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JOINT COMMITTEE ON PUBLIC WORKS

**Reference: Australian Broadcasting Corporation Sydney accommodation project,
Ultimo**

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JOINT COMMITTEE ON PUBLIC WORKS

Thursday, 3 February 2000

Members: Mrs Moylan (*Chair*), Senators Calvert, Ferguson and Murphy and Mrs Crosio, Mr Forrest, Mr Hollis, Mr Lindsay and Mr Ripoll

Senators and members in attendance: Senators Calvert and Ferguson and Mr Forrest, Mr Hollis, Mr Lindsay and Mrs Moylan

Terms of reference for the inquiry:

Australian Broadcasting Corporation Sydney accommodation project, Ultimo

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Committee met at 9.01 a.m.**ROLFE, Mr Michael Richard, Natural Allies**

CHAIR—Good morning. I now reconvene the public hearing into the proposed Australian Broadcasting Corporation Sydney accommodation project. On behalf of the committee, I welcome Mr Rolfe. The committee has received a submission from Natural Allies dated 7 January 2000. Do you wish to propose any amendments?

Mr Rolfe—No.

CHAIR—It is proposed that the submission 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. You have five minutes in which to make a statement supporting your submission before we proceed to questions.

Mr Rolfe—I gave evidence in 1998 to the parliamentary works committee that was inquiring into the ABC's relocation to Ultimo. I gave that evidence in support of a residents' organisation which was called UPROAR, the Ultimo Residents Opposition against Arbitrary Redevelopment. I supported their representative, Mr Max Wilson, who has now left Ultimo, and I am unaware whether that organisation is operating.

At that time our concern was the size of the proposed car park on the site, which was 520 car spaces, and it was indicated that the constant demand on the site was for some 100 car spaces. We believed, given Ultimo's traffic problems and the fact that the site was, in terms of Sydney, at the most accessible point from the point of view of public transport, that in fact public transport should be promoted and cars should not be promoted into this particular area.

Today's appearance is maintaining and promoting the view that we expressed 12 years ago and saying that the ABC should facilitate the use of public transport and recognise that now there is an emerging pedestrian network in Ultimo. By the time the building is built, the railway right of way will have significance in terms of pedestrian flows of a city street. Just as a comparison, there are something like 40,000 students in the area and in the whole of the CBD there are only 200,000 office workers. So on that basis you can see that the number of people walking on that street are likely to be significant in terms of the city. Our worry is that in fact the building as proposed is facing Harris Street. It has only controlled access to the railway right of way which is the pedestrian route. The reason why I say it is controlled access is that there is a statement under 'Security' on page 60 of the document that was submitted to you that indicates that it is controlled access, which means that unless you have a card key or anything else you cannot get through that door.

For your aid, I refer to attachment A of our submission which basically says that all the car parking is on the east of the ABC site; there is no public car parking that is normally available on the west, so that the people who choose to bring cars and not come by public transport will come along the pedestrian car-free route from the railway station or from the bus interchange at Central Railway—all will in fact approach the building from the east. If they choose to have a meal before, I can only think of about two restaurants that are in fact west of Harris Street that anybody would actually eat at whereas there are 500 to 1,000 on the other side. So the people who want to come to this site will get very frustrated with this particular building as it is designed, and we believe that it could quite easily be solved by changing the design and recognising that, since 1988, the railway area has ceased to belong to the railways or potentially operated for railway activities and will in the next two years become a pedestrian way. So that is it.

CHAIR—Thank you very much. Are there any questions?

Mr FORREST—I am wondering what the witness understands 'controlled access' to mean and what he is therefore suggesting in one of the comments about access. There is a doorway shown there, but is he suggesting that the main entrance, the philosophic entrance ought to be from the railway reserve or what? Does he want the controlled access defined better?

Mr Rolfe—No. What I am saying is that the access should be from both streets defined to be friendly and not down a dark little corridor there between two structures. What I am indicating is that if, in fact, the building was just flipped, because of the offset, because of the fact that the foyer to the existing ABC building is not aligned with its southern end, if you just twisted the building around you would in fact have in the order of 14 metres of frontage which people could see as a welcoming entrance to the ABC on both frontages, and this space would become welcoming. At the moment it looks like a fire exit in the way. I notice that they have tried to put some awnings onto the railway right of way, but when I saw those I thought that they had only been provided so that people could come out that way to smoke. At the moment there is a door on their building that leads in that direction where all the people from the ABC who smoke go and stand. At the moment it is under cover. In fact, they are giving a reasonable environment to the smokers.

From the point of view of even the ABC Shop it is in the wrong place. This right of way will have lots of students, it will be the most logical way and the way that people will prefer to go to the Powerhouse Museum, and it will be also the most logical way if you are using public transport to go to the Exhibition Centre at Darling Harbour, so that it is not only the local students, it is going to be a large amount of the community. I believe that when the ABC analyses that, if it wants to interface with its clients, it will see that sticking a blank wall of studio structure there is not the way to approach.

Mr FORREST—There is another concern expressed in the submission about the courtyard to the UTS facility nearby.

Mr Rolfe—Yes.

Mr FORREST—How serious is your objection there?

Mr Rolfe—My objection is that I have used that courtyard in the middle of winter and found it very pleasant, and it would be a pity to have it lost if in fact the building does not need to be there. However, I must admit that UTS, by proposing a 16-storey building slightly to the south-east of that space, will in fact have an impact on it, which will in fact slightly detract from its activity.

Mr FORREST—That is all from me.

Mr LINDSAY—I think you would be aware that the pedestrian right of way is not at grade with the proposed entrance to the ABC. Is that right? They are at different levels.

Mr Rolfe—They may well be at different levels. I think one can overcome the length of distance so disabled access would be possible. I say that, as it appears historically, maps of 1890 indicate that Thomas Street went right through up to the railway reserve. Thomas Street was built after the railway was constructed in 1855. I believe that a couple of centuries ago Thomas Street may well have gone through the railway reserve and there would have been a level crossing. I think the changes in level could be dealt with.

Mr LINDSAY—With the pedestrian thoroughfare, how certain do you think it really is that it will be developed as a pedestrian thoroughfare?

Mr Rolfe—The ownership of the land has been transferred from the railways to the Sydney Harbour Foreshore Authority. It is recorded on page 8 of the Sydney Foreshore Authority's highlights for the last year. They paid something like \$3 million to secure another parcel of land. A development application has been approved by city council for stage one, which is the connection from the bus interchange at Railway Square through to the bridge over Ultimo Street. It is an important part of the Ultimo pedestrian network. The planning of Ultimo is to promote public transport. This is very important in those terms. I believe that it will happen within the two years that it takes to construct this building.

Mr LINDSAY—Your evidence in relation to the overshadowing of the courtyard of UTS is that you would prefer the office tower to be relocated to the south-west corner rather than the south-east corner.

Mr Rolfe—Yes.

Mr LINDSAY—The ABC, in response, do not agree with that. They do not support that. These are their reasons: they mention the impact on the three- to five-storey scale of the Harris Street end. It would overshadow the UTS permanent courtyard. It would impact on the design and form of the existing ABC building and it would impact on the design of the existing UTS building. How do you respond to that?

Mr Rolfe—In some cases, amenity is something a bit more important than aesthetics. I think that the problem with a lot of designs is that you take and develop that idea and then it becomes the parameters into which you work. One of things that I did say in 1988 about this particular building was I believed that a lower building that occupied more of the site and was less of a tower would be a better solution. One of the things that obviously comes up in this whole issue is whether the building should be a tower or whether it should comply with the general height standards which apply in the area. In other words, if the ABC was not the Commonwealth, there would be a height restriction on this site which would not allow it to build that tower.

Mr LINDSAY—I do not think that is true, though, because—

Mr Rolfe—That is my understanding of the documentation within the state environmental policy No 26, amendment 8.

Mr LINDSAY—How do you respond to this statement? There are buildings adjacent to that site which are above the height that the ABC is proposing to build.

Mr Rolfe—Sure. There are lots of precedents. They existed before the planning controls came in.

Mr LINDSAY—The advice to the committee is that while what you said is technically right about the height limit, if it came to the ABC taking this to the planning authority and they refuse, then it would just go to the local government court or whatever it is in New South Wales and the ABC would win because of the precedence that had been set around the area. How do you respond to that?

Mr Rolfe—The issue then of course comes as to when those precedents were established. The fact is that before the urban design studies were done in this particular area there were approvals for higher buildings. The car park and the hotel, which is on the other side of the right of way, were approved before those studies.

Mr LINDSAY—And you know the approval for UTS as well on the adjacent site?

Mr Rolfe—Yes.

Mr LINDSAY—Can I finally ask you, Natural Allies, whom do you represent? Who are Natural Allies?

Mr Rolfe—Myself and my wife Hylda. The reason for doing this was that it became apparent when making submissions that if you were John Citizen you did not get such a great hearing, you had to have a logo and a name. So we decided to have a logo and a name. So we became Natural Allies, which indicates that we

are interested in the environment and we like to ally ourselves to environmental movements and support that particular point of view. The only reason I got involved in this ABC inquiry goes back to the fact that 12 years ago I was helping the residents of Ultimo over the issue of this large car park the ABC wanted to build on this site and lease out the car spaces.

Mr LINDSAY—Good on you. Isn't it wonderful that John Citizen can come and appear before the PWC today. That is terrific. Thank you.

CHAIR—Mr Rolfe, you may have had experiences with other committees, I do not know, but the Public Works Committee has had a long history of taking submissions from individuals and in fact hearing them out so that people do not have to go to the trouble of having a name and a logo in order to get a hearing on the Public Works Committee. Thank you very much.

[9.18 a.m.]

BLUNT, Mr William, Manager, Major Projects, Property Development Unit, University of Technology, Sydney

GREGG, Dr Bernhard, Director, Property Development Unit, University of Technology, Sydney

KEMMIS, Ms Robyn, Deputy Vice-Chancellor, Administration, University of Technology, Sydney

THOMPSON, Mr Peter, Director, Colin Ging and Partners

CHAIR—Welcome. The committee has received a submission from the University of Technology, Sydney, dated 14 January 2000. Do you wish to propose any amendments?

Ms Kemmis—No.

CHAIR—It is proposed that the submission 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 would now invite you to make a short statement which should be limited to five minutes, please, in support of your submission, before we proceed to questions.

Ms Kemmis—Thank you very much for the opportunity. I just want to make several points before handing over to my more expert colleagues. You have our submission and a covering letter from the Acting Vice-Chancellor, Professor Low. As Professor Low says in that letter, we welcome the development in our neighbourhood and we certainly do not wish to impede the progress of the ABC's proposed development. We value highly our relationship with the ABC, not only as a partner in a number of education and research initiatives but as a partner in our local precinct group. The southern entrance to the city is a rich source of educational, cultural and social activities, and the UTS works with the ABC and the Sydney Institute to enhance the environment. You will be familiar with the very tangible outcome of those endeavours: the pedestrian walkway that joins our sites.

The university is clearly keen to work with our neighbours and we wish to cooperate with this proposed development. However, we must fulfil our obligations as education providers, and in that regard we have some substantial concerns. Professor Low's letter indicated our concern about the significant physical impact on the university's built environment, on our proposed and approved tower building, and the significant potential impact on the university's use of the faculty building during construction. We are especially concerned with the safety of our students and staff, and we do not wish that to be compromised. We are keen to ensure that good teaching conditions are maintained during construction of the ABC building, and we are keen to ensure that there is no disturbance to the structural integrity and current condition of our building.

Our building which will be immediately adjacent to the ABC development houses our Faculty of Design, Architecture and Building, with over 2,000 students, teaching and research facilities, recreation facilities and accommodation for staff. Each day during the week we have something like 800 to 1,000 students in classes between 9 a.m. and 9 p.m. We also have some reduced teaching during the weekend. Something like 20 to 30 classes per hour are conducted within the faculty building. We also conduct exams there and we hold conferences—a revenue-earning activity of the university. As I said, our teaching times go from 9 a.m. through to 9 p.m., so it is a hive of activity.

As Professor Low said in his covering letter, we have sought to reach agreement with the ABC on measures to be adopted and the protocols that might be observed during the construction of the building. We believe that if we can cooperate with the ABC that organisation will be able to achieve its objectives of constructing a building within its budget and UTS will also meet its obligations of ensuring the safety of our students and staff, providing an appropriate educational environment and maintaining the integrity of the building. The managing director of the ABC and our vice-chancellor have been discussing that matter. On Monday, in fact, they agreed on the need to address the UTS issues of concern during the construction and on the need to address that by way of formal agreement, and it was an intention to draw up such a document. My colleague Bernhard might describe some of the content of that document.

Dr Gregg—We acknowledge that this is an important project for the Australian Broadcasting Corporation, but we are very familiar with the problems involved in constructing a new building. I have been involved personally in developing a number of multistorey buildings, both in Melbourne and Sydney CBDs. Unfortunately, in the past we have been forced to go to court to resolve nuisance issues with a neighbour who was constructing a high-rise block adjacent to our campus in Haymarket. We believe that it is far preferable to raise those issues and reach agreement on how to deal with them so that the parties understand each other's needs and have a process in place to resolve them. As Robyn said, the university has significant operational, occupational health and safety obligations and concerns for both our students and our staff.

We also have a number of concerns about the siting of the tower and the resultant overshadowing of our building and its courtyard. We also have concerns about its abutment to our future tower, which already has development approval from Sydney City Council. But in a spirit of cooperation, we wish to focus on the occupational health and safety issues. To that end, we have met with members of the ABC's team on a number of occasions. Despite the best efforts of both sides, we have been unable to get to a level of detail necessary to resolve the issues that we are concerned about and to develop a formal agreement. We have endeavoured in our discussions, and we still endeavour, to adopt a reasonable approach to the resolution of these matters. We would like to point out that the issues that we will raise are commonly included in conditions of building approval for CBD projects and/or are matters of legal agreements between neighbours and the developer.

I particularly point out that similar agreements to the one that we have envisaged have been entered into at the Angel Place, Governor Phillip Tower, Sydney Central Plaza and No. 1 Martin Place projects in Sydney. The Angel Place project is of considerable interest because it is a project where the AMP has entered into an agreement with neighbours on a project being constructed by Leightons, the builders for the ABC project. We have with us today Mr Peter Thompson from Colin Ging and Partners, to answer any questions you might have about those agreements. We would normally seek inclusion of these issues within our submission in any development approval for a project. However, this project needs no approval to proceed other than approval

from this committee. Therefore, we seek from this committee, in its approval, that it include a condition that the issues we are about to table must be resolved to the satisfaction of both UTS and the ABC before construction commences. This will provide a means to meet the stated objectives of the managing director of the ABC and the Vice Chancellor of UTS to reach a formal agreement to resolve these issues. With your permission, I would like to hand over to William to run through the contents of the submission.

CHAIR—Unless the other committee members have any objection, I suggest you table that so that the committee can examine it in detail rather than actually reading it out here today?

Mr Blunt—That would be fine.

CHAIR—I am pleased to hear that the meeting is taking place between Professor Low and the Managing Director of the Australian Broadcasting Corporation on Monday. Clearly, in the letter from Professor Low received by us on 18 January, there was an issue that you were concerned about. You had not been able to resolve these issues before, and over the Christmas period, obviously, there was not an opportunity to meet and discuss it further. I am pleased that meeting is taking place and I am sure the Australian Broadcasting Corporation will also want to work with you in cooperation to resolve those issues. It would certainly be this committee's wish for that to take place. That covers one of the issues you raised in relation to the safety aspects, which are understandable during the construction and disruption to the operation of the University of Technology.

The other issue was the issue of loss of amenity, particularly to the courtyard area. I understand that you have approval to develop a tower that looks like it would either abut that area or, in fact, take up most of that area. Can you comment on that? When are you going ahead with that? When do you propose to build? Why would you be concerned about the loss of amenity because of the ABC building when, in fact, your own building is going to result perhaps in the loss of amenity in that area?

Dr Gregg—We are currently undertaking a planning process within UTS, looking at the future use of all of our buildings within the university and preparing a number of plans for those future developments. So the timing of the tower is subject to that particular study. As to the loss of amenity that is being discussed, that tower is on the eastern side of the site so that the northern sun and the western sun will still fall on our courtyard. The exact amount of overshadowing is a matter that we would have to determine from shadow studies but we believe its location will not be dramatically impacted by our tower.

CHAIR—What do you see is the solution?

Dr Gregg—I think that we are in somewhat of a dilemma. We recognise the right of the ABC to build a building on their site. The dilemma is that we do not know where the best position for that tower is to minimise the loss of sunlight to the courtyard. There has been a focus on the current position. Naturally, they have been very busy with their development design works. There is an element of uncertainty about that but, on balance, we think it is more important that the occupational health and safety concerns that we have regarding noise and vibration and dust and people being able to study and work in those conditions are the ones that we really want to focus on.

CHAIR—Thank you.

Senator FERGUSON—Although this has been tabled, I would like Mr Blunt to give us a brief resume of what they need to have in their agreement because otherwise we cannot question. Have you still got a copy of that, Mr Blunt?

Mr Blunt—Yes, I do.

Senator FERGUSON—Could you just give us a brief resume? I have a copy I have just had a quick look at.

Mr Blunt—Certainly. In Professor Low's submission to the committee in January we did outline a number of significant issues which need to be addressed in such a document, including issues such as construction noise, geotechnical issues, construction access and so forth. This document which I have tabled today includes a number of other more detailed issues which really do need to be incorporated in such an agreement. They include things like the preparation of dilapidation surveys of our buildings so that if there is any deterioration to our design architecture building during the two years of the ABC construction we can reach some agreement with the ABC as to what level of dilapidation really does need to be repaired by them at their cost. The provision of construction documents to UTS for us to examine during the construction period is very important in regards to flashings from one building to the next to make sure that waterproofing issues are considered, the construction of basement retaining walls are considered, et cetera.

The various statutory approvals issued by this committee and various other statutory bodies are very important. We make sure that those approvals are in place. The construction program is very important from our point of view. Ms Robyn Kemmis pointed out that we have between 800 and 1,000 students at any one time in our building for each hour. We must make sure that the construction of this building over a two-year

period causes us minimal impact. We are more than happy to work with the ABC team to try and find solutions or periods of time when they can undertake noisy work which will not impact on our international conferences and the use of our building. So the construction program is very important.

Construction methodology statements are again very important—how they propose to gain access to the site, whether it is from Thomas Street across the rail corridor at the rear or what limited access they may require from Harris Street, and again what access they may require from the UTS property itself to be able to put up scaffolding, hoardings, so they construct on the boundary. There are issues of demolition of the existing car parking structure, issues to do with bulk excavation and rock anchors, whether they are temporary rock anchors or permanent rock anchors coming in underneath our building. There are issues to do with hoardings and staging of those hoardings. Building movement is an issue as you excavate these large quantities of material from the ground. There is certainly movement of the adjacent foundation materials. Those issues need to be considered—and waterproofing, materials handling.

Of course, there are acoustic issues and dust generated during this construction period gets into all of our air intakes and may affect various systems within our building. There are various indemnities and insurance issues as well as the issue of where construction access is to be gained to undertake this two-year project. UTS would certainly rather see the construction access undertaken from Thomas Street across the rail corridor rather than from Harris Street which has large numbers of students and other pedestrians walking up and down the Harris Street footpath. That is a broad summary of the issues that we would see being incorporated in such an agreement.

Senator FERGUSON—The ABC has come before us with a confidential estimate of costs for the whole of the project. You are suggesting that consultants should be engaged, nominated by you, but paid for by the ABC. Have you got any idea of the extra costs you are putting on to the ABC by all the requirements that you want the ABC to bear the cost of?

Mr Blunt—On two projects which have occurred for UTS over the last five years, costs incurred by UTS due to the construction of adjacent buildings range from \$50,000 in one case to about \$150,000 in another case. So the additional cost cash outlay by ABC to assist UTS with all of this could be in the order of \$50,000 to \$150,000. I think you have then got to look at the benefit of providing all of that. Making sure that all of these agreements and protocols are in place can certainly save the ABC vast sums of money, especially if problems do arise where protocols and communications for the examination of things like rock anchors and geotechnical issues have not been developed and buildings or excavation are delayed.

Senator FERGUSON—You said in your submission that there have been discussions with the ABC but you could not come to any agreement. I think they were the words used somewhere. Is that the case or not? Have you endeavoured to come to an agreement or put up propositions that the ABC has refused to sign on to? I have just lost the place but it says that you were unable to come to any agreement.

Dr Gregg—We have had a number of meetings with the ABC. We have sought to have the ABC put to us the sort of conditions that they would be happy and comfortable with. Unfortunately, despite the number of meetings and our best efforts, we have not received a satisfactory submission. We have received some matters on vibration and noise. However, we received those only in the last number of weeks. We have not been satisfied with that. What we have done in the event is develop this submission that you have before you and submitted it to this committee to try to resolve this matter.

Senator FERGUSON—Wouldn't the City Council have regulations in place in relation to the building of new buildings in the CBD area?

Dr Gregg—Exactly. I think that is precisely the sort of thing that we want to have applied to this project.

Senator FERGUSON—Are you suggesting they would not be?

Dr Gregg—We would like to make sure that they are.

Senator FERGUSON—Thank you, Madam Chair.

CHAIR—Are there any further questions? Senator Calvert.

Senator CALVERT—In most of the submissions this proposed pedestrian corridor is mentioned. What effect will that have on the UTS? Will it be of benefit? If so, could you tell me who is responsible for upgrading this pedestrian corridor and perhaps a little bit more about it and how it will affect both your activities and those of the Australian Broadcasting Corporation?

Ms Kemmis—We have a local precinct group made up of the ABC, Sydney Institute of Technology and UTS. With regard to this pedestrian walkway, it has also involved the Sydney Harbour Foreshore Authority and the Sydney City Council. We saw it as an opportunity to enhance the environment. You are quite familiar with the environment around Broadway and Ultimo. There are not a lot of spaces. In fact, it was one of the last bare spaces that could be used to provide recreational area. We have 60,000 students in the area.

Senator CALVERT—How do they access the UTS? Do they all come in from one area?

Ms Kemmis—There is an access through UTS via escalator and stair and across a corridor. There is an expectation also that there would be access near the ABC. So we are looking at UTS students going through our access and SIT students going further down the pedestrian walkway and accessing the facilities of that institute.

Senator CALVERT—Do you think the proposed ABC additions will alter conditions for access to UTS – that is, traffic movement and pedestrian movement?

Ms Kemmis—During the construction there will be altered conditions. But looking past that, because it is the longer term enhancement of that environment, that will not impede access to UTS.

Senator CALVERT—The pedestrian corridor surely must assist in some way to allow access to UTS, if they are going to make better conditions in this corridor.

Ms Kemmis—Yes, it will.

Senator CALVERT—Who is responsible for constructing this pedestrian corridor? Is it the city council or will they be looking for contributions from UTS, the ABC and everybody else?

Mr Blunt—This project has been developed over some years. Over the last 12 months a number of stakeholders, including UTS, SIT, the Sydney Harbour Foreshore Authority, council and another one—I will try to think of it in a moment—have all got together. We have met regularly. We have all made commitments to the appointment of consultants. We are putting in funds. Certainly, over the last 12 months we have developed designs. We have now lodged and received development consent for the development of this walkway. UTS has made public commitments, substantial financial commitments to this project. Other parties are making either cash commitments or commitments in kind to the development of this walkway which is valued, I think, at just over \$5 million. The benefits to UTS will certainly be enormous. It will allow staff and students to gain access to UTS without having to cross Broadway or Railway Square, which are certainly high volume traffic streets. They will be able to walk underneath those streets, underneath the SIT building and enter into UTS areas either at Haymarket or through our design architecture building and then cross over Harris Street into the Broadway buildings via pedestrian walkways.

The tower which we have development consent for is at what is essentially the eastern side, or at the rear, of our DAB building. We are looking at the moment at redesigning the entry to that so that, rather than coming off Harris Street, it will in fact come off the developed rail corridor. We recognise that when that rail corridor is developed it will certainly provide a new, welcome urban environment, and UTS is looking to seek the best solution for the rail corridor as well as for the DAB Tower.

Senator CALVERT—Is that rail corridor used only infrequently now?

Mr Blunt—Yes, infrequently.

Senator CALVERT—Four hundred times a year, I think.

Mr Blunt—It is certainly less than that at the moment by the Powerhouse Museum.

Senator CALVERT—Has anybody suggested that that railway access be used as one of the means for bringing construction materials on site? It is an alternative that perhaps could be considered for the access of trucks and whatever onto the site during construction, not only for the ABC building but also in the future for the UTS building. Perhaps there may be some benefit in using the railway line to move materials. I do not know whether that has ever been floated. It is probably a harebrained scheme, but I just thought that if there is a concern about access that may be something that could be considered.

Mr Blunt—Certainly. The railway line at the moment is proposed to be used solely for the Powerhouse Museum, to run trains backwards and forwards between the museum and their other operations via other railway systems at central railway. But it could certainly be looked at to provide assistance in the construction of the DAB building. There are certainly some proposals which have been talked about between the Sydney Harbour Foreshore Authority, the various stakeholders for the rail corridor and the ABC about how to provide the best construction access for the ABC building—that is, from Thomas Street and an area on the rail corridor land rather than from Harris Street.

Senator FERGUSON—Can I just follow up with one question that I intended to ask before. You mentioned your concerns about the environment and the environmental concerns within the whole area. If you are so concerned about the environment, why did the UTS seek and eventually get approval to build an office tower which exceeds the height limits of the Sydney City Council?

Dr Gregg—That approval was a number of years ago, before my tenure at UTS, so I do not know the full story behind all of that.

Ms Kemmis—My understanding is that it did in fact meet the requirements at that time.

Senator FERGUSON—So now that they have changed the requirements you do not see any need to perhaps reduce the size of your tower?

Ms Kemmis—I honestly do not know about the process that we would go through now in seeking to activate that DA.

Mr FORREST—I think the university is caught in an awkward position. The ABC does not have approval for this project, not from the parliament or anybody else yet, so they are not able, I suppose, to make commitments. That is one comment I make with respect to the submission. All those things you mention are fairly normal arrangements, as good neighbours make with each other.

I am interested to pursue a different aspect of that last question about how serious the university is in its intent to build its tower. Had it been there first it would have built the building with windows on the boundary, without the right but because there was not a building next door; if the next neighbour had then built their building, the university at its own cost would have had to fix those windows accordingly. But you are asking that the ABC pick up a redesign of your building—that is what is in your submission—to cope with the fact that it does not have access to the windows on the boundary. That is a fairly unfair request for you for a building that is not built yet, which is going to have to be redesigned anyway.

Ms Kemmis—When the managing director and the vice-chancellor spoke—it was not a meeting, they had a discussion—on Monday, they agreed that it was important for us, so the ABC could meet its objectives and we could meet our obligations, that we actually focused on the agreement that we would come to during the construction period. That was the issue of primary importance.

Mr FORREST—Isn't the university going to be up for redesign of its building anyway, that it will not build it the way it had intended? Things change, your own priorities change; you will engage your own architects if you ever construct that tower. Why do you then insist that the ABC make a contribution to its redesign? You are going to have to do it anyway.

Dr Gregg—I guess we have moved on from that position as a consequence of meetings since and discussions between our vice-chancellor and the managing director of the Australian Broadcasting Corporation, in that we now wish to focus on those occupational health and safety issues rather than the redesign of our tower or the siting of the ABC's tower.

Senator FERGUSON—When are you going to build your tower?

Dr Gregg—We do not know yet.

Mr FORREST—In your initial submission you say:

It is recommended, given the change in location of the proposed ABC tower, that any consent granted by the PWC require the ABC to fund the redesign of the UTS multi-storey office tower ...

You no longer propose that recommendation—is that what you just said?

Dr Gregg—Essentially, yes.

Mr FORREST—Okay.

Mr HOLLIS—We will delete that.

CHAIR—There are obviously some changes in your submission, as you said earlier; there are other more important priorities.

Ms Kemmis—Yes.

Mr LINDSAY—In relation to deleting things, the first point in the VC's letter was his concern about the significant physical impact on the university's built environment through overshadowing. Is it your suggestion now that you are now longer concerned about overshadowing, you are only concerned about your OH&S issues?

Ms Kemmis—Discussions have moved along. There are issues of concern, but we understand the importance of the project to the ABC. We also value our relationship with the ABC. Of critical importance to us is the conduct of our core business during the construction period, and if we can reach agreement on protocols to be observed during that time that is what we would like to focus on.

Mr LINDSAY—So your answer was 'yes' to my question?

Ms Kemmis—Yes.

Mr LINDSAY—The other matter that I just wanted to raise is—and it goes almost down the track of what Senator Calvert was saying—are there any opportunities, if you are both going to build a tower block side by side, to conjointly build them to get an economy of scale, perhaps to share across the boundary? Has there been any thought about that?

Dr Gregg—Early on in the piece we were thinking of doing a joint venture with the ABC on their current site and in those discussions we did look at building our tower together with the ABC's tower. I

understand that after some close examination, the ABC decided that that was not highly desirable, or there was some other reason, and they advised us that they would prefer not to do that. So, yes, we have considered that as a possibility.

Mr LINDSAY—That would still be on your agenda; you have not closed the door on that?

Dr Gregg—No, we have not closed the door, but we are going through a process of planning the future use of all of our buildings in the university. I do not want to pre-empt that study which is due for completion in about two or maybe three months, but we do not want to close that door.

Mr LINDSAY—But there could be potential savings to both groups if there were a single joint construction of a common tower block on both pieces of land—is that right?

Dr Gregg—I do not know.

Ms Kemmis—As Bernhard said, we did explore a joint development with some enthusiasm some time ago. At present our plans do not facilitate that, nor does our financial capacity provide for that in the immediate future.

Mr LINDSAY—Have the points you tabled today been given to the ABC already?

Ms Kemmis—No, that is very recent.

Mr LINDSAY—The documents you tabled with your requirements that you are asking us to incorporate in our recommendations: is the ABC aware of those yet? Has it got those?

Dr Gregg—We have only just developed those over the last few days and the ABC does not have them.

Mr LINDSAY—Okay.

Mr HOLLIS—My questions very much follow along the line of Mr Lindsay's. It really does seem to me, without being too blunt about it, that you people want to get a lot of things on the cheap. Surely, if the tower eventually proceeds—and we have got a submission here about the tower and the tower being built and a lot of your submission was based on the tower—all of the things you are asking the ABC to pick up the tab for would be required when you build that tower. While not going as far as Mr Lindsay, with the geotechnical survey that you want, surely, if the ABC paid for that you could use that for your building because they are side by side. You would not be different. The construction would not be different, and there is a whole range of other things. With regard to all these issues that you have brought up about noise and disruption, you are going to face exactly the same things when you build the tower and, maybe, with the constraints you are trying to put on the ABC now, they may return the favour in a year when you are building your tower.

Dr Gregg—The foundations for that tower are already in place and are already built in our first stage. We have done all of those investigations.

Mr HOLLIS—You could give the survey to the ABC. You must have carried out all these geotechnical surveys yourself. Why don't you make the survey available to the ABC and we save money all round?

Dr Gregg—We are happy to do that.

Mr HOLLIS—Will you do it?

Dr Gregg—However we are aware and they are aware that there is a very soft spot of soil there so that there is a problem. They also have a watertable problem, and they know and we know that that is the case. We are happy to do that. Our concern would be that, if their tower—and, as I said, things have moved on since that submission—were going to impact on us such that we would have to redesign and relocate our footings, that would be a major expense. If we have to change the shape of our tower, that flows on to the footings that we have already put in place and that would be a major expense, hence our concern at that stage.

Mr HOLLIS—I think that a little bit more negotiation between the two parties should take place. That is all I have to ask.

CHAIR—There being no further questions, I thank you very much. It is proposed that the submission 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 —

Proceedings suspended from 9:55 am to 10:23 am

JONES, Dr Brian, Director, Strategy, Sydney Institute of TAFE

ELDRIDGE, Mr Andrew, Manager, Capital Planning, Sydney Institute of TAFE

DAWKINS, Mr Jeremy, Harbour Manager, Office of Sydney Harbour Manager

CHAIR—Welcome. The committee has received a submission from the Sydney Institute dated 12 January 2000. Do you wish to make any amendments to it?

Mr Eldridge—No.

CHAIR—It is proposed then that the submission be taken as read and incorporated in the transcript of evidence. Do members have any objection? There being no objection, it is so ordered.

The document read as follows –

CHAIR—I invite you to make a short statement that should be limited to five minutes in support of your submission before we proceed to questions.

Mr Eldridge—Thank you. The Sydney Institute of TAFE is one of the largest providers of vocational education and training services in Australia. We have some 48,000 enrolments and 39,300 of these are enrolled in programs offered through our Ultimo College. The nature of attendance includes full-time and part-time students and includes a significant evening attendance. The institute is a major stakeholder in the Ultimo precinct and has been for more than 100 years. Sydney Institute of TAFE is very supportive of any initiative that brings developments and high technology in growing industries into the Ultimo precinct. The institute is excited by the partnership opportunities that may exist to link its training expertise with the telecommunication expertise of the ABC.

The institute does have some concerns with the project. These main issues can be summarised as a concern for the potential for negative externalities to be created as a result of not taking a more holistic approach to the project. These concerns are covered by the following three issues. The first is the currently planned interface with the Ultimo pedestrian network, the second is the interface between the proposed vehicle access and pedestrian flows on Ultimo Road and the third is maintenance of access and aesthetics in the area during construction of the project.

The UPN will alter pedestrian access in the immediate area of the ABC site and the Sydney Institute-UTS educational precinct. It will create a major public access point at what is now the rear of the ABC development. This will be the preferred access for many staff and public accessing the ABC site by public transport and from the nearby parking stations. The proposed ABC development is a major public entry off Harris Street but only a second minor and, by the submission, controlled entry off the UPN. We believe that the ABC project should address this major access with a suitable public entry more in keeping with that of Harris Street. We also believe that the ABC development will need to address the fact that it will require two public entries through to a common foyer. The layout, design, security and management provisions will need to be planned for this to address this situation.

The second concern of the institute relates to the proposed single vehicle access point to the site off Ultimo Road. The access point is in the immediate proximity of the ramp access to the UPN providing access for people with disabilities. This location will be a major access point from the UPN to the Ultimo campus for institute staff and students. The institute is concerned that, with the increased vehicle traffic accessing this one point, the interface as currently planned may endanger pedestrian safety. The institute would like to see further options development for the treatment of this area or alternatives for vehicle access to the ABC site.

The other concern of the institute is that during the construction of the ABC project the pedestrian access via the UPN and Harris Street is not disrupted and the amenity of this access in terms of noise and dust is maintained. In summary, the institute encourages the ABC development to take a more holistic view of this development from being more than a site development on a designated parcel of land to a major project as an integral part of a developing, unique and important precinct within the city of Sydney. We believe these issues can be addressed through the design and management of stage 2, with the result that the public amenity and public value of the proposed development will be greatly increased and the negative externalities reduced. In this way the project will be able to live up to the objectives it rightly aspires to as a public development.

CHAIR—Thank you very much. Mr Hollis.

Mr HOLLIS—I do not know whether this should go to Mr Eldridge or to Mr Dawkins. I would like you to expand a little on that pedestrian walkway, what we refer to as the disused railway line. You are proposing that that be the entry to the ABC, as I understand it. Could you expand a bit on that for us?

Mr Eldridge—Not the only entry. Basically, the Harris Street entry that exists to the site is the major entry to the existing building because there is no real alternative. As you say, there is a disused railway access behind it. With the new development and the UPN at the rear, we are going to have the opportunity for a major secondary public access point. What we are basically saying is that there needs to be an equal, if you like, treatment of both of those access points. I might pass to Jeremy for some further detail on that.

Mr Dawkins—Madam Chair, I present a little diagram I prepared relating to this. The black rectangle is the ABC site and, to the west of it, the vertical black line represents Harris Street. The large grey vertical arrow is what we have been referring to variously as the pedestrian route and so on.

I have had a lot of involvement in this in the sense that when I was at UTS I had undergraduate and postgraduate students studying this precinct and more recently doing a major report on the whole precinct and the way it is changing dramatically. The opportunity to use the rail alignment as a pedestrian route has been around for some time. It has been picked up during the Better Cities Program at Ultimo and Pyrmont and so forth and is finally coming to fruition.

As you heard earlier, many organisations have been involved in it and money is being spent on it. That includes the private sector across the other side of Railway Square. When I was on the Central Sydney

Planning Committee I was involved in negotiations involving a private development which was greatly improving this route. It is a route that runs all the way from Surry Hills, which is reviving dramatically and becoming a much more interesting part of Sydney, right through to Darling Harbour and Pyrmont. I think it is going to become one of the principle pedestrian routes in the city. Its existence as a through route from Surry Hills to Pyrmont Point, in effect, will join up all those very important institutions such as the National Maritime Museum, the Powerhouse Museum and the Casino. It will join up the whole of the Darling Harbour precinct through to Surry Hills, taking in Central Railway, the big reconstructed bus interchange in Railway Square and light rail. It is very richly served by public transport. It is going to be a very important route, not just for the universities and the other institutions on it, but for the public generally, using all of those institutions and moving between that part of the city.

While all that has been evolving with the potential to restructure this part of Sydney, it appears from the plans that the ABC project, which has a long and complex history, has not taken that into account. I think it fails to take into account the fact that their site has turned around and now, in effect, faces the city. Harris Street is now the back door. The site now faces the city. What my diagram shows is that all of the action and all of the routes and the approaches that people take to the ABC building are coming from the city side and not from the Harris Street side. It seems to me that the ABC has a chance to overcome what has previously been an impediment. The railway alignment has been a barrier, in a sense, behind the building. That barrier has now been removed. They can take advantage of the opportunity that now opens up, in terms of the accessibility and the orientation of the building. I feel strongly that if they do not then they are going to be faced with all sorts of operational difficulties, because they would have designed a building that is not correctly oriented to the sorts of demands that will be placed on it by their own users, by their audiences, by their staff, by their customers and by their visitors.

Mr HOLLIS—Surely that is only true if everyone comes on foot. That is only a pedestrian access.

Mr Dawkins—Yes.

Mr HOLLIS—The main vehicle access is still going to be off Harris Street, isn't it?

Mr Dawkins—Taxis.

Mr HOLLIS—You are not going to bring cars down a pedestrian access, are you?

Mr Dawkins—Harris Street is a one-way street in front of the building and has a porte-cochere there for taxis, for pick up and drop off, so it is important for that. It is really the only place that that can happen. All of their own traffic—250 car parking spaces and lots of freight, OB vehicles and so on—will be coming off Thomas Street, which is an extremely difficult access point. It is congested now. Getting out of the ABC now is a matter of queuing, and you queue to join a queue already. This is before television joins them. They have a very serious traffic problem.

They are proposing that all of the SIT traffic—students and staff—descend from the pedestrian route right at the point where all of their traffic is coming and going and trying to join traffic which is already queuing. They want all of the SIT students and staff to walk across their entrance. I do not think they have thought through the problems they are putting in store for themselves in terms of traffic and pedestrian conflict. The site has rearranged itself and now faces east and the city, which is a great advantage to them. It is a much better site as a result for an institution like the ABC. If they took that into account they would find ways of solving the conflict between traffic and pedestrians. They would be able to segregate traffic and pedestrians much better than they are proposing to do.

Mr Eldridge—I think Jeremy actually meant to refer to Ultimo Road, not to Thomas Street.

Mr Dawkins—My mistake, sorry.

Mr HOLLIS—Who is going to pay for this magnificent pedestrian way through there?

Mr Dawkins—Various institutions, but the foreshore authority has put \$3 million into it so far. For their part, the Sydney Institute is making available the real estate, a valuable part of the real estate. The Sydney City Council is involved and will be spending money on it.

Mr HOLLIS—Are buildings that face it—for example, the ABC—going to be expected to put any money into any of the work on that pedestrian way?

Mr Dawkins—I do not know, Mr Hollis. I think not, not substantially or significantly. The option for them, though, is to recognise that this part of the city is rearranging itself around them, that they are now effectively located as a front door to one of the major pedestrian routes of the City of Sydney bar none. They should be taking advantage of that and not creating conflicts between the physical design of the building and the way their own people will in fact be approaching it and expecting to gain access.

Mr HOLLIS—I take it that this has been put to the ABC?

Mr Eldridge—Yes, we have had meetings with the Australian Broadcasting Corporation.

Mr HOLLIS—Did they enthusiastically receive your suggestion?

Mr Eldridge—I believe the last meeting we had was some time in September on our site at the Sydney Institute. We raised the issues of the access, the UPN, et cetera, and the representatives were to go away and to consider. I guess, given what we have now seen in the submission, that is what they have considered.

Mr HOLLIS—We might put this to the ABC when they come back.

Senator FERGUSON—What you really want them to do is to enhance the access from the pedestrian crossing so that there is a major thoroughfare through the middle of their building.

Mr Eldridge—What we are talking about here is that there will be a public demand in terms of their own clients, staff, et cetera, to access the building from that point. Obviously there will be another entry point onto Harris Street, and there could possibly be public transfer between those two entries. If you were designing the building at this point with that in mind then your design and your management plans, et cetera, would reflect that and be planning to take that into account.

Senator FERGUSON—But what you are actually asking them to do at present is to enhance that pedestrian access from the west so that people who want to go to the institute or anyone who wants to get across to the other side of Harris Street can actually walk right through the ABC building and use it as a public access, virtually.

Mr Eldridge—That could be a potential benefit to the precinct of the project.

Mr HOLLIS—Not much of a benefit to the ABC though.

Mr Eldridge—Depending on how they plan and manage it. It is the same as on our basement level through our building W where, to enable the UPN to occur, the tunnel will come through as an extension of the Devonshire tunnel to the railway. We have designed our building from there to take that into account so that we can work with that.

Senator FERGUSON—Wouldn't it have been just as easy to let them go the full length of the ABC building and then walk up the footpath and cross Harris Street, rather than have everybody who wants to access the other side go straight through the ABC building?

Mr Eldridge—We are not talking about everybody coming through. The UPN is a series of options for pedestrian flows in the area where at present there are no options. The only access at the moment is to come up from the Devonshire tunnel where it finishes at the boundary with our building W, up onto Broadway, and then there is an extremely narrow footpath interface from Broadway and Harris Street. This would enable another option. So the people accessing the DAB building and the upper part of the UTS campus would come through their major interface that they are going to build at the rear of their building as part of this development with escalators and stairs and use their over-road link to their site. The ABC area will provide another opportunity as well to the lower part of the UTS site and to the upper part of our site if people so desired. Finally, probably most of our students—and possibly the public—would come through the interface at Ultimo Road to the lower part our site.

Senator FERGUSON—I think we should put that to the ABC to see how they respond.

Mr Dawkins—I am independent in this. I do not belong to SIT.

Senator FERGUSON—I hope we are too.

Mr Dawkins—Yes, indeed. I have seen this situation in other places. I have actually done things like this myself. It seems to me it is a great opportunity for the ABC. I think they have no choice. I think their building now faces the city. I think they ought to want it to face the city. My diagram shows that everything is around there. Everyone coming to them virtually comes from that side. Their own people head that way. Whether they are going to lunch in Chinatown or they are going to a meeting or to interview someone here in Parliament House, they will be tending to go that way. In answer to Mr Hollis's question earlier, most people do come on foot in this part of the world. It is very well served by public transport. It is not a good place to park, and you certainly will not get any parking on the ABC, not for five minutes.

I think it is an opportunity for them, and you would expect them to take advantage of it. So the people coming to the concerts, performances, Club Buggery and whatever else goes on there, and people coming for interviews and people visiting the cafe and the shop would come in a front door on what is going to become the front street. Their position is that yes, it will be public access during business hours, yet it is going to be through a corridor a couple of metres wide. There is a huge contradiction there. It is going to be public access. Most people are going to come from that side, yet somehow or other it is not going to be the real access. What people enter, whether they enter from the east or the west, is a public space. They enter a space that has a cafe in it and an ABC shop. The ABC should be making a virtue of this. It is a great cultural institution. They should have the owners who pay 8c a day walking through and using the ABC shop and using the ABC cafe because they are saying it is a public space and it is a public entrance, but they are not actually designing it

correctly in that case. They are going to have operational difficulties as a result. They say it is a security issue, but I do not think it is. It is a public access to a public place and there are security issues around the perimeter of that public space inside the building. So that is a separate issue.

Senator FERGUSON—Mr Dawkins, I do not argue with your proposition as far as access to the ABC is concerned because, in fact, as I understand it, the ABC's reason for having that entrance there was for public access to the ABC. But you seem to be extending it further in this submission in suggesting that, not only should it be access to the ABC but it should become a public thoroughfare so that people can actually walk through the ABC building to get to Harris Street. That is the difference between what you are saying—I think—in your proposal, and what the ABC has said in its proposal in that it be an access to the ABC, not an access to a public thoroughfare.

Mr Dawkins—They do not have that luxury. If there is a public entrance to a public place with a shop and a cafe in it, there is no control about which way you go out. I think, instead of fighting that, they should be welcoming it and working with it.

Senator FERGUSON—I understand that.

Mr Dawkins—Instead, they are trying to get the bulk of the pedestrian flow descending onto Ultimo Road at the very point where all of their traffic is coming and going. At the moment they have a one-way circuit.

Senator FERGUSON—It would be interesting to ask the ABC in one moment when they come back just what percentage of the people who come into the ABC now come by foot and how many arrive by vehicle.

Mr Dawkins—Yes – the great majority.

Senator CALVERT—I was just going to comment on the access onto Ultimo Road that is there now. I just wondered, from the Sydney Institute of Technology's point of view, whether that has created problems because it is being used as the access now. The traffic does come out there now. Has it created any problems?

Mr Dawkins—I will comment on that. At the moment only half the operation there is radio and there is no television. There is a very large increase in activity, probably a disproportionately large increase in traffic—for all I know in terms of television versus radio. At the moment they have effectively a one-way circuit in off Harris Street and out into Ultimo Road—what I wrongly called Thomas Street. That is going to become a two-way access onto Thomas Street, with presumably a much increased volume of traffic going both ways in and out, turning right and left, coming in right and left, into a street which is often queuing already.

Senator CALVERT—Are we back on Thomas Street again?

Mr Dawkins—No, we are on Ultimo Road. Ultimo Road is often queuing—with people getting out. They are going to have people turning, left and right, and out, left and right, into a congested street. That is fine. I guess it is viable; but it is going to be very difficult. When you add to that a heavy flow of pedestrians—which is what they want—I would not do it that way. I would be making a virtue of the fact that it is a public building with a cafe, shops and maybe other rental places—a record shop and who knows what in there—and get the pedestrians away from their traffic entrance.

Senator FERGUSON—They have got a record shop; it is the ABC shop.

Mr Dawkins—That is right.

Senator CALVERT—Do you know whether there was any thought given to providing a public access way between the UTS and the proposed new building—through to that pedestrian corridor and through to Harris Street? Would that be a viable proposition do you think?

Mr Dawkins—Yes. It is probably not as good as actually taking it through their atrium because, in fact, they want people there. They want as many customers as they can get and they want good access to concerts and so on. They actually want people to come. You could do it as a kind of tunnel through the building. But you would be wasting, I think, the opportunities of making this a building that is really welcoming, that is oriented towards the city, that looks like an important public building from the direction from which the vast majority of people will actually approach it.

Mr FORREST—Is there some sort of good neighbour committee that operates around this whole precinct? It seems to me that you have now got the committee involved in all sorts of town planning issues and movement of traffic—particularly pedestrians—that would be better resolved in another forum, I think. And there are some big players in here with your institute, the university next door and the ABC—and probably a lot of others. Does it operate? It does not operate by the look of that.

Mr Eldridge—As the UTS representatives mentioned earlier, the City of Sydney, SHFA, the UPN, et cetera, and us have been involved. That is probably the closest example of that sort of work. I guess it is the way that a Commonwealth project such as this ABC project goes through. It is an approval process. If it were

one of the state projects that we do, we would go through a development application process with a lot of public interface and comment on the project. This appears to be the process that exists for this project.

Mr FORREST—Let us say, for example, a town planning permit was to be issued with all the normal conditions on it. What sort of condition would you like to see imposed on the developer of this site that addresses all of your problems? Would you like to impose a condition that they allow for all and sundry to walk through their building or would you see some other conditions that address the problem you have? I note that involves some concerns about the island at the junction of Ultimo Road and Harris Street. That could be overcome by shifting the pedestrian crossing and the lights so that pedestrians do not have to take two stages and they can take it in one stage. That is the sort of thing that maybe this committee could consider by saying, ‘Well, if this is developed, these are the things we want to address.’ So, in a nutshell, what would you recommend as a condition?

Mr Eldridge—An objective rather than a condition would be that the project itself, as we said, minimises the potential negative externalities and goes for the maximum benefits that it can create in that area. In a lot of the City of Sydney style of projects such as the one that we are going through at the moment on our own site, there are a lot of conditions that come into play from the City of Sydney in terms of how our buildings can become more beneficial to the local community rather than just looking at our requirements. We would be looking at something similar coming into play here.

Mr FORREST—How have these concerns been conveyed to the ABC as an organisation so far?

Mr Eldridge—As I said, the meeting that we had in September raised largely the issue about the access, I think, in terms of the ongoing meetings in the UPN that have been held, but that would be about the extent of it until we have had this opportunity to comment on the proposal that has been submitted to the PWC and invited to make comment, which we did.

Mr FORREST—What about the suggestion—

Mr Dawkins—I cannot say anything about the precinct committee other than I know it has been active, but the sorts of things that I think a planning body would require of this project would be that they demonstrate that they know what the pedestrian flows are going to be, that they demonstrate that they have indeed taken account of where people are coming from and this sort of thing, that they actually have taken account of that and that they know roughly what direction people are coming from and how they are getting there and where they are accessing the building from, and they demonstrate that they have fully met the requirements of all that movement. That has not been done. From a vehicular traffic point of view, they should seriously demonstrate how it is going to work. Any planning authority on a project like this would expect a traffic study to be done that actually demonstrates exactly how the traffic is going to work on Ultimo Road and, added to that, large flows of pedestrians right at the point where the traffic can conflict. And that can be easily done. It is essentially a quantitative matter. They know the flows of traffic, they know the flows of traffic in Ultimo Road, they know the turning movements and so forth. I think if you did that you would find that there are real problems—which they will find as an operational difficulty when the point arises.

Mr FORREST—The ABC have already advised us of a proposal to widen the pedestrian access at the Ultimo Road area entrance to achieve a number of things—to give better visibility under the bridge and also allow for a much broader access for pedestrian traffic across the front of their entrance. Doesn’t that address the concern that you have down there?

Mr Dawkins—No, I think the issue is all the conflicting traffic movements of vehicles turning right and left out of the building and turning right and left into it in a street that is already congested, and then you add to that a whole new lot of pedestrian movements as a result of all sorts of things going on in the district. It is not just SIT students accessing SIT; it is the fact that this precinct is changing. It is very well served by public transport and it is going to be used increasingly by people. It is an Olympic venue. Darling Harbour is a major Olympic venue. It is the site of the Entertainment Centre, the Convention Centre, the Exhibition Centre, and there will be large flows of people through the area involved in all of that. That is what they have to take account of. They have to realise they are fitting a building into a dramatically changing part of the city, and most of it is good news for them. The fact that they have now got a front door onto one of the major pedestrian routes in the city is good news. But, looking at the model and the plan, you would not know it.

Mr FORREST—Okay.

Mr LINDSAY—You have spent some time talking about the ABC accesses, but what about your own? I see in some of the material provided that your current main access at the corner of Ultimo Road and Harris Street may be shifted to an alternate location. If that in fact occurred, would that ameliorate some of the matters that you are raising today?

Mr Eldridge—Could you give me a little bit more as to what you refer to? I am not aware that we are moving our major accesses.

Mr LINDSAY—It is in your submission as attachment 3, where it indicated that there is a primary entry to Sydney Institute and an alternate entry to Sydney Institute when UPN stage 1 is complete.

Mr Eldridge—We currently have a series of accesses to the Ultimo site. There is one at the corner of Thomas Street and Harris Street which comes in under our building E and serves people coming from that direction. We also have another entry between our buildings C and E, which is the one directly opposite Ultimo Road. There is another entry into our main administration building, building A, on Mary Ann Street, vehicular entry on Mary Ann Street up towards our building H and an exit onto Thomas Street. What we are looking at here is that we have a series of entries but with the UPN coming into play we believe that our buildings C-E entry, which is the one opposite Ultimo Road, will become a major entry, as will the building E entry, which we are going to be reworking as part of the redevelopment of our buildings at that corner.

Mr LINDSAY—So that is what is behind your concern about the ABC and how its traffic flows will be in Ultimo Road as your students and staff come past that entry.

Mr Eldridge—With the UPN constructed, we would expect that the students coming to that mid part of the campus and, if you like, the campus further down Harris Street towards the harbour would come up through the Ultimo Road access.

Mr FORREST—I am surprised that you have not mentioned any concerns you might have about the Thomas Street-Harris Street intersection where you have got the egress into that entry right on top of the pedestrian crossing, and traffic lights, and the impact that has on pedestrian flow, particularly when it is a one-way lane. If you have got concerns at Ultimo Road, surely you would have even greater concerns about that intersection of Thomas Street and Harris Street.

Mr Eldridge—It is probably one of the primary public accesses from the Central Railway Square. You would come down through the Devonshire Tunnel or from the bus interchange onto Broadway down Harris Street, and somewhere along Harris Street hopefully you can get across if you can get past the congestion up at Harris Street-Broadway. Somewhere along the line you have crossed Harris Street and then you come along to the light crossing there at Thomas Street. What we are hoping to do in the future in our partnership discussions with the UTS—it is also one of their objectives—is to try and get more traffic calming onto Thomas Street and improve that access point. Ideally in the longer term we would be looking at trying to get more calming with the Living City proposals to hopefully put a lot of tunnelling in and those sorts of things on arterial road such as Harris Street and Wattle Street to improve the amenity onto Harris Street as well.

Mr FORREST—Is there much student inter-traffic between UTS and your site where people have to cross Harris Street and obviously would cross immediately in front of the proposed entrance to the ABC? Are you with me there?

Mr Eldridge—When you say ‘to the UTS’, are you talking about the main side or the DAB building?

Mr FORREST—I imagine this would happen quite a lot, though I could be mistaken there, that you would have quite a lot of student traffic between the two institutions.

Mr Eldridge—Probably not. The major traffic interaction is probably going to be from our building which you can see just above your thumb, that large dark square at the top corner.

Mr FORREST—How do they cross Harris Street, then? Wouldn't they cross here at this pedestrian crossing, immediately in front of that entrance?

Mr Eldridge—As I said, currently, if you were coming down from building W to access the site, you would cross at either the top of the street there, you would wait for a break in traffic and cross anywhere along Harris Street, or you would end up down at Thomas Street. If I was going up from the site, I may cross at the corner at Thomas Street if the lights were with me or I might cross Thomas and continue up Harris Street until I get a break, and I could end up foreseeably all the way back up to Broadway before I could cross.

Mr FORREST—You don't have concerns about that entry there?

Mr Eldridge—We do have some concerns about that entry, yes. Again, what we are hoping for is that, as there is a drop-off point for taxis, that the traffic concern there is going to be a lot less than exists for our concerns at Ultimo Road. There is a narrowing of the footpath into the ABC site, especially on the Broadway side of it. We have yet to see some detail about how that is going to be managed, but we are hoping that that is a lot less of a problem. In fact that part would be an improvement over the existing because currently that is the entry for all the vehicle access to the site.

CHAIR—Are there any other questions? Thank you very much.

[11.02 a.m.]

HERD, Mr Nick, Executive Director, Screen Producers Association of Australia

JEFFREY, Mr Tom, President, Screen Producers Association of Australia

LARSON, Ms Susanne, Screen Producers Association of Australia

CHAIR—On behalf of the committee I welcome you. The committee has received a submission from the Screen Producers Association of Australia dated 19 January 2000. Do you wish to propose any amendments?

Mr Herd—No.

CHAIR—It is proposed that the submission 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.

Mr Herd—Thank you. The Screen Producers Association of Australia is essentially making two points in our submission to this committee. The first is our continuing commitment to the idea that the ABC should be increasing the level of programming it sources from the independent production sector. Our second is our concern about the mounting pressure on the budget of the ABC and its ability to fund its core function, which we believe to be the provision of programs to the Australian community. We are not opposed to the co-location of ABC staff and facilities, nor are we opposed to this project. However, we are concerned about how the financing of the project will impact upon the future ability of the ABC to fund increasing levels of Australian content.

In relation to outsourcing, we have consistently argued that the ABC can continue to retain maximum control over its programming and its independence while outsourcing the majority of its non-news and current affairs production from the independent sector. Despite the fears of some inside and outside the ABC, this does not compromise either the editorial integrity or the independence of the ABC. We see also that the commercial broadcasters are increasingly sourcing their program production from the independent sector.

In our submission, we have outlined how vibrant and efficient the independent sector is. As I think was mentioned in evidence from the ABC yesterday, all Australian drama broadcast by the ABC is sourced from the independent sector and, in the recent year, the independent sector has been responsible for producing perhaps one of the most successful drama programs the ABC has ever broadcast, *SeaChange*. The independent sector also supplies most of the ABC's documentaries and some of its information programming, and we see that there is potential there for an increasing amount of outsourcing from the independent sector. Certainly, we do not accept the notion that the current level of 45 per cent of non-news and current affairs expenditure represents the upper limit of the potential for the ABC to spend on outsourcing.

In relation to funding, we remain concerned about the general level of funding of the ABC, which has squeezed its programming budget considerably in recent years in response to budgetary pressures from the government. We believe that the ABC needs to spend more on programming and that, as much as possible, its financial resources should be spent on this. The ABC proposes to fund the Ultimo centre predominantly through the restructuring of existing debt and the taking on of new debt. That means that it is making no call on the government or the taxpayer to fund this project. At the same time, the proposed sale of Gore Hill will be used to partly fund the necessary transition to digital terrestrial broadcasting. These substantial amounts of money are not going directly to the funding of new programming. Instead, it is our understanding that the ABC is requesting in its triennium funding proposal an increase in funding from the government to support new programming proposals. In this context, we are concerned that the strategy of using asset sales to fund or partly fund the digital transition and increasing borrowing to fund new assets may put further pressure on the ABC's ability to fulfil its prime charter responsibilities. We believe that the government needs to seriously address the funding of not only this project but also the digital transition so that sufficient and increased resources can be spent on programming.

CHAIR—Thank you very much. You certainly make some interesting points there. In your submission, you say that you agree with the sale of Gore Hill, and yet to some extent you appear to me to be arguing against yourself in that you are questioning the expenditure of money on the new development – money that perhaps could go into outsourcing production. Can you clarify that for me?

Mr Herd—Certainly. The position that SPAA put to the Mansfield review of the ABC some years back was that it supported the sale of Gore Hill, essentially because the model towards which the ABC should be moving is one of a publisher-broadcaster rather than one based on vertically-integrated production facilities. Hence we support the sale of Gore Hill not only for the reasons that were alluded to yesterday because of the condition of the site but also because it would give the ABC more flexibility in terms of its program making. We also support, as we said in our submission, the idea of co-location. I think the ABC has argued well that there are some synergies to be made by putting radio and television together. We part company with the ABC on the level they believe they should spend on internal production resources, because we believe the independent sector is capable of providing those services in a more flexible way.

CHAIR—In your submission on page 3, in the last paragraph, you talk about the commercial networks 'divesting their non-core production facilities and outsourcing programs from the independent sector in order to focus on their core business of broadcasting'. Can you put any numbers around that? Can you give us some indication of what the figures are for outsourcing in the commercial stations?

Mr Herd—No, we are not able to put any figures on that. But it has been widely reported in the press, for example, that the Seven network is trying to reduce its internal production capacity and outsource it to the independent sector or to some form of joint venture with a large production company. They have been looking to do that for some time because they are trying to reduce their internal production costs.

CHAIR—I noticed that you have put a figure on the ABC's in-house production. I thought perhaps you might have made some comparisons with commercial interests, as against that figure you have put on the ABC.

Mr Herd—We have not done that but we could possibly try to get those figures for the committee if they were of interest.

CHAIR—In the context of your submission they certainly would be of interest.

Mr LINDSAY—Following on from that point, you talk about the vertically integrated factory style of production. Can you give the committee any evidence of what happens with national broadcasters in other countries in the world as to what their position is and how much of the programming they produce themselves in this style?

Mr Jeffrey—Just quickly, the BBC has been working to 25 per cent but has been increasing that steadily over the year—that is, 25 five per cent of their program output to independent producers—and indeed the commercial broadcasters in Britain are at the same level. There is a 25 per cent quota for independent production.

Mr LINDSAY—Yet your evidence is saying that the ABC are outsourcing significantly more than that at the moment.

Mr Jeffrey—They are at the moment.

Mr LINDSAY—Your evidence is also saying that they should increase that even further again.

Mr Jeffrey—We believe they have got the capacity at both sides. Both the ABC and the independent production sector have the capacity to increase that amount of programming supply.

Mr LINDSAY—In your view what is the benefit of the ABC outsourcing further production?

Mr Jeffrey—It frees up their internal resources and reduces their internal costs so that there can be more money applied directly to production.

Mr LINDSAY—You have Mansfield saying the ABC's production flow is patchy and that there are periods when infrastructure is lying idle waiting for the next production. If they are going to free things up, there is already spare capacity. Is that what this evidence is saying?

Mr Herd—That there is spare capacity in the ABC?

Mr LINDSAY—Yes.

Mr Herd—It is not my understanding that there is. The point that we are trying to make is about the model of a broadcaster. You were talking, I thought, about an example from the UK, Channel 4, which was set up nearly 20 years ago on that model of being a publisher-broadcaster having a structure of commissioning editors and having as little as possible internal production resources of its own. That model has been successful in the UK and, as Mr Jeffrey said, it is one which the UK government is trying to move the BBC more towards and also by mandating minimum levels of independent production. Those have also been applied to the ITV network in the UK as well. What we are arguing is that perhaps in some regards the ABC is more advanced than the BBC but that there is more of a way that it can go in terms of outsourcing more from the independent sector and giving it the flexibility to respond creatively and effectively to the needs of its audience.

Mr LINDSAY—In terms of quality and then cost, how do you rate ABC production?

Mr Herd—Internal production?

Mr LINDSAY—Yes, compared to what you might say is industry standard or world standard – quality and then cost.

Mr Herd—Generally in Australia the independent sector has demonstrated that it is very cost-effective. The comparison with internal ABC production is difficult to make because we do not have access to all of their costings.

Mr LINDSAY—But I am asking you to do it the other way around. How do you rate the ABC's production – what they produce now – in terms of quality and then cost?

Mr Herd—In terms of quality, I think it is good. Quality is a difficult thing to make a judgment about, obviously. Everybody believes that they are doing the highest quality for the sort of programming they are making.

Mr LINDSAY—I thought you might say they are the best organisation in Australia at this stage.

Mr Jeffrey—In terms of their remit, they have a huge challenge in that they have to provide probably more than the commercial networks through a very diverse range of programmings and meet the needs of quite different sectors of our community. Over the years the ABC has met this challenge and fulfilled those objectives very well. Sometimes you get the odd program that does not succeed.

Mr Jeffrey—It is very difficult to get comparisons because the way in which the ABC operates in terms of payment of crews, overtime structures and hours is somewhat different to how we operate in the independent area. There are different agreements that the ABC has with MEAA, the Media Alliance. It is very hard sometimes to get a comparison. But, if you compare what they achieve within their own framework, they do extremely well and have done so.

CHAIR—I would like to follow on there. You do suggest in your submission that the outsourcing could be more cost-effective and that the independent sector could provide a more cost-effective production. Yet you say, Mr Herd, that you do not have access to the costings of the ABC. I am just wondering how you can reliably assess the cost-effectiveness of in-house production as compared to outsourcing. It would seem to me that you have not been able to establish a case for that. I also question the quality issue. It is one thing to get cost-efficiency, but what happens to quality in that process? It leaves a couple of questions in my mind. You might want to respond to that.

Mr Herd—In relation to your point about money equalling quality, there obviously is a correlation between that, but you can spend a lot of money on projects and still not get the best quality.

CHAIR—I agree with that, but you have not been able to demonstrate any substantial evidence to support your argument that outsourcing would bring greater efficiencies.

Mr Herd—Mr Jeffrey talked about this. I think what we are arguing about is a structure in which you have permanent studios, facilities and staff devoted to production as compared to the independent sector where production is done on a totally freelance basis. Independent producers have been very efficient in making programming within the cost parameters demanded by the broadcasters. We have to make programming for all of the broadcasters within the costs that they contribute in terms of licence fees and where we can raise finance in some cases from other sources in order to make the best possible program within the financial resources available. Essentially, our argument is that there is a great resource in the independent sector in terms of efficiency and creativity, which is being used by other broadcasters and can be used to a greater extent by the ABC.

CHAIR—Thank you.

Senator FERGUSON—I am not quite sure whether our role in the PWC is to determine the quality of programming or not. I am concerned about the simple statement as to why you support the proposal that is before the Public Works Committee to move to Ultimo and the sale of Gore Hill.

Mr Herd—As we said before, since Mansfield we have supported the sale of Gore Hill because we see that freeing up the ABC's resources and moving it away from the vertically integrated style of production capacity. We said that in our submission. We support the notion of the ABC collocating television and radio for the reasons of synergy that have been talked about by the Australian Broadcasting Corporation. Where we differ from the ABC perhaps is in terms of the degree to which they could be sourcing more of their non-news and current affairs programming from the independent sector. That is essentially where we are coming from.

Senator FERGUSON—Providing you guys are getting the business, why do you care whether they are at Ultimo or Gore Hill?

Mr Herd—Because we are also concerned about the constraints on the ABC's funding – that is, if they are put in a position where their budget is squeezed and they do not have enough money to spend on programming. Over the last few years they have had less money to spend on drama production. The ABC need to increase the level of their drama production, and I think they recognise that. We want to see that happen and we want to see the ABC's budget used in the most efficient way possible to create programming because not only is it of benefit to our members but also it is essentially what the ABC are there for – to provide the highest quality possible programming for the Australian community.

Senator FERGUSON—If you were going to help the ABC's budget by outsourcing, you are going to have to produce the programs cheaper than the ABC are doing it. Is that what you are suggesting you can do?

Mr Herd—Yes.

Senator FERGUSON—I will have to go into a bit of the program that I did not intend to. You say in your submission that:

Historically, the ABC has played a very strong role in training and production. However, over the past thirty years the size and versatility of the independent sector has grown substantially and is firmly established.

How much growth has there been in that independent sector? Can you give us an idea of how much the independent sector has grown in recent years?

Mr Herd—I do not have the exact statistics with me, but I can get those to you in the next day or so. Based on ABS figures, in the last 10 years or so the number of independent film and television production companies has grown substantially. There are more people employed in the industry and more independent production companies operating than there were 10 to 15 years ago.

Senator FERGUSON—The ABC has suggested that, while the independent industry produces a wide range of programming, it cannot guarantee to do some things that the ABC can. For instance, the ABC says you cannot guarantee to produce a full range of programming that it may require from time to time to fulfil its charter. Is that a fact?

Mr Herd—Certainly, we are not suggesting that we can produce a news and current affairs program. We are supplying the ABC with all of its drama, most of its documentary, most of its comedy programming and some light entertainment programming. Yes, there are some areas of the ABC's non-news and current affairs programming that the ABC does very well and will probably continue to do. What we are saying is that there is a well of creativity and expertise in the independent sector that the ABC can call upon.

Senator FERGUSON—The ABC also says that you cannot guarantee to produce such programs at the time that the ABC may require. Is that a fact?

Mr Herd—I think we would dispute that. It depends on what kind of programming you are talking about. Again, obviously we are not saying that we can produce news and current affairs.

Senator FERGUSON—Aside from news and current affairs.

Mr Herd—We would be saying that we could produce the full range of non-news and current affairs programming according to the timing and budget that the ABC wanted.

Senator FERGUSON—The ABC also says that you cannot guarantee to produce such programs in a location that it may require. Is that a fact?

Mr Herd—No.

Senator FERGUSON—I am just asking you the questions because they are responses to your submission. They also say that you cannot guarantee to produce such program at a level of cost and quality as the ABC may require. Is that a fact?

Mr Herd—No, we would dispute that.

Senator CALVERT—I seem to get the feeling that both you and, from evidence we had yesterday, Messrs Salter and Dempster are concerned about the funding arrangements for this building. Basically what you are saying is that, instead of spending the money on new buildings, the ABC should be spending it on more programming. Is that what you are saying? Is that your concern? The ABC is saying, and I quote from their submission:

Under present funding arrangements and levels, capacity will exist to service this proposed new property related debt without any change or impact upon current program funding.

Obviously, you are suspicious of that statement?

Mr Herd—‘Without any ... impact upon current program funding’—as I said, the ABC is going to the government asking for additional funding in the next triennium so that it can fund more program production, essentially to restore it to the level of program production that it was perhaps doing three or four years ago. Our overall concern is with funding and with questioning the circumstance in which the ABC finds itself, where it has to fund new construction out of borrowing and partially fund the transition to digital out of the sale of assets rather than use the sale of assets towards creating new program production. So it is as much an argument with the ABC as it is an argument with the government and the approach that the government has taken to the funding of the ABC.

Senator CALVERT—You are obviously recommending that they outsource more programs—which gives you guys more work—but then again you support co-location. I am in a bit of a quandary. You are saying they should outsource more. Would that have an effect on the size of the building? If they outsource more, do they need a building that big? They have already told us that through co-location they will reduce their staff by 43. If they outsource more of their requirements, I guess that would reduce their staff more and therefore they would not need a building this size.

Mr Herd—Yes. It follows logically that if our arguments about outsourcing are accepted and the ABC moves more towards the independent sector, then the necessity for internal production facilities and resources is lessened.

Senator CALVERT—But then the ABC are in a bind. What do they do? They have got Gore Hill, which is a disgrace for people to work in. They have got to go somewhere. One proposal we heard yesterday was to refurbish Gore Hill. I do not know how to refurbish the place—you would have to rebuild it. So it creates some problems. You are supporting co-location but, on the other hand, you are supporting more outsourcing. It is a bit of a contradiction, isn't it? If they are going to outsource more, they probably do not need as much co-location as they have got here.

Mr Jeffrey—The studio requirements that are proposed are fairly minimal, are they not? As I understand it, there is one studio for audience programming and a smaller studio which could be used for

news, current affairs and panel programs. That is a considerable reduction to what they have got now over at Gore Hill. I think you saw it yesterday or the day before. It is a disgrace. The facilities are so out of date; they are virtually unworkable. One of our members was in Studio 22 a few months back doing a program—

Senator CALVERT—Did they find their way out?

Mr Jeffrey—Getting the vision mixer to work was difficult. It was something I used there in some year BC – it was a long while ago and they have still got it. That is hopeless.

Senator CALVERT—I think what you are saying is that even by outsourcing more they would still have a requirement for this building.

Mr Jeffrey—Yes. I do not think that even in the Mansfield report we ever suggested that the independent sector would wish to or could want to do 100 per cent of the non-news, non-current affairs programming. We said that perhaps a target of somewhere up to 90 per cent might be the go, but you achieve that target over some time; we are not saying that we should do it tomorrow. And we have to recognise that the ABC has been moving progressively and steadily to use more independent production. We are just saying that they should hold on that course, and we think that by freeing up the asset at Gore Hill and reducing the asset in their co-location they may be able to achieve this. We are concerned, as we said in our submission, with some of the structure of the loan repayments and so forth.

Senator CALVERT—We were talking about the BBC earlier. It seems from evidence we had yesterday that they were looking at co-location but have gone away from that. Could you give us any reason why you think that has happened? You support co-location and its advantages here, yet the BBC seem to have gone in the other direction.

Mr Jeffrey—I am not familiar with any moves for co-location in the BBC. Presumably it would be moving their radio establishment out of the city area across to White City, where there is a mammoth television establishment with many huge studios. I cannot comment beyond that.

Senator CALVERT—We heard yesterday that they were having second thoughts and might be moving away from that idea. I just wondered why. Would there be some reason why they would be doing that?

Mr Jeffrey—You would have to consider what other facilities might be available in London or near to Elstree or other studios like that—Pinewood and so on. I am not familiar with that.

Senator CALVERT—Thank you.

CHAIR—As there are no other questions, we thank you and we recall the ABC.

[11.33 a.m.]

BALDING, Mr Russell Stephen, Head, Finance and Business Services, Australian Broadcasting Corporation

LLOYD JAMES, Mr Andrew, Head, National Networks, Australian Broadcasting Corporation

MARHININ, Mr Alexander, Project Director, Sydney Accommodation Project, Australian Broadcasting Corporation

RICHARDSON, Mr Peter John, Director, Cox Richardson Architects and Planners

SHORT, Mr Lindsay John, Director, Project Directors Pty Ltd

WILLIAMS, Mr Paul Elsom, Head, News and Current Affairs, Australian Broadcasting Corporation

CHAIR—Welcome back. The committee would be interested to have the Australian Broadcasting Corporation respond to some of the issues raised in the submissions before the committee in the past day and a half. We remind you that you are still under oath.

Mr Balding—There are obviously a number of issues that were canvassed yesterday both in the submissions that were presented and in the answers to the questions that were asked. I will start, and there could be some further questions coming out of what I am about to say. A lot was said yesterday, particularly about issues such as the financial risk, the massive debt, the interest rate exposure to the ABC and the level of gearing that the ABC would ultimately end up with under the financing strategy. There was concern expressed about construction cost blow out and the extent of rigour that the ABC's financial models and its financial strategy had been subjected to prior to coming to this stage. You heard yesterday from my colleague Lindsay Short in respect of the issue of the detailed construction costs and the management methods and techniques that we were looking to engage to minimise the risk on the blow out of those particular costs.

In respect of the financing strategy, the models have been subjected to significant analysis and rigour throughout the entire process. As we have previously advised you, we have engaged independent external advice, and we have provided you the source of that external advice, being Macquarie Bank. So not only are the models subject to that external rigour, they were subject to the rigour of my own financial management team and they were subject to the rigour of the board. The board is comprised of various directors who have

commercial experience, private sector experience and, dare I say, some merchant banking experience. I can assure you, as the CFO of the ABC, I was subjected to significant rigour at a number of board meetings in respect of how those models were constructed and the financing strategy underpinning this proposal. But, more recently, the financing strategy and the models were subject to the rigour of the Department of Finance and Administration. The Department of Finance and Administration has now signed off on the proposal. They see it as being financially viable and they are confident with the ABC's capacity to service the debt that we are proposing.

That leads us to the debt. In respect of the issue of the debt, a statement was made yesterday that the ABC is looking to maximise the debt for this project. To the contrary, the ABC is looking to minimise the debt that we require to service this spectacular project itself, and we are only looking to use debt once we have used forward capital property funds and non-program efficiency savings. And when we do need to use that debt, that debt will peak at some \$53 million. With an asset backing of \$755 million and very low gearing ratios, I do not see \$53 million as being massive.

Comparison was made to the Ultimo project, the existing building. That building cost in the vicinity of \$150 million, \$151 million. The ABC borrowed \$128 million to service that particular project. What we are proposing is to borrow \$53 million to service a \$129 million project. In other words, a gearing ratio for the project that is in front of you in the vicinity of about 41 per cent, compared to a gearing ratio on the existing project that was built for some 85 per cent. Again, in that comparison, I do not see \$53 million as being a massive level of borrowings.

Concern was expressed in respect of interest rate exposure. In the financing models that we employed to assess this project, we have put in an interest rate of 8½ per cent. Notwithstanding the half per cent increase in official cash rates yesterday, I could go to the market this afternoon and borrow the \$53 million and lock that in at 7.6 per cent for 10 years. We will have the debt paid off in 11 years. So if I can go out there tomorrow, lock in interest rate at 7.6 per cent for 10 years fixed, I do not see where there is exposure to volatile movement in interest rates.

Further, in respect of debt, the ABC has demonstrated that it has the capacity to manage that debt; in actual fact, reduce that debt. Back at the end of June 1996—so the end of the 1995-96 year—the ABC's external debt peaked at \$204 million. In 1997, that figure was down to about \$190 million. In 1998 it was down to \$140-odd million, and at the moment it is about \$140 million. So we have actually reduced debt.

Over the last three to four years, the ABC has reduced its debt. Even when we take on this borrowing requirement that we do need for a relatively short period of time, the gearing ratios only increase very marginally. I think that, in respect of the financing aspects, the ABC has demonstrated that it is financially viable. We have sought the external advice and they also support it.

Senator CALVERT—What about programming?

Mr Balding—With regard to the source of funds that we are using to service this project, there is no call on programming funds. In fact, some program efficiency savings have been identified. They are not being used for this project. As outlined in our statement of evidence, the output portfolios are permitted to retain those savings and re-invest them back into their own program areas. So the project is realising some efficiencies for programs. We are calling upon our forward capital budgets. We are calling upon non-program efficiency savings. They are savings derived as a result of eliminating duplication of support areas across two sites. We are calling upon what I believe is a reasonable and very responsible level of debt to service a project this size.

Senator FERGUSON—Can we start with the debt? Is your debt all in fixed interest rates or did the lower interest rates have an effect on your ability to reduce your debt?

Mr Balding—It depends on how, when we do go to the market, we parcel that up. There could be a mixture. We could have some fixed; we could have some variables. Before we do go to the market, we will be taking on some external advice of how best to package that. But the example I gave is that I could go to the market today and lock it all in at 7.6 per cent for 10 years.

Senator FERGUSON—The question I asked was: did lower interest rates have an effect on your ability to reduce your debts?

Mr Balding—It had the ability to not so much reduce our debt but give us the ability to look at servicing the existing debt, taking some money from the existing payments that we put into Ultimo A. Basically, what has happened there is that over time interest rates have come down, we were ahead of what was our previously approved loan repayment period. That is what we are looking to do, which is to partially service the debt.

Senator FERGUSON—So the answer is yes.

Mr Balding—Not so much in reducing the debt but in our capacity to service more debt.

Senator CALVERT—You are saying the way you are going to fund this is funds from the forward property budget, efficiency savings and borrowings which will be serviced by the restructuring of existing debts. If there is money to be saved by restructuring existing debt, why haven't you done it before?

Mr Balding—We have not needed it before. Our previous parcels of debt were locked in for certain periods of time. It is only when you have the opportunity to either roll over that debt or discharge that debt, that you can take advantage of that.

Senator CALVERT—Okay.

CHAIR—Talking about the issue of financing and debt, we heard in evidence that there was never a feasibility study done on rebuilding on the Gore Hill site and selling off part of that site and looking at all of the options in relation to Gore Hill. Can you tell us why the ABC has not looked at that issue and the feasibility of doing other things on the Gore Hill site?

Mr Balding—The ABC has looked at those options. I will ask my colleague Alex Marhinin to take you through the process that we have engaged.

Mr Marhinin—Madam Chair, in the submission before you, option 2 refers to the redevelopment of the Gore Hill site, the relinquishment of some 42 per cent of the site and the construction of a number of new buildings on the top part of the site currently occupied by the old cottages and which represents a large amount of green space. That option was presented to the board in March 1998. It was called Option A in the board papers that were given to you as part of the evidence. A number of assumptions underpinned that Option A. The first was that there would be news co-location in Ultimo. We would build a new office block at Gore Hill; we would build a new post-production centre at Gore Hill; we would build new studios at Gore Hill. Gore Hill archives would remain at Gore Hill. But there would be no rehearsal rooms, no production facilities and nothing like the functionality that is now incorporated in the model.

CHAIR—In other words, you really did not consider that as an option at all. It was put forward but then dismissed because the management decided that there would no other functions catered for at Gore Hill. Is that what I am understanding? You put forward the possibility of that option, but then dismissed it because the decision was made on a policy basis not to include any other functions at Gore Hill, other than those now in the proposal.

Mr Marhinin—We completed the full financial analysis of that option, including the full costing and some design development.

CHAIR—But not of a complete development.

Mr Marhinin—It was substantially a complete development but it did not meet the ABC's organisational objectives, nor did it meet some of the financial criteria. We did present that information subsequently also to the CPSU. We found that the difference between that option and the one before you in today's terms is about \$24 million.

CHAIR—Can you explain why it did not meet the financial criteria? In what way did it not meet the financial criteria?

Mr Marhinin—In NPV terms, it was quite marginal and it certainly would not have passed the sensitivity tests of interest rates at that stage. It was done at about six per cent to 7½ per cent. Mr Balding has just told you that our current model is based on 8½ per cent. So had that new interest rate been subsequently applied, it would not have passed it in terms of net present value. That was one of the major reasons it did not proceed from financial terms.

Mr Balding—Also, when it is compared with the other alternatives, and when you do a net present value analysis, basically what you are looking to do is compare one project with another. So, in financial terms, the outcome of doing the NPV for that option was significantly lower compared with the option that is before us now.

CHAIR—Can you explain to the committee why that is so?

Mr Balding—Because of the actual costs that went into that particular project itself and the returns we are getting from that particular project. So from an NPV analysis, although the first run-through is marginally positive compared to the other project that was significantly positive, and if you were to do an NPV analysis you would normally accept a project that is positive, you then rank it against the other projects, and it was not ranked as high as the other projects.

CHAIR—Is that analysis available to the committee?

Mr Balding—Yes, that can be made available.

CHAIR—Okay. Could we have a look at that initial analysis and the basis on which you made those decisions?

Mr Balding—Yes, you may. That is the basis that formed the submission that went to the board in March 1998 which the board then considered to go forward to do more detail in respect of the preferred option.

Senator FERGUSON—Why is it then that the CPSU and Mr Dempster suggest that you have not fully investigated the possibilities at Gore Hill?

Mr Marhinin—On 13 January this year we met with Mr Dempster and Mr Salter and we attempted to raise the matter with them. The basic assumption that we made in all of that was that there would be news co-location in Ultimo. That is the substance of the difference between us. We needed to come down to a basic agreement upon what would stay at Gore Hill. Would there, in fact, be any co-location of any kind if we retained a two-site strategy? That is where we parted company because our assumption always was that as a minimum there would be news co-location in Ultimo. They did not accept that as a basic premise.

CHAIR—Does that mean that your decisions are driven by the ideological position of co-location and not by the economics of this proposal?

Mr Marhinin—It is a mix of both.

Mr Balding—In respect of those discussions that we were having with the CPSU just immediately prior to and leading up to the February 1999 board meeting when they were alleging that we had not done the full financial analysis of a two-site option, you have heard Alex Marhinin talk about the difficulty of doing a financial analysis of a two-site option if we cannot agree on the configuration. As you said, there were a number of criteria that had to meet the threshold criteria, to meet our strategic objectives, our operational objectives and the financial objectives and criteria that we had set.

I did a financial analysis using the same model that we have used now for this particular project. But in doing that and comparing the two actual projects that were there, we went back to the original March 1998 two-site option, and there was a differential there of some \$33 million. That was because on that two-site option you never had the same level of facilities. You never had, for instance, the rehearsal rooms on the same level as the production facilities. When we factored those into exactly the same model that we employed for this project and the foregone savings—because if I stay on two sites I do not realise the operational savings because I cannot eliminate two lots of property management and the two separations of cleaning and security—

CHAIR—I am sure it is in your submission here somewhere, but could you just tell us what the operational saving component is?

Mr Balding—The non-program operational savings deal with property management and administration savings. For instance, we have got two mail dispatch rooms, one in Gore Hill, one in Ultimo, and you would need only one mail dispatch room. We have got two lots of property management facilities management, and you can appreciate the cost of providing property facilities management on the Gore Hill site for some 24—

CHAIR—Can you actually put a dollar value on the total operational saving from co-location?

Mr Balding—\$2.1 million would be saved, and that is factored into the model. Under a two-site option, we are assuming you would only save about 50 per cent of that because you would have a smaller, rationalised Gore Hill site. So you obviously would not save the entire property cost—you would incur some—but you would incur them to the same extent that there is now. So, we factored in half of those savings.

CHAIR—Did you look at this on the basis of selling the piece of Gore Hill that would not be required under redevelopment and, on the other hand, on the basis of developing the rest of the space at Ultimo for commercial purposes, bringing income to the ABC?

Mr Balding—Yes, we took into account those items. Once we fed all those into the models, from a financial analysis it was pretty well the same. There was very little difference. We still would have had to borrow money. It still would have had the same payback period.

CHAIR—Can you recall what the borrowings would have been in that model?

Mr Balding—The borrowings would have been in the vicinity of \$90 million.

CHAIR—That would have been a saving of \$130 million all up, but if you develop Gore Hill, you would still have the fit-out costs, so you would be looking at \$109 million as against \$90 million. Is that what you are saying?

Mr Balding—No, if you developed Gore Hill to provide the same facilities that we are proposing in respect of the preferred proposal, then you would need to incur further cost. What I am saying is that the borrowings that would have been needed to service that project would have been roughly the same whether we had it on a one-site option or a two-site option.

CHAIR—So you are saying you would have to be borrowing about the same amount if you developed the facilities you require at Gore Hill?

Mr Balding—Correct. In summary, the financial analysis in the model said that, comparing the finances of the two-site as opposed to the one-site option, they were pretty well on a par as far as the extent of borrowings we would need and the time we would need to service that debt. But where the two-site option fell down was it did not meet our strategic objectives or our operational objectives.

CHAIR—Okay, thank you.

Senator FERGUSON—You half answered this question earlier. I asked you if Mr Dempster, Mr Salter and the CPSU came and said that there had not been sufficient work done or that there had not been a complete examination of the redevelopment of Gore Hill so they were opposed to the move to Ultimo. You said that you, Mr Dempster and Mr Salter parted company over the issue of co-location of news production or that was one of the issues. You have not mentioned anything about the CPSU who said to us yesterday that they had no opposition to the move to Ultimo provided that there had been a satisfactory study done of staying at Gore Hill. How do you respond to the CPSU's argument because it seems as though it is a different argument, or a complementary argument, to the one put by Mr Dempster?

Mr Marhinin—We have invited the CPSU on many occasions to sit down with us and attempt to define what a future ABC would be like over two sites, taking into account some of management's—I think Madam Chair used the term before—ideology of co-location. We have been unable to engage them in that particular debate because I believe they too have an ideology about attempting to retain Gore Hill at all cost. So we have put our option of two sites which was news co-location in Ultimo and the rest at Gore Hill. But subsequently, as part of the joint consultative review, we found that, in the long term, economically that would affect significantly the operational viability of the rest of television at Gore Hill. We signed off on that jointly because there is a high degree of synergy and of usage by news and current affairs of facilities that are also there to support general production. If we split them away, we would need to replicate some facilities and other facilities would, as a result, remain less utilised.

Senator FERGUSON—We have had many people come before us who support the redevelopment at Ultimo. Two significant witnesses that did not support it in total were Mr Dempster and Mr Salter, and the CPSU. And yet we have the CPSU saying that in principle they have no objection to the move to Ultimo, it is just that they do not feel that all the homework has been done in regard to Gore Hill. Has this lack of your being able to convince them been brought about because of the inability of the two groups to get together to talk it over and negotiate, or do you think that they are not willing to listen to arguments you put forward?

Mr Marhinin—I think the figures stand for themselves. Our records show—and these are figures that we produced in the Industrial Relations Commission—that we have had some 36 meetings with them at which the ABC have tendered some 93 documents and, in return, the CPSU, of which Messrs Salter and Dempster were representatives, have only tabled eight. We have attempted to engage them in this philosophical debate about the mix over two sites. There is not one document that I am aware of where they have put down in writing something that we can look at and respond to.

If you take a fundamental ideological position on one thing or another, there are some times where you may find an impasse. I believe at this stage we have reached that impasse. However, to the credit of the CPSU, they have acknowledged that this proposal is before you and, as I said to you yesterday, have now, under a new group of representatives and delegates, worked quite constructively with us to develop the detail contained within the proposal before you. So we have made every attempt to engage them and to invite them to put their point to us, and they have not done that to date.

Senator FERGUSON—Madam Chair, unless someone else has some questions about the CPSU, the other significant issue which the ABC have not addressed in response is the issue of pedestrian traffic, which has been raised by a number of witnesses. I think before we ask questions they ought to respond.

CHAIR—Can I just come back to this issue: have the CPSU and Mr Salter and Mr Dempster been given access to the feasibility study of the redevelopment of Gore Hill as against the Ultimo proposal?

Mr Marhinin—Yes, they received a copy of the March 1998 board papers prior to the March 1998 board meeting, and CPSU delegates were fully briefed on that. Mr Salter and Mr Dempster became CPSU delegates after that event. But they have them.

CHAIR—Was that feasibility comparing apples with apples? Let us put aside the policy differences for the moment and look at this as a purely economic exercise, because one of the major concerns of this committee is the expenditure of public money, that it is being expended in the public interest. We have to not only consider the policy issues of the ABC but we have to look at the expenditure of a very large sum of money. So is that feasibility study on Gore Hill comparing apples with apples? Or are you factoring in there, and is this the difference between the ABC management and the CPSU and Salter-Dempster argument, a difference of policy direction rather than comparing the economics of the two proposals and comparing apples with apples?

Mr Marhinin—The proposals that went to the board in March 1998 were certainly comparisons of apples with apples, but the underlying elements and underpinning strategies at that stage were certainly different from what they are today. In March 1998 there was a significant shift in thinking regarding the importance of archives. At that stage it was not intended to relocate archives in Ultimo but to keep them separated. That has been a major corporate change in thinking since the apples-to-apples comparison was made. There was a significant shift also in the issue of the ABC retaining in-house facilities like rehearsal rooms and production facilities. So in many ways the ABC board and ABC management have backed away and backed down from that very radical cutting back position and have expanded their position. Therefore, the proposal you have before you today represents that positive shift. The original comparison was apples to apples, but you cannot compare those to the submission you have before you today because it represents a strategic—we have not gone back and redone all of the iterations again.

Mr FORREST—As a supplementary to that: the information that you committed to supply us, which I understand is the net present value analysis, is going to be information that Mr Salter and Co do not have now is that right?

Mr Marhinin—They do have it. It is the March 1998 board paper. It is a report called *The strategic property development study*, which I understand they have actually tabled to your committee as part of their evidence. So they do have it.

Mr FORREST—But what we need is an analysis of what could happen at Gore Hill and what could happen at Ultimo with all of the current criteria, whatever they are. We do not want to see old data. We think that would be a pointless exercise.

Mr Balding—Mr Forrest, as I said, leading up to the February 1999 board meeting the CPSU were wishing us to do a full financial analysis of a two-site option. As we said earlier, we could not get the configuration of what they saw as a viable two-site option. So what I did do, as I outlined a bit earlier this morning, was to make allowances for various facilities that were not in the original 1998 two-site option. In other words, as Alex was just saying, I added back the cost of providing the same level of facilities over the two sites, did a financial analysis of that and took into account a significant amount of funds that would be forgone because we would not be able to sell 75 per cent of the Gore Hill site, only 42 per cent of the site. So there is an opportunity of funds forgone there.

CHAIR—Except that would be picked up by being able to fully develop the Ultimo site for commercial purposes.

Mr Balding—No, I took into account the net costs of that in respect of the value of the vacant site.

CHAIR—Is this is the study you are going to provide to the committee?

Mr Balding—I can provide that analysis.

CHAIR—Okay. And I take it that that has not been provided to Mr Dempster, Mr Salter or the CPSU?

Mr Balding—I gave them a financial briefing of that particular analysis and we handed to them copies of the models.

Mr LINDSAY—The CPSU's evidence yesterday was that the ABC must establish this proposal if it is cost effective. They said, 'No details have been given to us.' Do you dispute that?

Mr Balding—I dispute that.

Mr LINDSAY—They also recommended that this project should be deferred until a self-funding model can be found. What is your response to that?

Mr Balding—I dispute that in that the proposal, as we have outlined here, is self-funding. There is no call on assisting program budgets.

Mr LINDSAY—Going on to the program budgets, Mr Dempster said that he did not accept the ABC's answer re the impact of this project cost on the capacity to meet its statutory obligations. You said that there was no impact on current programming, so he was suspicious of what future programming impacts there might be. How do you respond to that?

Mr Balding—I cannot foresee the future level of ABC funding, but if you make the assumption that there is no further reduction in ABC funding then what I am saying is that there will be no further reduction in program funds as a direct result of this particular project. I will not be calling upon existing program budgets to service or fund this project in any way. As I said, to the contrary, when we did the models back in March 1998 there were program efficiency savings that were identified that would come about as a result of collocation. The CPSU questioned the validity of those and whether in actual fact those savings would ever be realised and you would therefore be calling upon program funds to support your debt. The board, after considering the recommendations from management, chose to quarantine those program efficiency savings and not have them

go to financing this project whatsoever. So, in actual fact, the program efficiency savings go back to the portfolios.

Senator FERGUSON—Before we ask questions, I would like you to respond to the issues that were raised with regard to pedestrian access and pedestrian traffic. You may cover it without us having to ask too many questions, but there are some issues that were raised by several witnesses in relation to the pedestrian access and the through traffic.

Mr Balding—In the first instance I would ask my colleague John Richardson to respond to that

Mr Richardson—With regard to the pedestrian traffic in Ultimo Road, our understanding of the planning for the Devonshire Street tunnel extension, that is, the pedestrian corridor, is that for planning purposes it is assumed that some 26,000 people per day would use the tunnel extension from the Devonshire Street tunnel to access SIT, UTS and the ABC site. If we assume that 2,000 ABC staff—and this assumes all the ABC staff, which it would not be—use the tunnel, and 12,000 UTS students access the UTS before they get to the ABC site and go through the existing faculty of design, architecture and building into UTS, that leaves some 12,000 SIT students who may use Ultimo Road via the rail corridor. We say may use the Ultimo Road via the railway corridor because it should be remembered that we are widening the footpath in Harris Street to some seven metres and the pedestrian environment in Harris Street is also being improved by this development and therefore we may assume that some students will actually come down Harris Street.

Assuming a peak hour proportion of 20 per cent results in 2,400 people per hour crossing the ABC driveway. This is the equivalent to 40 people a minute. The capacity of the footpath in this vicinity can be calculated using level of service C, which equates to 33 to 49, average 41, people per metre width of walkway per minute. After allowance for side clearance, there is three metres clear width, which gives us a capacity of 41 by 3, which is about 123 people per minute along that footpath. During these peak movement periods for the traffic, the average rate of vehicle movements is a possibly two per minute, and that is in peak. We should point out that the peak times for ABC are actually not the normal peaks. Arup Transportation have done a detailed analysis of when they anticipate vehicles will move in and out of the site hour by hour 24 hours a day. The peak periods, for example, are earlier in the morning, between six and eight in the morning, and earlier in the afternoon, between two and around four. So the traffic time is not coinciding precisely with the peak traffic time for the rest of the city.

Having said that, that still is an average of two vehicles per minute at that time. Throughout the remainder of the day this reduces to approximately one vehicle per minute. Assuming a car moves across the driveway in five seconds, two cars take ten seconds, leaving 50 seconds for pedestrian activity, the capacity of the footpath is therefore 50 to 60 seconds by 123, which is 102 per minute. This is well in excess of the 40 people per minute expected from the above assumptions. What we are saying is that we have 2½ times the capacity to allow for delays in traffic and that sort of thing. What we are saying is that the width of the Ultimo Road footpath will adequately accommodate the pedestrian traffic that will move along Ultimo Road. Indeed, as has been pointed out before, the probable problem is going to be at the traffic lights at the corner of Harris Street.

Senator FERGUSON—You have blinded me with figures, Mr Richardson, if you do not mind me saying so. I am not sure that that is a real question we are addressing.

Mr LINDSAY—It is one of them.

Senator FERGUSON—It is one of them, yes, but there have been suggestions made that in fact people may wish to access the Institute by going through the ABC building. That concerns me a bit but it may concern you even more. Can I perhaps couch it in another term. Mr Dawkins in his evidence suggested your building faces the wrong way and that it should be facing the city, or that you should do something to enhance that side of the building because of the amount of pedestrian flow that there would be.

How expensive or how difficult would it be to enhance that entrance visually, in particular, or to make it more accessible, bearing in mind that there may not be a lot of people who want to use it but that it will be a significant entrance. I have been around and had a couple of looks at that entrance and, while it serves the purpose, it still looks a bit like a backdoor entrance, without being too unkind—it is not the major entrance to the ABC; the visually acceptable entrance is the front, where people drive around. How difficult would it be to enhance that entrance, even visually? How costly would it be? Is it possible? I would like some indication from you.

Mr Richardson—If I could answer your question this way, the entrance from the pedestrian corridor is in fact about five metres wide and it is covered, so, within the scale of things, it is a fairly generous entrance into the building. If you refer to the plans in the evidence you will see that. When the pedestrian corridor is functioning, when it is finished and working, and when the demand is demonstrated, the ABC may in the future relocate, say, the cafe and the shop along that corridor and could indeed do so to the northern side of the entrance. It would be quite feasible to do that, but we only recommend that investment when the demand is

demonstrated. In other words, at this point in time we would not be recommending that the ABC invest, say, \$1 million in relocating the cafe to the pedestrian corridor.

Senator FERGUSON—How wide is that entrance? You said you have a five-metre—

Mr Richardson—It is a five-metre walkway down—

Senator FERGUSON—What about the corridor where you walk?

Mr Richardson—No, you just walk through a pair of conventional two-metre wide doors.

Senator FERGUSON—Into an open space?

Mr Richardson—Correct.

Senator FERGUSON—If it was to be used by people as a thoroughfare to get through to Harris Street, does the ABC see that as a significant problem or not, because you would not be able to stop them?

Mr Richardson—The entrance will function and can function as a public entrance. Both entrances can. The ABC needs to review from time to time how it controls the public and the staff when they are in that entrance area, depending on what is happening within that entrance at the time. There may be times when the ABC requires high security, which may impact on who can go in there at all, and there may be other times when people will be quite free to move through that space. But that is really a matter for ABC management; it is not really a matter that arises out of the design.

CHAIR—If, as you say, the ABC might rethink that back entrance at some stage, wouldn't it be better to address that now in the design, rather than just leave it as it is and then have to spend more money at a later date to rectify that situation?

Mr Richardson—I think the provision is there to create, for example, the cafe at the main entrance in the future with minimum interruption to the ABC's function. What we are saying is it would be unwise to invest in moving the cafe to the entrance today.

CHAIR—I can understand and appreciate that argument. However, the aesthetics of that rear entrance would need to be addressed if the cafe were to go there, so why couldn't that be addressed now in the design function rather than waiting until perhaps some future date when the ABC may decide to move the cafe and the bookshop?

Mr Richardson—Perhaps I can try and put this in perspective. At the moment, the ABC is really the only function along the corridor actually proposing an entrance at grade. And to clarify an issue that was raised before, the entrance is at grade with the entrance in Harris Street at that point. We are the only people proposing an entrance at grade into our building. None of the others do. The UTS, for example, requires—and for perfectly legitimate reasons—escalator access up to a higher level to move across Harris Street; the Carlton Crest Hotel addresses the corridor with a car park.

We are proposing a reasonably substantial entrance from the pedestrian corridor with a canopy that actually goes out over the corridor and identifies the entrance point. We would really query whether the ABC should be investing anything more than that at this particular point in time when it will really be the only significant entrance from the corridor.

CHAIR—I asked the question because you pose the possibility of the shift of the cafe and the ABC Shop at a future date. I would have thought it would have been easier to include a suitable design function for that particular entrance now rather than doing that in the future.

Mr Richardson—It may be appropriate to develop the slab that would accommodate that in the future, and that is something I am sure that the ABC could look at, but we would have to review the cost of that.

Mr Short—Could I add a financial dimension to that? We have done some work on this. At the moment this corridor is not a project and it would be irresponsible of us to have designed the ABC building to address something which may not have happened when we were commencing this process. The cost of shifting the cafe from where it is now to the location where we have done some study work, which is adjacent to that entry, is in the order of \$1 million. For us to spend that, without having any sense of commercial reality as to how it is going to be used or whether the corridor is going to draw these people to come to the coffee shop, is just not justified.

CHAIR—Mr Richardson raised this issue, so we are just exploring why you would not make provision for that. We are not questioning the fact that at this stage there is no justification for the expense of moving the facility but if it is in the back of mind that this may become a reality then why not allow for this in the design of that particular entry point?

Mr Short—We have allowed in a planning sense and we know how we would do it. To put a slab in now would cost money. If in fact the coffee shop was not shifted, or any other facility were shifted to there, we would have a slab which has no particular meaning; it would just be sitting there. The coffee shop that is in the

existing building cost \$1.2 million to establish. In its current location, it has a 3,000-litre grease trap, for example, which would have to be relocated—all those things.

CHAIR—As I said, the committee I do not think is questioning what ought to properly be a commercial decision based on traffic flow. Obviously that is for some time in the future. But you have actually raised this issue and, as I said, we are putting therefore the questions about the amenity of that entrance.

Mr LINDSAY—David Salter yesterday said that, around the world, radio and television are now breaking apart, not co-locating. That was his evidence yesterday. How do you respond to that?

Mr Balding—I will ask my colleague Andy Lloyd James to address that.

Mr Lloyd James—I am not aware of that being so. I think David restricted his comments to the BBC. I am on an anecdotal basis here, having talked with the BBC on some of these issues in the middle of last year. BBC Television is a giant operation. BBC Radio is a smaller operation as, indeed, is our own radio. Some elements of BBC Radio have moved or have been proposed to move to the BBC's television studios at White City, which is an enormous building. I believe that they have felt very strongly that they were arriving as an extremely small contingent in an extremely large encampment and were not confident that they were being dealt with on an equitable basis. As I said, this is anecdotal. If it would be useful for the committee, I can get some more on this from the BBC.

In our own case the issues are very different, the numbers are radically different, and the funding relationship between radio and television has changed because of our own internal structural operations. I am not clear that BBC Radio is actually moving out. I think Paul may have something on BBC News operations, but that was his only example. I have just been given a note here to say that CBC in Canada is co-located.

Senator FERGUSON—Mr Lindsay, I am not trying to interrupt but I wonder if Mr Williams could give us his views on co-location as well.

Mr Williams—I am happy to, Senator. Can I just say at the start that, as the head of news and current affairs, I am actually very proud of our news service. It has got a very long history of appreciation from the audience on surveys that have been done annually for many, many years. There is a very high—80 per cent, 90 per cent—appreciation of the value of the ABC news service, the fact that it is independent, and it has been demonstrated many, many times through the Mansfield inquiry and since that our dedication to a news service that is independent and free of bias and inaccuracy—that is, that it is accurate—has been supported by the audience and appreciated as such. The only reason I raise that is because there was a comment, I think from yourself and from Mr Lindsay, on the record that I think should be addressed, and I am happy to talk about that if you would like to, but it has got nothing to do with this building.

In terms of what is happening with news around the world, there has been an absolute movement toward collocation of radio and television and on-line services around the world. The biggest news organisation in the world, CNN, is co-located in one big building in Atlanta, and the radio service and the television service are absolutely together and depend on each other's news gathering force to make it work. ABC America and CBS are both co-located, and they are building enormous new complexes to actually achieve that synergy with digital. The Canadians are co-located and, certainly, it was one of the big points of the BBC's process to collocate their news service, which they have done, out at White City.

At the time that they did that there was a huge debate in the BBC about shifting from a city location, where they are very central to Westminster and the happenings of the city, a long, long way away out to White City, and that proved a difficulty for them. They knew that at the time that they were doing it. They could not redevelop the inner city centre. They had to go out for television where they built a purpose built facility. Even at the time they were doing that five years ago they were planning a return to the city in a purpose built facility when technology itself would allow, and that has always been part of their plan. What is not part of their plan is separating the synergies of radio and television in news and current affairs, nor do I believe it ever will be, even if they do shift from one location to another over time.

As far as the ABC is concerned, there is a natural synergy between newsgathering in radio, television and on-line. It is quite dysfunctional to have separated newsrooms. We did do it quite deliberately some years ago to separate the media because television in those days was not being well served from a radio background—television news tended to be radio with pictures. There is no doubt that that worked. The separation and the concentration on television worked to enhance the quality of what television news was but, in the end, you end up with two newsroom cultures which do not talk to each other that are effectively doing the same job. They are gathering the same news every day. As our experience has shown now from Perth, Adelaide, Hobart, now Melbourne and in Brisbane, if you put your newsrooms together there are great efficiencies in how you can gather your news. You can put more reporters on the road to gather more stories and, in court reporting, state political rounds and in general news, between the resources you have got in radio and television, you make much greater sense of how you cover the day's events and how you produce it.

With digital technology—as I think my colleague, Andy Lloyd James, said yesterday, now that they are all on the same platform, or will be, of digital as opposed to quite separate technologies in radio and television as it was in the past when it was analogue—you have now got a platform which will enable even further synergies in terms of how this material is produced and delivered on to different formats. So it is really an important part of our strategy to bring these together. There are efficiencies to be gained, and most of those efficiencies will be gained in terms of how much material you can present, particularly for online. You can have a continuous news service updated on online which will include pictures, and it can be delivered to your wristwatch, your mobile phone, your computer at home, your television set or onto your radio. So it does not matter where you are in the world, even in the Mallee or Mount Isa or across the world.

Mr FORREST—We cannot get it.

Mr Williams—But you should be able to. The ABC's objective is that you receive that news. I think that it is a matter of policy that those people in remote areas will have to have a solution, to be hooked in, not just for television but particularly for telephony and computers. That, quite clearly, is part of the public policy process from the government, the ABC, and our institutions of democracy. I think we share that. Our objective certainly is to be able to try to provide an accurate, independent, fair and balanced news service to all Australians on whatever platform they choose. Putting our newsrooms together is a fundamentally important part of doing that.

Mr LINDSAY—I have two questions in relation to the UTS evidence. UTS have asked the committee to include in our recommendations a number of points which they tabled today. Have you had the opportunity to review those points? If so, are you in disagreement with any of those points?

Mr Short—As the UTS representatives noted, we have had many meetings with them over the last 12 months to brief them on our intentions both in a global sense and in detail. In the last three to four months we have had a number of meetings to address their particular concerns about acoustics and vibration. As a part of running any project – and this project is no different—we will establish a set of site management criteria. One chapter of that will be to deal with acoustics and vibration. We will not develop that into a final form until we get approval through this committee process but we will proceed with that.

Because of the UTS concern on those two issues, we have actually tabled a draft to them of that chapter. To date we have had no written response to that but we do welcome the tabling today of the document which we now have and we can give the committee an undertaking that we will go away and consider all of those issues and will continue our discussions to reach an agreement with them which is mutually amicable.

We do have a concern about the notion of a legal protocol which has been raised. This is not a normal process in this city when undertaking what, in fact, is a fairly normal construction process. There are four projects noted by the UTS representatives where these protocols are in place, or have been in place. We know those projects. I think we understand why they are in place. In a number of those instances they deal with vibration of historic buildings, which is clearly not an issue here. In some instances they deal with what could be described as 'commercial opportunism' of neighbours seeing a chance to make a quid. There is a whole range of other fringe issues.

We do not believe this project has any of those elements in it, but we are prepared to talk and, if there is a need for a document, that will emerge. We have some problem with the notion of it costing \$50,000 to \$150,000, because that clearly is going to be an impost on this project as presented. But it is our understanding that these protocols on other projects have cost in the order of half a million dollars, if not more. That starts to become a pretty significant figure and we would have difficulty with that if that is the way it goes. But our objective will be to reach agreements without getting to that point and we will treat it as a normal project process.

Mr LINDSAY—You heard UTS's evidence about the consideration of some kind of joint project to construct two towers at the same time, or a single tower as a joint user tower, or whatever. How do you respond to the comments they made in that regard?

Mr Short—I was actually responsible for leading the ABC's discussion with the UTS about the possibility of a joint venture. Because they have a DA for a tower, it seemed to us that that was the sensible thing for us to do, to look at that and see whether we could not develop it earlier than they might have wanted to, to provide the ABC with its accommodation needs. The outcome of that was that there are significant conflicts between what the ABC's objectives and what the UTS's objectives are in a building in access hours, hours of use, footprint of the building. In the end, we could not reach, or could not see that we were going to reach, agreement in the time frame that the ABC needed, to make some decisions on this accommodation project. So we ceased those discussions.

The biggest problem is that, if we went into that tower, the DA solution on the UTS site is that it is at the back and we really have to commit to an entry through UTS for ABC to access that tower. It was disjointed from the existing building. We could not get the synergies, which you have seen on this one where we can

connect floors and there were still the questions of how we placed our big studios and got those properly connected. In the end, the ABC's view was that it was an option, but it did not give us the operational connections and efficiencies that we were looking for, nor could we see that the timing was likely to be appropriate.

Mr FORREST—I have a stack of questions which might take a considerable time. Many of them may well be answered in the information that the ABC are going to present with the value analysis.

CHAIR—What I suggest is that I think the committee is going to have to examine the document provided by UTS on their requirements and we also need to examine the feasibility study on Gore Hill. I am sure that we are going to need to ask some further questions of the ABC outside today. So if you have got a long list, perhaps we can incorporate some of those into later questions.

Mr FORREST—I would like to refer to their detailed cost estimate without any figures and hope that Mr Balding could just have it at his disposal without referring to the figures. One matter that bothers me is the substation. I can see a transmission tower being lost in the cost of that. I am wondering why this is a problem, given that, at the time that stage 1 was built, why it could not have been envisaged, considering the cost now to relocate. Why do we have to spend this money again? Perhaps you could take it on notice because we are running out of time. There are a series of other questions that relate to the overcapitalisation of the site, which is acknowledged in respect of stage 1 already in evidence by Mr Balding. I guess it is also being acknowledged by the fact that we are doing it again with this stage that we are considering now.

I would be looking for the answers in the economic analysis. It depends on the write-off period and so forth as to how that can be justified. Otherwise you just put an enormous value on co-location. I think I heard you say that the operational savings in property management and administration amount to only \$2.1 million.

Mr Balding—They are the non-program savings. There are programming savings that are not factored into financing this model, because those program savings are returned to the output portfolio.

Mr FORREST—Could you detail that argument in your response?

Mr Balding—I can provide those details to you. You made a statement that I admitted to overcapitalisation of the site. I do not believe I did that. I would have referred to the present market value—in other words, a drive by, vacant site value. Our latest estimates of that are that it is in the order of \$80 to \$90 million versus the replacement cost of those facilities.

Mr FORREST—To me, that is overcapitalisation. You cannot rename what it is worth. I am just looking for you to supply information. Are they sworn valuations or someone's best estimate at driving past?

Mr Balding—What I am happy to do is to provide you with a report by Arthur Andersen which went to the board so that the board could further review our policies in respect of property holdings. I believe the information you are seeking is in that report, or we can supplement that report with the information.

Mr Marhinin—That report is already with the committee.

Mr FORREST—In the detailed cost estimate there is a massive amount of money that has to be spent to cope with the car parking that, in my humble point of view, would not be required at Gore Hill. This site has extra complications that the other one does not have, so there are lots of justifications needed in your response.

Mr Balding—Yes, Mr Forrest.

Senator CALVERT—I have a question about that proposed pedestrian corridor and the service access that was discussed at length. Mr Short, if the proposed pedestrian corridor does go ahead, do you see any possibility of the railway bridge being replaced? It does not look to me like it was built yesterday. If that were to be happen, there may be an opportunity to widen Ultimo Road which would probably have the effect of solving one of the problems. That is if they can ever wipe that paint off the road that somebody has put all over it.

Mr Short—I understand that the bridge will be part of the stage 2 redevelopment of that pedestrian way. When we undertook stage 1, we actually looked at the cost of refurbishing that bridge as a park, because we had an idea of cleaning up the railway at that time. The cost was about a quarter of a million dollars to upgrade just the steelwork and the abutments. The bridge has some historic classification. There is a signal house as well which has been taken away and will need to be relocated when that work is done. So it is a significant amount of money. The discussion we had initially with SIT was to suggest that the stage 1 pedestrian project be extended across the bridge, and therefore their students could come down steps or a ramp on that side. I think the difficulty was the cost of upgrading the bridge. Although the bridge does take a train, one would think it would not take too much to upgrade it in an interim way for pedestrians. But that really is not in our bailiwick. The decision has been taken to put the line stage 1, stage 2. We are still somewhat keen on the idea of shifting the pedestrians across to the other side and bringing them down on the side of Ultimo Road. That may form part of future discussions.

Senator CALVERT—So it is a possibility?

Mr Short—Yes.

Senator FERGUSON—Mr Short, the Sydney Institute—I think it was Mr Eldridge—said in the submission to us, or in oral evidence to us, that he had a number of requirements that he thought that you ought to be able to achieve. One of those was that you should maintain the aesthetics during the construction phase. Have you ever built a building where you can maintain aesthetics during the construction phase?

Mr Short—Not easily. It is usually attempted by painting hoardings and the like. The most we can do, I think, is to be a good neighbour and to make sure that we cause the least hindrance visually, and with noise, dust—all those sorts of normal processes which we would do on any CBD building. As we have done on other projects including stage 1, we would like to think that, for example, students from SIT and the university could come and visit the project progressively and use it as part of their study process, and so forth. I think that they are the more meaningful contributions that we can make during construction and we would be happy to do so.

Senator FERGUSON—My final question does not actually relate to the building but to a response that Mr Marhinin gave us regarding the screen producers. I have appreciated the responses that you have given to all of the other submissions that were made which covered a lot of the areas, but do you really think that you did not perhaps go a bit over the top when you talk about the independent industry producing a wide range in programming, that they may not be able to produce programs at the level of cost and quality that the ABC might require, or that they may not be able to produce programs in a location that the ABC may require? Don't you think that perhaps you have gone a little bit over the top there?

Mr Marhinin—Senator, may I defer that question to Mr Lloyd James, please?

Senator FERGUSON—You signed the letter, that is why.

Mr Marhinin—Indeed I did.

Mr Lloyd James—I think that the purpose of that paragraph is fundamentally to say that it is the ABC which, through an act of parliament, has the role and function of delivering a comprehensive range of programming. It is the ABC which has to guarantee that it can do that. I think the purpose of that paragraph at the top of page 3 is to say that the independent industry cannot guarantee to do all of those things at the time that the ABC may require them to do it. I think the essential point here is, firstly, that the ABC has done massively more than its United Kingdom counterpart to outsource productions to the independent industry. It has also done it voluntarily, which is not true in the United Kingdom. It has not required any kind of government mandate to do so. Forty-four per cent of our non-news and current affairs is a lot. There is a mature, powerful and valuable Australian independent industry and we value our relationships with it.

Across the duration of this management we have raised the level of interaction between the ABC and the independents. Channel 4 is not a proper model; it is not a public broadcaster and its chief executive will tell you that it could not act as a public broadcaster without having in-house capacity. So these were not actually intended to be read as individual dot points. It was to say that we have a charter responsibility to deliver all of that in a consistent manner. The independent industry can deliver chunks of it in a whole variety of ways very effectively but it cannot undertake that guarantee itself.

Senator FERGUSON—Okay. My observation would be that the growing independent industry has, in fact, produced some very high quality programs which you have chosen to broadcast to air and will probably continue to grow.

Mr Lloyd James—Absolutely. I was involved with some of the ABC's very early interactions with the industry in the documentary business. I have been involved, both at ABC and SBS with drama, low budget feature films, documentaries, comedies and I am back at the ABC again extending it. We value it, and I think it has been an enormous boost to the audience response to the ABC. It is our business to make sure that the best ideas go to air on Australian television wherever they come from.

CHAIR—As there are no further questions, it is proposed that the submission 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 correspondence read as follows —

CHAIR—Before closing, I thank all the witnesses who have appeared before the committee today, and I also thank the committee members, Hansard and the secretariat.

Resolved (on motion by **Senator Ferguson**):

That, pursuant to the powers conferred by subsection 2, part 2, of the Parliamentary Papers Act (1908), this committee authorises the publication of the evidence given before it and submissions at the public hearing this day.

