on those staff committees. Certainly, there has been a lot of information provided at particular times to those staff committees and, the bureau would argue, consultation, although the members we have on those committees indicate to us that a lot of the time they do not get a lot of opportunity to give feedback—that there is only information provided.

We had a meeting with the bureau on this issue on 29 November. Dr Downey was there, amongst other bureau staff including the bureau director. It was agreed that they would consult with us on a regular basis from the week beginning 9 December onwards. We wrote to Dr Downey asking for that consultation. At first he responded by avoiding the issue. When we wrote back and said we really wanted this consultation, he wrote back—the most recent letter we received from him—and said that he thought that, as there were elected staff committees and some of them had our members on them, that was sufficient and he did not wish to consult with us any further. We have not had an opportunity to put forward any detailed submissions to them.

Mr BRENDAN O'CONNOR—Are there any industrial instruments that bind the bureau and your organisation; and, if so, are there any provisions within that that would require the bureau to discuss this matter with you?

Mr Ilton—Yes. There is a certified agreement to which both the APESMA and the POAV are parties, certified by the Industrial Relations Commission. There is also the Australian Public Service award, which underpins that.

Mr BRENDAN O'CONNOR—Does that include an introduction of change clause?

Mr Ilton—Yes, it does.

Mr BRENDAN O'CONNOR—Did you try to meet pursuant to that clause—has there been an effort to use the mechanisms that you have, the legal capacities you have, to discuss this matter with the bureau?

Mr Ilton—In our correspondence we did not specifically try to invoke that clause, but we have asked for consultation. As I said, the most recent letter from Dr Downey has more or less refused that by saying, 'We thought that the elected staff committees were sufficient.'

Mr BRENDAN O'CONNOR—Finally—and this question may be difficult to answer—is there a likelihood of any industrial disquiet as a result of the parties not being able to meet to discuss this matter?

Mr Ilton—It is certainly a matter of great concern to our members. Next week there is a combined meeting of all four unions in the bureau.

Mr BRENDAN O'CONNOR—What are they?

Mr Ilton—The other two unions are the Community and Public Sector Union and the Australian Manufacturing Workers Union. I would like to correct something that I said earlier. I have just realised that I said that both APESMA and POAV are parties to the certified agreement; APESMA is not a party but POAV is, and the CPSU and the AMWU are. The four unions are meeting next week in a combined meeting to discuss the issue. We are not sure exactly how far matters are going to go, but we are certainly very concerned. In addition, in relation to the discussions that have occurred here today about the time lines, with the bureau hoping to have the building completed and everyone in it by March next year, we believe that is very unrealistic. We have had intelligence, just as the owners of 150 Lonsdale Street have indicated, that the building project is quite well behind. Those sorts of concerns are also impacting on this issue. The bureau have indicated that they are going to consult with the staff on the detailed fit-out plans in February but are giving them only one month to do that, and they are refusing to talk to us directly about it.

CHAIR—I think you were in the room when the bureau was giving evidence. Were your concerns about space somewhat alleviated following evidence that the bureau had considered that those particular people who were doing additional work who required more space would get more space, regardless at what level they were? Did that cover some of your concerns?

Mr Ilton—As I understood the bureau's response, they were referring specifically to enclosed offices. At the moment most staff at the level of executive level 1—and the largest proportion of meteorologists are at that level—have enclosed offices, and the bureau are planning to put them into open-plan offices. They have made a few exceptions, and I believe that is what they were referring to. At the moment there are approximately 150 executive level 1 officers at the bureau at 150 Lonsdale Street. In a recent letter to us, they indicated that 10 of those officers will be getting enclosed offices, so the rest—the approximately 140 staff who have enclosed offices at the moment—will go into open-plan offices.

CHAIR—I might have misunderstood, but I did not think the number of enclosed offices was limited. I will ask them that question when we call them back. I thought it was more of a general approach that, where there was a clear need for more space, it will be considered or delivered.

Mr Ilton—That was not our understanding.

CHAIR—We will try to clarify that.

Mr Hicks—Our understanding was that those 10 enclosed offices were required for positions where the function of the work involved meeting privacy issues, particularly for functional purposes in the human resources management area. The actual space given to those officers was not going to be any more than that given to a normal EL1; it was just that the offices were going to be enclosed. The other issue was that the enclosed offices for EL1s were only for those 10 and not for other EL1s who may have some level of functional need for enclosed offices. For

example, information technology staff, in particular, who are developing software might want a greater level of peace and solitude than is available in an open-office design.

CHAIR—Maybe we can clear that up. Are there any further questions?

Mr JENKINS—I have a quick question about car parking. In Lonsdale Street, are spaces provided to any of the shiftworkers?

Mr Ilton—Not by the bureau.

Mr JENKINS—So what spaces do they use?

Mr Hicks—There is a commercial car park at the back which staff can use. Part of the issue down in the Docklands precinct is really that bureau staff are probably in a situation where they have to pay for their car parking. There is a potential situation on a Friday night, for example, involving staff who are shiftworkers or who are called in for emergency repairs of IT equipment. They may not physically be able to get a parking spot within distance of the building, and that raises other issues about safety.

CHAIR—Thank you. I now re-call representatives of the Bureau of Meteorology.

[1.11 p.m.]

BROWN, Mr Craig Thomas, Project Manager, GHD Pty Ltd

CASINADER, Ms Tarini Romanie, Project Manager, Future Accommodation Project, Commonwealth Bureau of Meteorology

DOWNEY, Dr William Keddie, Deputy Director (Corporate Activities), Commonwealth Bureau of Meteorology

GIGLITOTTI, Mr Peter, Assistant Director (Central Operations and Systems), Commonwealth Bureau of Meteorology

GORDON, Ms Lesley Margaret, Assistant Director (Management), Commonwealth Bureau of Meteorology

HASSETT, Mr Michael James, IT Coordinator, Future Accommodation Project, Commonwealth Bureau of Meteorology

HAYES, Mr Alan John, Project Officer, Future Accommodation Project, Commonwealth Bureau of Meteorology

MALANE, Mr Gavin, Executive Officer (General Services), Commonwealth Bureau of Meteorology

SPENCE, Mr Michael James, Property Consultant, United KFPW

CHAIR—I remind you that you are still under oath. Do you wish to address some of the points that were raised—the key issues—before we go to questions, or do you want to go straight into questions?

Dr Downey—Would you like us to respond first on the Macquarie issues?

CHAIR—Yes, just briefly, because you have already given us those written responses.

Ms Casinader—The points made by Macquarie Office Management relate to part of the process that the bureau operated in selecting its future accommodation and include a statement that Macquarie was excluded at the outset from that process. This is not correct in the bureau's view, although on some preliminary analysis before the tender process began the bureau had looked at various accommodation options in order to determine what might be the best approach for them in selecting their future accommodation. The decision to go to the market was an open process and did not prescribe that a move from 150 Lonsdale Street was envisaged—it merely set out the bureau's needs. Macquarie Office Management did, therefore, have the same opportunity as every other offer to demonstrate in their response how they would meet those needs.

As Macquarie have said, we did receive a submission from them in the first stage of the process. As part of that process the bureau had provided a 12-page brief setting out very clearly its requirements, including the requirements of the central computing facility. While that process began with the bureau not having decided firmly whether they wanted to co-locate the CCF or not, shortly after the advertisement of that invitation and subsequent to a decision by the bureau executives the bidders were advised that the bureau's preference was for a co-located CCF.

CHAIR—I think you have actually responded to most of this, and we do not really need to repeat that. But I thought there might be additional points other than those you have responded to in writing—which the committee has read. If there is anything in addition to those, that is basically what we would like to hear.

Ms Casinader—I am not sure that there is anything specific that we would like to add on most of those points, unless one of my colleagues would like to. I think most of what we said was in our response.

Dr Downey—Perhaps I could just close up. I think it is fair to say that, as soon as we went to the expressions of interest—that early phase of the tender—from a probity standpoint we did not feel that we could treat Macquarie any different to any of the others. We could not go and bargain with them and not prejudice the claims of any of the others.

Mr BRENDAN O'CONNOR—Before you go on, I have another question. I am not sure whether it was incorporated in the written submission, but Mr Weaver indicated that he believed that the project was behind schedule. That was an assertion made. I know that you confirmed to me that that was not the case, but do you want to respond to that assertion?

Dr Downey—Tarini knows the figures better than I do. I think they are slightly behind; I do not know about the 13 or 14 weeks that have been speculated on. But we have also been assured that there is a catch-up capability in that regard.

Ms Casinader—That is correct. The latest advice we had from the developer, which was approximately two weeks ago, was that immediately after Christmas they considered that the construction program might be about two weeks behind schedule. They believed that this was due to the effect of the holidays and the number of staff that contractors tend to take on just before Christmas, but they had instituted procedures with their builder, Leighton Contractors, to regain that time. In particular, they were pleased that, post Christmas, they had achieved higher staffing levels on the construction site than they had anticipated. So they believed that they had regained that time that, immediately after Christmas, it appeared they were behind by. That was the latest advice we had from them. I have heard nothing about a 12- to 13-week delay.

Dr Downey—On the second question, about the POAV and APESMA claims, I will ask Lesley to respond in the first instance.

Ms Gordon—There are basically three issues. One is the issue of consultation. As recently as 24 January, the bureau wrote to the POAV indicating that, as mentioned earlier, we did not feel it was necessary to enter into separate negotiations in respect of this issue, that there were other mechanisms that were appropriate to use. We confirmed that we would continue to give specific documents: the updated versions of the general overview fit-out design papers and the minutes

of all the steering committee meetings. We again invited them to contact us in respect of coming in to look at and discuss the plans. We had made that offer a number of times previously. Finally, we invited them again to nominate an additional representative to join the advisory groups. So we believe that we are showing goodwill in terms of providing a mechanism for them to join us.

Secondly, on the issue of space, I am not sure what the POAV have tabled but we would be happy to look at that in conjunction with the POAV visiting the team and looking at the documents in detail to ensure that there is not a misinterpretation of the current draft plans. If there is something that we have overlooked that they can draw our attention to, we would be happy to take it on notice within the principles we have established. The other thing is that there was mention of peace and solitude. It is a lovely thing to have, but it comes at a cost. We believe that we are taking into account the needs, in terms of privacy, sound et cetera for our staff, and we are looking at the exceptions and the special needs, but we believe that they are not going to be widespread. That is a conclusion that the organisation has reached.

Also on the issue of space, we are looking at a number of other things to reduce the amount of additional ancillary space that is required for individuals. We have a storage review under way where we will look at the current storage needs of the organisation and what they might reasonably be into the future. I think it is fair to say that after many years in the same building, with a lot of people working in the same office for that period, we have people who have collected a lot of documents and paperwork that perhaps they may not need. We are getting some advice on that. Secondly, we are looking at the way in which individuals might share libraries within sections and how we might utilise to better advantage the space that we have.

CHAIR—Can you clarify the issue of where you see a need, you have increased space? Is it only in enclosed offices that you are doing that?

Ms Gordon—It is not only in enclosed offices, although it is probably reasonable to say that, in asking staff to identify special needs, it is more about the acoustic privacy, the adjacencies or what ancillary space they might need rather than their own work stations.

CHAIR—Do you acknowledge that some people in technical operations would perhaps need more space?

Ms Gordon—There could be that need and we recognise that. I suppose it is about demonstrating it and having it demonstrated in a way which is consistent across the organisation. We would have to make a judgment about the extent to which it is required.

CHAIR—Were you aware of the defence facility at Fishermens Bend and the fact that they are allocating nine square metres?

Ms Gordon—I am not. I do not know whether any of my colleagues are. The only observation I would make is that it may be about some of their dedicated scientific and research staff because that is very much the nature of the organisation. We have made special provision for our research centre staff. They are being treated differently from the rest of the organisation in recognition of some of their special needs.

CHAIR—Are you prepared to continue to discuss these issues and to negotiate?

Ms Gordon—I do not see why we would not at least take on board specific issues that they would want to bring to our attention, and that is the purpose of offering the meetings. If they want to come and talk to the project team and look at particular areas where they wish to mount a case, I cannot see why we would not take it on board.

CHAIR—Thank you.

Mr BRENDAN O'CONNOR—Ms Gordon, there is certainly some contradiction of views expressed today in terms of the ability to meet or the capacity for the organisations that presented their evidence to meet with the bureau with respect to a number of matters. I understand in your earlier submissions you made the comment that there had been staff involvement. Am I right in assuming that you cover industrial matters or human relations matters?

Ms Gordon—That is correct.

Mr BRENDAN O'CONNOR—You have a certified agreement that would bind your organisation and three other organisations. Is that what I am to understand?

Ms Gordon—Yes.

Mr BRENDAN O'CONNOR—How long is that agreement in place for?

Ms Gordon—Until December 2003.

Mr BRENDAN O'CONNOR—It expires at the end of the year nominally?

Ms Gordon—Yes.

Mr BRENDAN O'CONNOR—Would there be any provisions within that certified agreement that would require the bureau to meet and discuss matters of change with organisations of employees?

Ms Gordon—Yes, and we have a mechanism for doing that. We have an annual Bureau of Meteorology Staff Consultative Committee meeting, where the director, senior members of the organisation and senior members of the staff associations meet. We had one of those meetings in November last year. We have another forum with me, senior people just below me and members of the staff associations as well. We discuss these issues at both of those meetings, and I can assure the committee that as long ago as May last year this issue was discussed with them.

Mr BRENDAN O'CONNOR—With whom?

Ms Gordon—With the staff associations at that meeting.

Mr BRENDAN O'CONNOR—That is the POAV?

Ms Gordon—Yes.

Mr BRENDAN O'CONNOR—Officials as well as staff?

Ms Gordon—Yes—CPSU, AMWU and bureau individuals, and the same group is represented at the more senior meeting which is the annual meeting with the director.

Mr BRENDAN O'CONNOR—So there is a TCR provision of sorts?

Ms Gordon—TCR?

Mr BRENDAN O'CONNOR—Technological change and redundancy provision. Is there one that would require the bureau to consult where there is change occurring?

Ms Gordon—Yes, that is correct. We believe we are fulfilling the requirements of our certified agreement by the framework we have put in place.

Mr BRENDAN O'CONNOR—We heard today that there seems to be some misunderstanding that there might be difficulties arranging discussions around this and perhaps other issues. As I understand it from your response to my questions today, you have given an undertaking to continue to discuss this matter with those organisations and with the staff—which you have every right to do. Is that correct?

Ms Gordon—Yes, I might be misunderstanding your question but as I understand it that is correct.

Mr BRENDAN O'CONNOR—I will try to make it very clear so that we do not misunderstand each other. Does the bureau give a commitment to meet with the organisations of employees that are respondent to the certified agreement to discuss the issues regarding space and other matters raised today which may affect the employees of the bureau?

Ms Gordon—Perhaps I should defer to the acting director to answer that question.

Dr Downey—I think it is a question of whether we need a separate mechanism to the things that we already have in place.

Mr BRENDAN O'CONNOR—That is the point, I suppose, Dr Downey.

Dr Downey—Let me make one point. We have made the offer several times—to Mr Ilton or anyone else—to come and meet with the program management group, have a look at these plans and have discussions but that offer has not been taken up so far.

Mr BRENDAN O'CONNOR—So there would be no problem with that occurring subsequent to today?

Dr Downey—It has been on the table for months.

Mr BRENDAN O'CONNOR—Has the bureau considered what the implications are if they were to accede to the space requirements which have been suggested by the POAV and the APESMA?

Dr Downey—I believe it is certainly true to say that we could no longer fit in the building.

Mr BRENDAN O'CONNOR—Okay. I have no further questions.

Mr JENKINS—I do not know whether this can be answered now, but the response to the submission indicates that the bureau had been assured by the lease managers that the proposed space allowances reflect contemporary public sector allocations. If there is any information on what particular public sector allocations they reflect, that would be helpful.

Ms Casinader—We may have to take that one on notice if some detail is required.

CHAIR—Could you just let the secretary of the committee know.

Dr Downey—We are aware that in some state frameworks the numbers are much smaller than the ones we are operating with.

CHAIR—Are there any further questions?

Mr BRENDAN O'CONNOR—I would like to clarify something on the issue of the car parking spaces. There was an issue raised that the shiftworkers may have more difficulty with the relocation. Is that something that you might consider?

Dr Downey—It is something that we are certainly prepared to look at. One incident which was quoted was the case where there is an emergency call to somebody to come in to do something or other. In that case there would be no question whatsoever that that person would be reimbursed in some way. We would just ask them to find a car park wherever and they would be reimbursed for the costs. It is more the broader issue that Lesley pointed out, which is that the shift arrangements are such that they are not too different, at least during the week, from those of any of the other day workers. Therefore, it is hard to make the exception for shiftworkers. On the weekends, on the Friday night with the football, it could become an issue and we would look at it. One thing which may be possible, and I say may, is that during that weekend not all of those 27 spots which we have are necessarily taken up by the staff. Some of our SES people do work on weekends but some others do not. So there may be some flexibility there. We will need to look at that in a bit more detail.

Mr BRENDAN O'CONNOR—So you will look at whether people are adversely affected by the relocation and see whether you can attend to that issue, if it arises?

Dr Downey—Yes. There is a lot of development going on in Docklands. It is by no means clear how the car parking issue will emerge one or two years down the track. We will have to look at it as it emerges.

CHAIR—Thank you very much. Before closing, I thank all the witnesses for appearing before the committee today and all of those people who assisted our inspection this morning in the private briefing.

Dr Downey—I have one final issue: the question of concurrent documentation. We are looking at some pretty tight deadlines. We would like the advice of either the secretariat or the committee as to whether—

CHAIR—You will have to put that in writing for the committee to consider at its meeting next week.

Dr Downey—We can do that. Thank you very much.

CHAIR—Thank you.

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

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 at public hearing this day.

Committee adjourned at 1.31 p.m.